B34480

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

AUDIT REPORT

OF

JAY SCHOOL CORPORATION

JAY COUNTY, INDIANA

July 1, 2006 to June 30, 2008

FILED

06/25/2009

TABLE OF CONTENTS

SCHEDULE OF OFFICIALS

Office	Official	Term
Treasurer	Bradley T. DeRome	07-01-06 to 06-30-09
Superintendent of Schools	Barbara K. Downing	07-01-06 to 01-01-07
	Timothy D. Long	01-02-07 to 06-30-09
President of the School Board	Bryan Alexander	07-01-06 to 06-30-09

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE JAY SCHOOL CORPORATION, JAY COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Jay School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated April 30, 2009, 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 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 opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedules of Funding Progress as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

May 20, 2009

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE JAY SCHOOL CORPORATION, JAY COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Jay School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated May 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

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

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

STATE BOARD OF ACCOUNTS

May 20, 2009

JAY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

		Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
Functions/Programs	Disbursements	Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	$ 18,238,837	$ -	$ 122,038	$ (18,116,799)
Support services	12,046,994	890,525	781,950	(10,374,519)
Community services	382,971	-	-	(382,971)
Nonprogrammed charges	5,483,457	-	-	(5,483,457)
Debt service	2,670,113	-	-	(2,670,113)
Total government	$ 38,822,372	$ 890,525	$ 903,988	(37,027,859)
General receipts:				
Property taxes				11,639,785
Other local sources				1,795,150
State aid				17,440,915
Bonds and loans				997,354
Grants and contributions not restricted to specific programs				2,312,609
Sale of property, adjustments, and refunds				5,467,208
Investment earnings				327,618
Total general receipts				39,980,639
Change in net assets				2,952,780
Net assets - beginning				7,251,478
Net assets - ending				$ 10,204,258
Assets				
Cash and investments				$ 7,469,968
Restricted assets:				
Cash and investments				2,734,290
Total assets				$ 10,204,258
Net Assets				
Restricted for:				
Debt service				$ 1,263,415
Other purposes				1,470,875
Unrestricted				7,469,968
Total net assets				$ 10,204,258

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

JAY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

Functions/Programs	Disbursements	Program Receipts: Charges for Services	Program Receipts: Operating Grants and Contributions	Net (Disbursement) Receipts and Changes in Net Assets: Totals
Governmental activities:				
Instruction	$ 17,695,503	$ -	$ 398,000	$ (17,297,503)
Support services	14,209,957	855,324	1,074,767	(12,279,866)
Community services	395,615	-	-	(395,615)
Nonprogrammed charges	4,791,156	-	-	(4,791,156)
Debt service	3,450,223	-	-	(3,450,223)
Total government	$ 40,542,454	$ 855,324	$ 1,472,767	(38,214,363)
General receipts:				
Property taxes				5,927,209
Other local sources				1,657,177
State aid				17,108,881
Bonds and loans				3,739,560
Grants and contributions not restricted to specific programs				2,882,768
Sale of property, adjustments, and refunds				2,148,921
Investment earnings				319,397
Total general receipts				33,783,913
Change in net assets				(4,430,450)
Net assets - beginning				10,204,258
Net assets - ending				$ 5,773,808

Assets	
Cash and investments	$ 2,784,785
Restricted assets:	
Cash and investments	2,989,023
Total assets	$ 5,773,808

Net Assets	
Restricted for:	
Debt service	$ 1,611,963
Other purposes	1,377,060
Unrestricted	2,784,785
Total net assets	$ 5,773,808

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

JAY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Rainy Day	Textbook Rental	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	$ 6,292,953	$ 1,836,211	$ -	$ 146,616	$ 1,954,626	$ 2,913,441	$ 173,451	$ 1,333,761	$ 14,651,059
Intermediate sources	913	-	-	-	-	-	-	1,106	2,019
State sources	17,602,553	-	-	94,845	-	-	-	424,892	18,122,290
Federal sources	-	-	-	-	-	-	-	2,535,222	2,535,222
Bonds and loans	-	-	-	-	-	997,354	-	-	997,354
Sale of property, adjustments and refunds	5,651	957	74,744	-	-	-	-	23,347	104,699
Total receipts	23,902,070	1,837,168	74,744	241,461	1,954,626	3,910,795	173,451	4,318,328	36,412,643
Disbursements:									
Current:									
Instruction	16,460,752	-	-	-	-	-	-	1,879,865	18,340,617
Support services	5,951,892	1,647,546	-	274,622	-	2,408,776	9,350	1,821,942	12,114,128
Community services	368,088	-	-	-	-	-	-	16,746	384,834
Nonprogrammed charges	35,499	-	-	-	-	-	-	-	35,499
Debt services	18,877	-	-	-	1,070,827	1,025,238	-	555,171	2,670,113
Total disbursements	22,835,108	1,647,546	-	274,622	1,070,827	3,434,014	9,350	4,273,724	33,545,191
Excess (deficiency) of receipts over disbursements	1,066,962	189,622	74,744	(33,161)	883,799	476,781	164,101	44,604	2,867,452
Other financing sources (uses):									
Transfers in	-	120,060	333,800	102,711	-	-	-	33,732	590,303
Transfers out	(8,000)	(60,000)	-	-	(496,471)	-	-	(25,832)	(590,303)
Total other financing sources (uses)	(8,000)	60,060	333,800	102,711	(496,471)	-	-	7,900	-
Excess of receipts and other financing sources over disbursements and other financing uses	1,058,962	249,682	408,544	69,550	387,328	476,781	164,101	52,504	2,867,452
Cash and investments - beginning	1,418,334	445,491	114,466	415,274	578,780	988,875	835,160	1,069,551	5,865,931
Cash and investments - ending	$ 2,477,296	$ 695,173	$ 523,010	$ 484,824	$ 966,108	$ 1,465,656	$ 999,261	$ 1,122,055	8,733,383
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because: Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.									1,470,875
Net assets of governmental activities									$ 10,204,258
Cash and Investment Assets - Ending									
Cash and investments	$ 2,477,296	$ 695,173	$ 523,010	$ 484,824	$ -	$ 1,465,656	$ 999,261	$ 824,748	$ 7,469,968
Restricted assets:									
Cash and investments	-	-	-	-	966,108	-	-	297,307	1,263,415
Total cash and investment assets - ending	$ 2,477,296	$ 695,173	$ 523,010	$ 484,824	$ 966,108	$ 1,465,656	$ 999,261	$ 1,122,055	$ 8,733,383
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	$ -	$ -	$ -	$ -	$ 966,108	$ -	$ -	$ 297,307	$ 1,263,415
Unrestricted	2,477,296	695,173	523,010	484,824	-	1,465,656	999,261	824,748	7,469,968
Total cash and investment fund balance - ending	$ 2,477,296	$ 695,173	$ 523,010	$ 484,824	$ 966,108	$ 1,465,656	$ 999,261	$ 1,122,055	$ 8,733,383

