

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

FRANKLIN TOWNSHIP COMMUNITY  
SCHOOL CORPORATION  
MARION COUNTY, INDIANA

July 1, 2010 to June 30, 2012



**FILED**  
03/01/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	(Vacant) Pamela A. Hicks (Interim) Chad Blacklock	07-01-10 to 07-05-10 07-06-10 to 08-29-10 08-30-10 to 06-30-13
Superintendent of Schools	Dr. Walter D. Bourke Dr. Flora J. Reichanadter	07-01-10 to 07-31-12 08-01-12 to 06-30-13
President of the School Board	C. Scott Veerkamp	07-01-10 to 12-31-13



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 13, 2013, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting

INDEPENDENT AUDITOR'S REPORT  
(Continued)

and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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

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

STATE BOARD OF ACCOUNTS

February 13, 2013



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

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

We have audited the financial statement of the Franklin Township Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 13, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

February 13, 2013

## FINANCIAL STATEMENT

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

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

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ (1,742,969)	\$ 52,372,556	\$ 50,557,252	\$ 915,000	\$ 987,335	\$ 51,999,233	\$ 50,116,630	\$ -	\$ 2,869,938
Debt Service	228,820	24,166,628	14,875,837	(2,000,000)	7,519,611	18,841,219	23,562,296	-	2,798,534
Severance Debt Service	(28,603)	613,285	459,470	-	125,212	576,102	678,190	-	23,124
Capital Projects	2,444,196	4,228,578	3,642,507	4,633	3,034,900	3,691,578	3,678,794	-	3,047,684
Transportation	2,520,467	3,362,942	3,635,443	(779,965)	1,468,001	2,331,241	1,292,328	-	2,506,914
Bus Replacement	562,226	546,035	263,204	-	845,057	139,111	-	-	984,168
Rainy Day	14,656,049	-	-	2,000,000	16,656,049	-	49,851	-	16,606,198
Retirement/Severance Bond	107,140	-	24,778	-	82,362	-	-	-	82,362
Construction - 2006 Bond	1,578,585	3,307	-	-	1,581,892	921	-	-	1,582,813
Construction - Freshman Academy	2,291	-	2,108	-	183	-	-	-	183
School Lunch	1,122,936	4,362,050	3,890,461	12,000	1,606,525	4,191,341	3,941,629	2,080	1,858,317
Textbook Rental	379,481	1,042,048	909,823	-	511,706	985,910	896,674	-	600,942
Repair and Replacement	179,846	-	-	-	179,846	-	-	-	179,846
Levy Excess	-	115,153	-	(115,153)	-	-	-	-	-
Alternative Education	1,237	-	36	-	1,201	-	1,201	-	-
Kitley Intermediate Environmental Grant	1,363	-	35	-	1,328	-	1,013	-	315
Law Enforcement Continuing Education	-	481	-	-	481	760	-	-	1,241
Weller Scholarship	600	-	600	-	-	-	-	-	-
Plummer Scholarship	11,554	21	-	-	11,575	40	-	-	11,615
McKinzie Scholarship	10,737	19	-	-	10,756	37	-	-	10,793
Sutherland Scholarship	23,686	42	500	-	23,228	81	600	-	22,709
Burton Scholarship	45,586	80	500	-	45,166	158	500	-	44,824
Graduation Coach Grant	18,590	18,750	56,090	-	(18,750)	18,750	-	