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

JAY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Transportation Operating	Rainy Day	Textbook Rental	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	$ 3,664,861	$ 911,511	$ -	$ 137,198	$ 1,297,341	$ 1,368,359	$ 93,284	$ 1,284,928	$ 8,757,482
Intermediate sources	913	-	-	-	-	-	-	713	1,626
State sources	17,515,895	-	-	170,796	-	-	-	868,823	18,555,514
Federal sources	-	-	-	-	-	-	-	2,908,901	2,908,901
Bonds and loans	500,000	285,000	-	-	941,000	1,750,000	-	263,560	3,739,560
Sale of property, adjustments and refunds	21,798	11,924	-	64	-	-	7,500	8,025	49,311
Total receipts	21,703,467	1,208,435	-	308,058	2,238,341	3,118,359	100,784	5,334,950	34,012,394
Disbursements:									
Current:									
Instruction	16,940,649	-	-	-	-	-	-	2,152,534	19,093,183
Support services	7,004,770	1,906,535	50,205	27,974	-	3,473,738	-	2,869,109	15,332,331
Community services	404,499	-	-	-	-	-	-	22,363	426,862
Nonprogrammed charges	46,430	-	-	-	-	-	-	-	46,430
Debt services	17,425	-	-	-	1,870,071	1,007,556	-	555,171	3,450,223
Total disbursements	24,413,773	1,906,535	50,205	27,974	1,870,071	4,481,294	-	5,599,177	38,349,029
Excess (deficiency) of receipts over disbursements	(2,710,306)	(698,100)	(50,205)	280,084	368,270	(1,362,935)	100,784	(264,227)	(4,336,635)
Other financing sources (uses):									
Transfers in	19,500	-	-	-	-	-	-	58,099	77,599
Transfers out	-	-	-	-	-	-	-	(77,599)	(77,599)
Total other financing sources (uses)	19,500	-	-	-	-	-	-	(19,500)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,690,806)	(698,100)	(50,205)	280,084	368,270	(1,362,935)	100,784	(283,727)	(4,336,635)
Cash and investments - beginning	2,477,296	695,173	523,010	484,824	966,108	1,465,656	999,261	1,122,055	8,733,383
Cash and investments - ending	$ (213,510)	$ (2,927)	$ 472,805	$ 764,908	$ 1,334,378	$ 102,721	$ 1,100,045	$ 838,328	4,396,748
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:									
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.									1,377,060
Net assets of governmental activities									$ 5,773,808
Cash and Investment Assets - Ending									
Cash and investments	$ (213,510)	$ (2,927)	$ 472,805	$ 764,908	$ -	$ 102,721	$ 1,100,045	$ 560,743	$ 2,784,785
Restricted assets:									
Cash and investments	-	-	-	-	1,334,378	-	-	277,585	1,611,963
Total cash and investment assets - ending	$ (213,510)	$ (2,927)	$ 472,805	$ 764,908	$ 1,334,378	$ 102,721	$ 1,100,045	$ 838,328	$ 4,396,748
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	$ -	$ -	$ -	$ -	$ 1,334,378	$ -	$ -	$ 277,585	$ 1,611,963
Unrestricted	(213,510)	(2,927)	472,805	764,908	-	102,721	1,100,045	560,743	2,784,785
Total cash and investment fund balance - ending	$ (213,510)	$ (2,927)	$ 472,805	$ 764,908	$ 1,334,378	$ 102,721	$ 1,100,045	$ 838,328	$ 4,396,748

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

JAY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
For the Year Ended June 30, 2007

	Self-Insurance
Operating receipts:	
Charges for services	$ 201,176
Miscellaneous	5,362,509
Total operating receipts	5,563,685
Operating disbursements:	
Insurance claims and expense	5,478,357
Excess of operating receipts over operating disbursements	85,328
Cash and investment fund balance - beginning	1,385,547
Cash and investment fund balance - ending	$ 1,470,875
Cash and Investment Assets - Ending	
Restricted assets:	
Cash and investments	$ 1,470,875
Cash and Investment Fund Balance - Ending	
Restricted for:	
Other purposes	$ 1,470,875

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

JAY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
For the Year Ended June 30, 2008

	Self-Insurance
Operating receipts:	
Charges for services	$ 3,148,337
Miscellaneous	2,099,610
Total operating receipts	5,247,947
Operating disbursements:	
Insurance claims and expense	5,341,762
Deficiency of operating receipts over operating disbursements	(93,815)
Cash and investment fund balance - beginning	1,470,875
Cash and investment fund balance - ending	$ 1,377,060
Cash and Investment Assets - Ending	
Restricted assets:	
Cash and investments	$ 1,377,060
Cash and Investment Fund Balance - Ending	
Restricted for:	
Other purposes	$ 1,377,060

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

JAY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions	$ -	$ 16,749
Investment earnings:		
Interest	83,371	-
Total additions	83,371	16,749
Deductions:		
Benefits	697,399	-
Administrative and general	-	14,277
Total deductions	697,399	14,277
Excess (deficiency) of total additions over total deductions	(614,028)	2,472
Cash and investment fund balance - beginning	2,033,274	3,133
Cash and investment fund balance - ending	$ 1,419,246	$ 5,605
Net assets:		
Cash and investment basis held in trust	$ 1,419,246	$ 5,605

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

JAY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions	$ -	$ 18,335
Investment earnings:		
Interest	57,143	-
Total additions	57,143	18,335
Deductions:		
Benefits	380,499	-
Administrative and general	-	13,245
Total deductions	380,499	13,245
Excess (deficiency) of total additions over total deductions	(323,356)	5,090
Cash and investment fund balance - beginning	1,419,246	5,605
Cash and investment fund balance - ending	$ 1,095,890	$ 10,695
Net assets:		
Cash and investment basis held in trust	$ 1,095,890	$ 10,695

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

I. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Jay School Corporation

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

Joint Venture

The School Corporation is a participant with South Adams Schools, Adams Central Schools, North Adams Community Schools, Northern Wells Community Schools, Bluffton Harrison MSD, Southern Wells Community Schools, and Huntington County Community School Corporation in a joint venture to operate Area 18 Co-operative, which was created to provide occupational training to students. The Co-op's continued existence depends on continued funding by the participating School Corporations. Complete financial statements for the Co-op can be obtained from the Co-op's administrative offices at 805 E. Harrison Street, Bluffton, IN 46714.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

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

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

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

The textbook rental fund accounts for receipts and disbursements for the purchases and subsequent rentals of state approved textbooks for the school corporation.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for the receipts and disbursements concerning the payment of self-insurance medical claims.

The pension trust funds account for the receipts and disbursements concerning retirement/severance benefits as authorized by statute.

C. Measurement Focus and Basis of Accounting

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

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

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

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

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution are normally distributed to the School Corporation on or prior to June 30 of the year collected. For the year ended June 30, 2007, this was the case in terms of Local Property Tax distribution. However, for the year ended June 30, 2008, local property taxes were delayed in their distribution to the local municipalities, the Jay School Corporation included. Instead of receiving local property tax funds by June 30, 2008, first installment property taxes were paid to the Jay School Corporation in October 2008, which was outside of the audit period. This delay in property tax billing cycle was due to reassessment delays of property values for county residents.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.

2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.

3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Overdrawn Cash Balances

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007	2008
General Fund	$ -	$ 213,510
Transportation Fund	-	2,928
Vocational Ind. Ed.	-	1,302
Common School	1,367	135,826

Some of the cash and investment deficits arose from late collection and distribution of property taxes in Jay County.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. Balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
General Fund	Other governmental funds	$ 8,000	$ -
Debt Service Fund	Transportation Operating Fund	120,060	-
	Rainy Day Fund	273,700	-
	Textbook Rental Fund	102,711	-
Transportation Operating Fund	Rainy Day Fund	60,000	-
Other governmental funds	General Fund	-	19,500
	Rainy Day Fund	100	-
	Other governmental funds	25,732	58,099
Totals		$ 590,303	$ 77,599

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

C. Restatements and Reclassifications

For the year ended June 30, 2007, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 30, 2006	Fund Reclassification	Balance as Restated July 1, 2006
Other governmental	$ 5,869,064	$ (3,133)	$ 5,865,931
Private-Purpose Trust	-	3,133	3,133

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees and Dependents

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Self Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of $100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Holding Corporation

The School Corporation has entered into a capital lease with the Building Corporation of Jay Schools (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year 2006-2007 totaled $1,301,820 and 2007-2008 totaled $1,735,000.

C. Postemployment Benefits

In addition to the pension benefits described below, the school corporation provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to eligible support staff employees who retire from the school corporation on or after attaining age 55 with at least 15 years of service. Certified Teachers were also able to receive retiree health insurance benefits when they reached age 55, with at least 6 years of service if they retired before July 1, 2005. Current roster of 42 retirees include 13 former support staff employees and 29 former certified teachers. Any eligible certified teacher who retires after July 1, 2005, does not have any health insurance benefits paid by the school corporation. Disbursements for those postemployment benefits are recognized on a pay as you go basis. During the year ended June 30, 2008, disbursements of $ 441,269 were recognized for postemployment benefits (retiree health insurance).

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	$ 310,448
Interest on net pension obligation	(28,430)
Adjustment to annual required contribution	32,399
Annual pension cost	314,417
Contributions made	262,098
Increase in net pension obligation	52,319
Net pension obligation, beginning of year	(392,144)
Net pension obligation, end of year	$ (339,825)

	PERF
Contribution rates:	
School Corporation	7.50%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	186,330	147%	$ (396,676)
	06-30-06	260,413	98%	(392,144)
	06-30-07	314,417	83%	(339,825)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were $492,556, $415,894, and $297,488, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

JAY SCHOOL CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	$ 5,634,308	$ 6,262,853	$ (628,545)	90%	$ 3,930,648	(16%)
07-01-06	5,762,933	6,561,723	(798,790)	88%	3,958,642	(20%)
07-01-07	6,099,853	6,577,546	(477,693)	93%	3,902,757	(12%)

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	Special Education Pre-School	School Lunch	Education Plate Fee	Early Intervention Grant	Gifted and Talented FY 06-07	VIE Greenhouse	Vocational Industrial Education
Receipts:							
Local sources	$ 20,331	$ 683,848	$ -	$ -	$ -	$ 12,031	$ 15,154
Intermediate sources	-	-	1,106	-	-	-	-
State sources	202,651	20,553	-	3,500	17,501	-	-
Federal sources	-	601,253	-	-	-	-	-
Sale of property, adjustments and refunds	-	12,787	-	-	-	-	-
Total receipts	222,982	1,318,441	1,106	3,500	17,501	12,031	15,154
Disbursements:							
Current:							
Instruction	229,018	-	-	-	17,501	18,135	14,227
Support services	59	1,374,017	-	3,000	-	-	-
Community services	-	-	3,860	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	229,077	1,374,017	3,860	3,000	17,501	18,135	14,227
Excess (deficiency) of receipts over disbursements	(6,095)	(55,576)	(2,754)	500	-	(6,104)	927
Other financing sources (uses):							
Transfers in	-	-	-	-	-	8,000	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	8,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,095)	(55,576)	(2,754)	500	-	1,896	927
Cash and investments - beginning	127,672	216,474	3,170	-	-	2,415	2,204
Cash and investments - ending	$ 121,577	$ 160,898	$ 416	$ 500	$ -	$ 4,311	$ 3,131
Cash and Investment Assets - Ending							
Cash and investments	$ 121,577	$ 160,898	$ 416	$ 500	$ -	$ 4,311	$ 3,131
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ 121,577	$ 160,898	$ 416	$ 500	$ -	$ 4,311	$ 3,131
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	121,577	160,898	416	500	-	4,311	3,131
Total cash and investment fund balance - ending	$ 121,577	$ 160,898	$ 416	$ 500	$ -	$ 4,311	$ 3,131

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007
(Continued)

	Vocational Home Education	Teacher Internship Program	Common School Technology	Adult and Continuing Education	Drug Free Communities	ECA Coca-Cola	Language Minority Program
Receipts:							
Local sources	$ -	$ -	$ -	$ -	$ -	$ 3,835	$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	6,732	-	-	-	-	1,466
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	6,732	-	-	-	3,835	1,466
Disbursements:							
Current:							
Instruction	75	-	-	304	-	-	-
Support services	-	4,800	1,367	-	-	-	-
Community services	-	-	-	-	-	10,520	-
Debt services	-	-	-	-	-	-	-
Total disbursements	75	4,800	1,367	304	-	10,520	-
Excess (deficiency) of receipts over disbursements	(75)	1,932	(1,367)	(304)	-	(6,685)	1,466
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(130)	-
Total other financing sources (uses)	-	-	-	-	-	(130)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(75)	1,932	(1,367)	(304)	-	(6,815)	1,466
Cash and investments - beginning	2,219	2,688	-	3,270	250	10,002	-
Cash and investments - ending	$ 2,144	$ 4,620	$ (1,367)	$ 2,966	$ 250	$ 3,187	$ 1,466
Cash and Investment Assets - Ending							
Cash and investments	$ 2,144	$ 4,620	$ (1,367)	$ 2,966	$ 250	$ 3,187	$ 1,466
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ 2,144	$ 4,620	$ (1,367)	$ 2,966	$ 250	$ 3,187	$ 1,466
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	2,144	4,620	(1,367)	2,966	250	3,187	1,466
Total cash and investment fund balance - ending	$ 2,144	$ 4,620	$ (1,367)	$ 2,966	$ 250	$ 3,187	$ 1,466

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007
(Continued)

	School Technology	Technology Plan	Professional Development Grant	Comprehensive School Reform	Title I FY 05-06	Title I FY 06-07
Receipts:						
Local sources	$ -	$ -	$ -	$ -	$ -	$ -
Intermediate sources	-	-	-	-	-	-
State sources	41,551	130,938	-	-	-	-
Federal sources	-	-	-	100,000	66,671	563,218
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	41,551	130,938	-	100,000	66,671	563,218
Disbursements:						
Current:						
Instruction	-	-	-	3,891	84,137	396,120
Support services	-	-	-	200,882	10,314	57,843
Community services	-	-	-	768	745	853
Debt services	-	-	-	-	-	-
Total disbursements	-	-	-	205,541	95,196	454,816
Excess (deficiency) of receipts over disbursements	41,551	130,938	-	(105,541)	(28,525)	108,402
Other financing sources (uses):						
Transfers in	-	-	-	-	-	17,701
Transfers out	-	-	-	-	(17,651)	-
Total other financing sources (uses)	-	-	-	-	(17,651)	17,701
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	41,551	130,938	-	(105,541)	(46,176)	126,103
Cash and investments - beginning	36,419	-	29	151,135	46,176	-
Cash and investments - ending	$ 77,970	$ 130,938	$ 29	$ 45,594	$ -	$ 126,103
Cash and Investment Assets - Ending						
Cash and investments	$ 77,970	$ 130,938	$ 29	$ 45,594	$ -	$ 126,103
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	$ 77,970	$ 130,938	$ 29	$ 45,594	$ -	$ 126,103
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	77,970	130,938	29	45,594	-	126,103
Total cash and investment fund balance - ending	$ 77,970	$ 130,938	$ 29	$ 45,594	$ -	$ 126,103

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007
(Continued)

	Title V, Part A FY 05-06	Title V, Part A FY 06-07	Sliver Grant FY 05-06	P L 105-17 Grant FY 05-06	P L 105-17 Grant FY 06-07	Preschool Handicapped FY 05-06
Receipts:						
Local sources	$ -	$ -	$ -	$ -	$ -	$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	6,496	-	-	827,254	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	6,496	-	-	827,254	-
Disbursements:						
Current:						
Instruction	181	6,496	6,191	85,071	664,647	5,469
Support services	-	-	-	22,993	86,779	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	181	6,496	6,191	108,064	751,426	5,469
Excess (deficiency) of receipts over disbursements	(181)	-	(6,191)	(108,064)	75,828	(5,469)
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	(181)	-	(6,191)	(108,064)	75,828	(5,469)
Cash and investments - beginning	181	-	6,191	108,064	-	5,469
Cash and investments - ending	$ -	$ -	$ -	$ -	$ 75,828	$ -
Cash and Investment Assets - Ending						
Cash and investments	$ -	$ -	$ -	$ -	$ 75,828	$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	$ -	$ -	$ -	$ -	$ 75,828	$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	-	-	-	-	75,828	-
Total cash and investment fund balance - ending	$ -	$ -	$ -	$ -	$ 75,828	$ -

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

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007
(Continued)

	Preschool Handicapped FY 06-07	Adult Basic Education FY 06-07	Adult Basic Education FY 05-06	Title IV, Part A FY 05-06	Title IV, Part A FY 06-07	Vocational Area 18 FY 05-06
Receipts:						
Local sources	$ -	$ -	$ -	$ 588	$ -	$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	47,667	29,285	-	-	16,065	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	47,667	29,285	-	588	16,065	-
Disbursements:						
Current:						
Instruction	41,929	13,229	3,070	-	7,534	-
Support services	-	10,696	-	-	-	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	41,929	23,925	3,070	-	7,534	-
Excess (deficiency) of receipts over disbursements	5,738	5,360	(3,070)	588	8,531	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(8,031)	-
Total other financing sources (uses)	-	-	-	-	(8,031)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,738	5,360	(3,070)	588	500	-
Cash and investments - beginning	-	-	3,070	146	-	100
Cash and investments - ending	$ 5,738	$ 5,360	$ -	$ 734	$ 500	$ 100
Cash and Investment Assets - Ending						
Cash and investments	$ 5,738	$ 5,360	$ -	$ 734	$ 500	$ 100
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	$ 5,738	$ 5,360	$ -	$ 734	$ 500	$ 100
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	5,738	5,360	-	734	500	100
Total cash and investment fund balance - ending	$ 5,738	$ 5,360	$ -	$ 734	$ 500	$ 100

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007
(Continued)

	Vocational Area 18 FY 06-07	Title III/ 21st Century	RIF Book	Displaced Student	LSTA Grant	Title II, Part A FY 06-07
Receipts:						
Local sources	$ -	$ -	$ 3,143	$ -	$ -	$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	56,107	-	-	9,750	3,044	180,682
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	56,107	-	3,143	9,750	3,044	180,682
Disbursements:						
Current:						
Instruction	56,107	-	-	-	-	199,342
Support services	-	-	3,030	-	3,044	899
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	56,107	-	3,030	-	3,044	200,241
Excess (deficiency) of receipts over disbursements	-	-	113	9,750	-	(19,559)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	8,031
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	8,031
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	113	9,750	-	(11,528)
Cash and investments - beginning	-	5,196	1,864	9,750	-	27,826
Cash and investments - ending	$ -	$ 5,196	$ 1,977	$ 19,500	$ -	$ 16,298
Cash and Investment Assets - Ending						
Cash and investments	$ -	$ 5,196	$ 1,977	$ 19,500	$ -	$ 16,298
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	$ -	$ 5,196	$ 1,977	$ 19,500	$ -	$ 16,298
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	-	5,196	1,977	19,500	-	16,298
Total cash and investment fund balance - ending	$ -	$ 5,196	$ 1,977	$ 19,500	$ -	$ 16,298

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007
(Continued)

	Title II, Part A FY 05-06	Title III, Part A FY 04-05	Retirement/ Severance Bond	Construction Phase I	Patriot Powerhouse Donations	Totals
Receipts:						
Local sources	$ -	$ -	$ 564,023	$ 30,808	$ -	$ 1,333,761
Intermediate sources	-	-	-	-	-	1,106
State sources	-	-	-	-	-	424,892
Federal sources	-	27,730	-	-	-	2,535,222
Sale of property, adjustments and refunds	-	-	-	10,560	-	23,347
Total receipts	-	27,730	564,023	41,368	-	4,318,328
Disbursements:						
Current:						
Instruction	6,064	21,127	-	-	-	1,879,865
Support services	851	-	-	41,368	-	1,821,942
Community services	-	-	-	-	-	16,746
Debt services	-	-	555,171	-	-	555,171
Total disbursements	6,915	21,127	555,171	41,368	-	4,273,724
Excess (deficiency) of receipts over disbursements	(6,915)	6,603	8,852	-	-	44,604
Other financing sources (uses):						
Transfers in	-	-	-	-	-	33,732
Transfers out	-	-	-	-	(20)	(25,832)
Total other financing sources (uses)	-	-	-	-	(20)	7,900
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,915)	6,603	8,852	-	(20)	52,504
Cash and investments - beginning	6,915	-	288,455	2,181	20	1,069,551
Cash and investments - ending	$ -	$ 6,603	$ 297,307	$ 2,181	$ -	$ 1,122,055
Cash and Investment Assets - Ending						
Cash and investments	$ -	$ 6,603	$ -	$ 2,181	$ -	$ 824,748
Restricted assets:						
Cash and investments	-	-	297,307	-	-	297,307
Total cash and investment assets - ending	$ -	$ 6,603	$ 297,307	$ 2,181	$ -	$ 1,122,055
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	$ -	$ -	$ 297,307	$ -	$ -	$ 297,307
Unrestricted	-	6,603	-	2,181	-	824,748
Total cash and investment fund balance - ending	$ -	$ 6,603	$ 297,307	$ 2,181	$ -	$ 1,122,055

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	Special Education Pre-School	School Lunch	Education Plate Fee	Safe Haven Grant	Early Intervention Grant	Gifted and Talented FY 07-08	VIE Greenhouse
Receipts:							
Local sources	$ 9,510	$ 664,273	$ -	$ -	$ -	$ -	$ 1,823
Intermediate sources	-	-	713	-	-	-	-
State sources	190,231	20,012	-	1,227	194,637	42,420	-
Federal sources	-	815,655	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	8,025	-	-	-	-	-
Total receipts	199,741	1,507,965	713	1,227	194,637	42,420	1,823
Disbursements:							
Current:							
Instruction	228,497	-	-	-	-	42,420	5,085
Support services	34	1,464,051	-	1,227	190,776	-	-
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	228,531	1,464,051	-	1,227	190,776	42,420	5,085
Excess (deficiency) of receipts over disbursements	(28,790)	43,914	713	-	3,861	-	(3,262)
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	(28,790)	43,914	713	-	3,861	-	(3,262)
Cash and investments - beginning	121,577	160,898	416	-	500	-	4,311
Cash and investments - ending	$ 92,787	$ 204,812	$ 1,129	$ -	$ 4,361	$ -	$ 1,049
Cash and Investment Assets - Ending							
Cash and investments	$ 92,787	$ 204,812	$ 1,129	$ -	$ 4,361	$ -	$ 1,049
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ 92,787	$ 204,812	$ 1,129	$ -	$ 4,361	$ -	$ 1,049
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	92,787	204,812	1,129	-	4,361	-	1,049
Total cash and investment fund balance - ending	$ 92,787	$ 204,812	$ 1,129	$ -	$ 4,361	$ -	$ 1,049

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008
(Continued)

	Vocational Industrial Education	Vocational Home Education	Teacher Internship Program	Common School Technology	Common School Loan FY 08	Adult and Continuing Education	Drug Free Communities
Receipts:							
Local sources	$ 20,027	$ 986	$ -	$ -	$ -	$ -	$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	357,868	-	-	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	20,027	986	-	357,868	-	-	-
Disbursements:							
Current:							
Instruction	24,460	952	-	-	-	-	-
Support services	-	-	4,620	356,501	135,826	-	-
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	24,460	952	4,620	356,501	135,826	-	-
Excess (deficiency) of receipts over disbursements	(4,433)	34	(4,620)	1,367	(135,826)	-	-
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	(4,433)	34	(4,620)	1,367	(135,826)	-	-
Cash and investments - beginning	3,131	2,144	4,620	(1,367)	-	2,966	250
Cash and investments - ending	$ (1,302)	$ 2,178	$ -	$ -	$ (135,826)	$ 2,966	$ 250
Cash and Investment Assets - Ending							
Cash and investments	$ (1,302)	$ 2,178	$ -	$ -	$ (135,826)	$ 2,966	$ 250
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ (1,302)	$ 2,178	$ -	$ -	$ (135,826)	$ 2,966	$ 250
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	(1,302)	2,178	-	-	(135,826)	2,966	250
Total cash and investment fund balance - ending	$ (1,302)	$ 2,178	$ -	$ -	$ (135,826)	$ 2,966	$ 250

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008
(Continued)

	ECA Coca-Cola	Language Minority Program	School Technology	Technology Plan	Professional Development Grant	Comprehensive School Reform	Title I FY 06-07
Receipts:							
Local sources	$ 19,454	$ -	$ -	$ -	$ -	$ 4,633	$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	16,869	45,559	-	-	-	-
Federal sources	-	-	-	-	-	115,858	65,000
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	19,454	16,869	45,559	-	-	120,491	65,000
Disbursements:							
Current:							
Instruction	-	14,777	-	-	-	2,299	99,620
Support services	-	-	66,924	35,921	-	162,294	33,199
Community services	17,693	-	-	-	-	1,491	185
Debt services	-	-	-	-	-	-	-
Total disbursements	17,693	14,777	66,924	35,921	-	166,084	133,004
Excess (deficiency) of receipts over disbursements	1,761	2,092	(21,365)	(35,921)	-	(45,593)	(68,004)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(58,099)
Total other financing sources (uses)	-	-	-	-	-	-	(58,099)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,761	2,092	(21,365)	(35,921)	-	(45,593)	(126,103)
Cash and investments - beginning	3,187	1,466	77,970	130,938	29	45,594	126,103
Cash and investments - ending	$ 4,948	$ 3,558	$ 56,605	$ 95,017	$ 29	$ 1	$ -
Cash and Investment Assets - Ending							
Cash and investments	$ 4,948	$ 3,558	$ 56,605	$ 95,017	$ 29	$ 1	$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ 4,948	$ 3,558	$ 56,605	$ 95,017	$ 29	$ 1	$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	4,948	3,558	56,605	95,017	29	1	-
Total cash and investment fund balance - ending	$ 4,948	$ 3,558	$ 56,605	$ 95,017	$ 29	$ 1	$ -

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008
(Continued)

	Title I FY 07-08	Title V, Part A FY 07-08	P L 105-17 Grant FY 06-07	P L 105-17 Grant FY 07-08	Preschool Handicapped FY 06-07	Preschool Handicapped FY 07-08	Adult Basic Education FY 06-07
Receipts:							
Local sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	748,752	6,314	-	827,228	-	47,229	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	748,752	6,314	-	827,228	-	47,229	-
Disbursements:							
Current:							
Instruction	596,148	6,310	73,930	727,951	5,738	44,634	4,210
Support services	62,119	-	1,898	35,323	-	-	1,150
Community services	2,994	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	661,261	6,310	75,828	763,274	5,738	44,634	5,360
Excess (deficiency) of receipts over disbursements	87,491	4	(75,828)	63,954	(5,738)	2,595	(5,360)
Other financing sources (uses):							
Transfers in	58,099	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	58,099	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	145,590	4	(75,828)	63,954	(5,738)	2,595	(5,360)
Cash and investments - beginning	-	-	75,828	-	5,738	-	5,360
Cash and investments - ending	$ 145,590	$ 4	$ -	$ 63,954	$ -	$ 2,595	$ -
Cash and Investment Assets - Ending							
Cash and investments	$ 145,590	$ 4	$ -	$ 63,954	$ -	$ 2,595	$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ 145,590	$ 4	$ -	$ 63,954	$ -	$ 2,595	$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	145,590	4	-	63,954	-	2,595	-
Total cash and investment fund balance - ending	$ 145,590	$ 4	$ -	$ 63,954	$ -	$ 2,595	$ -

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008
(Continued)

	Adult Basic Education FY 07-08	Title IV, Part A FY 05-06	Title IV, Part A FY 06-07	Title IV, Part A FY 07-08	Vocational Area 18 FY 05-06	Vocational Area 18 FY 07-08	Title III/ 21st Century
Receipts:							
Local sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	29,245	-	-	15,987	-	42,163	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	29,245	-	-	15,987	-	42,163	-
Disbursements:							
Current:							
Instruction	11,741	734	500	3,062	-	42,163	55
Support services	10,723	-	-	7,210	-	-	5,141
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	22,464	734	500	10,272	-	42,163	5,196
Excess (deficiency) of receipts over disbursements	6,781	(734)	(500)	5,715	-	-	(5,196)
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	6,781	(734)	(500)	5,715	-	-	(5,196)
Cash and investments - beginning	-	734	500	-	100	-	5,196
Cash and investments - ending	$ 6,781	$ -	$ -	$ 5,715	$ 100	$ -	$ -
Cash and Investment Assets - Ending							
Cash and investments	$ 6,781	$ -	$ -	$ 5,715	$ 100	$ -	$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ 6,781	$ -	$ -	$ 5,715	$ 100	$ -	$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	6,781	-	-	5,715	100	-	-
Total cash and investment fund balance - ending	$ 6,781	$ -	$ -	$ 5,715	$ 100	$ -	$ -

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008
(Continued)

	RIF Book	Displaced Student	Title II, Part A FY 06-07	Title III, Part A FY 04-05	Retirement/ Severance Bond	Construction Phase I	Totals
Receipts:							
Local sources	$ 3,365	$ -	$ -	$ -	$ 271,889	$ 288,968	$ 1,284,928
Intermediate sources	-	-	-	-	-	-	713
State sources	-	-	-	-	-	-	868,823
Federal sources	-	-	182,944	12,526	-	-	2,908,901
Bonds and loans	-	-	-	-	263,560	-	263,560
Sale of property, adjustments and refunds	-	-	-	-	-	-	8,025
Total receipts	3,365	-	182,944	12,526	535,449	288,968	5,334,950
Disbursements:							
Current:							
Instruction	-	-	198,119	19,129	-	-	2,152,534
Support services	4,079	-	1,125	-	-	288,968	2,869,109
Community services	-	-	-	-	-	-	22,363
Debt services	-	-	-	-	555,171	-	555,171
Total disbursements	4,079	-	199,244	19,129	555,171	288,968	5,599,177
Excess (deficiency) of receipts over disbursements	(714)	-	(16,300)	(6,603)	(19,722)	-	(264,227)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	58,099
Transfers out	-	(19,500)	-	-	-	-	(77,599)
Total other financing sources (uses)	-	(19,500)	-	-	-	-	(19,500)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(714)	(19,500)	(16,300)	(6,603)	(19,722)	-	(283,727)
Cash and investments - beginning	1,977	19,500	16,298	6,603	297,307	2,181	1,122,055
Cash and investments - ending	$ 1,263	$ -	$ (2)	$ -	$ 277,585	$ 2,181	$ 838,328
Cash and Investment Assets - Ending							
Cash and investments	$ 1,263	$ -	$ (2)	$ -	$ -	$ 2,181	$ 560,743
Restricted assets:							
Cash and investments	-	-	-	-	277,585	-	277,585
Total cash and investment assets - ending	$ 1,263	$ -	$ (2)	$ -	$ 277,585	$ 2,181	$ 838,328
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ 277,585	$ -	$ 277,585
Unrestricted	1,263	-	(2)	-	-	2,181	560,743
Total cash and investment fund balance - ending	$ 1,263	$ -	$ (2)	$ -	$ 277,585	$ 2,181	$ 838,328

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
PENSION TRUST FUNDS
For the Year Ended June 30, 2007

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Investment earnings:			
Interest	$ 83,371	$ -	$ 83,371
Deductions:			
Benefits	622,655	74,744	697,399
Deficiency of total additions over total deductions	(539,284)	(74,744)	(614,028)
Cash and investment fund balance - beginning	1,958,530	74,744	2,033,274
Cash and investment fund balance - ending	$ 1,419,246	$ -	$ 1,419,246
Net assets:			
Cash and investments	$ 1,419,246	$ -	$ 1,419,246

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
PENSION TRUST FUNDS
For the Year Ended June 30, 2008

	Retirement/ Severance Bond
Additions:	
Investment earnings:	
Interest	57,143
Deductions:	
Benefits	380,499
Deficiency of total additions over total deductions	(380,499)
Cash and investment fund balance - beginning	1,419,246
Cash and investment fund balance - ending	$ 1,038,747
Net assets:	
Cash and investments	$ 1,038,747

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
PRIVATE-PURPOSE TRUST FUNDS
For the Year Ended June 30, 2007

	WJMS Donations Accelerated Reading	WJMS Library Donations	Preschool Instructional Support	Elementary Donation	Charity Gaming	Indiana Next Grant Paxson	Indiana Next Grant Wilson	Totals
Additions:								
Total additions	$ -	$ -	$ 3,625	$ 10,156	$ 2,968	$ -	$ -	$ 16,749
Deductions:								
Administrative and general	14	540	926	9,643	2,968	136	50	14,277
Excess (deficiency) of total additions over total deductions	(14)	(540)	2,699	513	-	(136)	(50)	2,472
Cash and investment fund balance - beginning	14	540	614	1,779	-	136	50	3,133
Cash and investments - June 30	$ -	$ -	$ 3,313	$ 2,292	$ -	$ -	$ -	$ 5,605
Net assets:								
Total net assets - cash and investment basis held in trust	$ -	$ -	$ 3,313	$ 2,292	$ -	$ -	$ -	$ 5,605

JAY SCHOOL CORPORATION
COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
PRIVATE-PURPOSE TRUST FUNDS
For the Year Ended June 30, 2008

	JCHS Professional Development	Patriots Remembered Donations	Preschool Instructional Support	Elementary Donation	Charity Gaming	Totals
Additions:						
Contributions:						
Total additions	$ 6,920	$ 400	$ 3,754	$ 5,091	$ 2,170	$ 18,335
Deductions:						
Administrative and general	3,533	-	4,186	3,356	2,170	13,245
Excess (deficiency) of total additions over total deductions	3,387	400	(432)	1,735	-	5,090
Cash and investment fund balance - beginning	-	-	3,313	2,292	-	5,605
Cash and investments - June 30	$ 3,387	$ 400	$ 2,881	$ 4,027	$ -	$ 10,695
Net assets:						
Total net assets - cash and investment basis held in trust	$ 3,387	$ 400	$ 2,881	$ 4,027	$ -	$ 10,695

JAY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2008

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.

Primary Government	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	$ 712,287
Infrastructure	270,763
Buildings	37,949,715
Improvements other than buildings	2,936,837
Machinery and equipment	9,003,499
Construction in progress	17,249,141
Total governmental activities, capital assets not being depreciated	$ 68,122,242

JAY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Lease Rental (Series 2001 & 2002)	$ 22,530,000	$ 933,000
Lease Rental (Series 2006)	17,680,000	1,400,000
Bonds payable:		
General obligation bonds:		
Construction GO Bonds (2000)	1,925,000	101,262
Pension Bonds (2004)	10,300,000	555,170
Total government activities debt	$ 52,435,000	$ 2,989,432

OVERDRAWN CASH BALANCES

The cash balance of the Common School Technology Fund was overdrawn by $1,367 on June 30, 2007. The cash balances of the General Fund, the Transportation Operating Fund, the Vocational Industrial Education Fund, and the Common School Fund were overdrawn on June 30, 2008, by $213,510, $2,928, $1,302, and $135,826, respectively.

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

BUDGETED LINE ITEMS

Disbursements for the Transportation Fund were paid from account numbers that were incorrect or no longer in use. The Transportation Fund (0410) had several items budgeted and paid for from the disbursement account number 25510, which is for "Direction of Rental Services - Textbooks for Rent or Resale."

Disbursements should be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

RECEIPT ISSUANCE (Applies to Jay County High School, East Jay Middle School and General Shanks Elementary School)

Receipts were not always issued or recorded at the time cash was collected.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

OVERPAYMENT COLLECTION (Applies to East Jay Middle School)

A payment of $833.37 was made to Master Distributors, formerly Fishers, twice in early 2008. No refund has yet been received.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

DISBURSEMENT DOCUMENTATION (Applies to Bloomfield Elementary School)

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records.

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 Extra-Curricular Accounts, Chapter 7)

TIMELY DEPOSITS (Applies to Bloomfield Elementary School, East Elementary School and Jay County High School)

Textbook rental collections were sometimes held for over a week prior to being deposited.

IC 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

(This page intentionally left blank.)

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE JAY SCHOOL CORPORATION, JAY COUNTY, INDIANA

Compliance

We have audited the compliance of the Jay School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

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

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

May 20, 2009

JAY COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

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 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster	10.553			
School Breakfast Program				
		FY 2006-07	$ 112,354	$ -
		FY 2007-08	-	127,813
National School Lunch Program	10.555			
		FY 2006-07	684,509	-
		FY 2007-08	-	703,974
Total for federal grantor agency			796,863	831,787
INSTITUTION OF MUSEUM AND LIBRARY SERVICES				
Pass-Through Indiana Department of Education				
State Library Program	45.310			
		06-1-1	3,044	-
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Special Education Cluster				
Special Education - Grants to States	84.027			
		14205-031-DY01	6,191	-
		14206-031-PN01	108,064	-
		14207-031-PN01	751,425	75,829
		14208-031-PN01	-	763,274
Special Education - Preschool Grants	84.173			
		45706-031-PN01	5,469	-
		45707-031-PN01	41,929	5,738
		45708-031-PN01	-	44,634
Total for cluster			913,078	889,475
Pass-Through Muncie Community Schools				
Adult Education - State Grant Program	84.002			
		FY 2006-8024P	3,070	-
		FY 2007-8024P	23,925	5,361
		FY 2008-8024P	-	22,464
Total for program			26,995	27,825
Pass-Through Indiana Department of Education				
Title I Grants to Local Education Agencies	84.010			
		06-3945	112,847	-
		07-3945	454,816	191,103
		08-3945	-	661,261
Total for program			567,663	852,364
Pass-Through Blufton - Harrison MSD				
Vocational Education - Basic Grants to States	84.048			
		07-4700-8445	56,107	-
		08-4700-8445	-	42,163
Total for program			56,107	42,163

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

JAY COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008
(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 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants	84.186			
		05-006	-	734
		3945-06	15,565	500
		3945-07	-	10,272
Total for program			15,565	11,506
Pass-Through Indiana Department of Education				
Title III - 21st Century	84.276			
		S276A0014	-	5,196
Pass-Through Indiana Department of Education				
State Grants for Innovative Programs	84.298			
		05-009	181	-
		06-3945	6,496	-
		07-3945	-	6,310
Total for program			6,677	6,310
Pass-Through Indiana Department of Education				
Education Technology State Grants	84.318			
		S318X050014	6,915	-
Pass-Through Indiana Department of Education				
Comprehensive School Reform Demonstration	84.332			
		FY 2006-07	205,541	-
		FY 2007-08	-	166,084
Total for program			205,541	166,084
Pass-Through Indiana Department of Education				
English Language Acquisition Grants	84.365			
		FY 2006-07	21,127	-
		FY 2007-08	-	19,129
Total for program			21,127	19,129
Pass-Through Indiana Department of Education				
Improving Teacher Quality State Grants	84.367			
		06-3945	200,241	-
		07-3945	-	199,243
Total for program			200,241	199,243
Total for federal grantor agency			2,019,909	2,219,295
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Grant				
Special Education Cluster				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			
Displaced Students - Hurricane Katrina			-	19,500
Total federal awards expended			$ 2,819,816	$ 3,070,582

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

JAY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Jay School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of $500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
National School Lunch Program	10.555	$ 110,343	$ 101,572

JAY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
84.332	Comprehensive School Reform Demonstration
84.367	Improving Teacher Quality State Grants

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.

JAY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

JAY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on May 20, 2009, with Bradley T. DeRome, Treasurer; Timothy D. Long, Superintendent of Schools; and Jane Carlin, Deputy Treasurer. The official response has been made a part of this report and may be found on page 58.

The Jay School Corporation

1976 W. Tyson Road
PO. Box 1239
Portland, Indiana 47371
Phone 260) 726-9341
Fax (260) 726-4959

Date: May 21, 2009
To: State Board of Accounts
From: Brad DeRome

Subject: Jay School Corporation Audit (July 1, 2006 to June 30, 2008)
RE: Official Audit Response

1) **Timely Deposits**-(Bloomfield Elem, East Elem, and Jay County High School) We acknowledge this comment regarding timely deposits. The procedures for making deposits without unreasonable delay will be strengthened and the personnel will be informed of this directive.

2) **Disbursement Documentation** (Bloomfield Elementary)
We acknowledge this comment regarding the need for adequate supporting documentation for transactions which include receipts and invoices. The procedures for keeping support records and documenting transactions will be strengthened and the personnel will be informed of this directive.

3) **Receipt Issuance** (Jay County High School, East Jay Middle School, and General Shanks Elementary)
We acknowledge this comment regarding the issuance of receipts in a timely manner. The procedures will be strengthened among the personnel involved to allow for timely receipts to be issued. The personnel involved will be informed of this directive.

4) **Overpayment Collection** (East Jay Middle School)
We acknowledge that an error was made and a vendor was paid twice at EJMS. A pursuit of collection for this $ 833 payment will occur.

5) **Overdrawn Cash Balances**
We acknowledge the balances for the noted funds were in a negative position at the audit closing period. The tax supported funds were in a negative position due to the absence of receiving local property taxes in June 2008. Our partial first installment of local property taxes were not received until August 2008. This was the reason for the negative overdrawn cash balances in the tax supported funds of General Fund and Transportation Fund. We will strengthen procedures to avoid the negative cash position in the Common School Fund and Vocational Fund balances.

6) **Budgeted Line Items**
We acknowledge that a Transportation Fund account number was used in error. This was attributed to the Chart of Accounts conversion which occurred at January 1, 2008. No "Textbooks Rental" fees were ever charged to the Transportation fund.

Bradley T DeRome
Business Manager/Treasurer

Superintendent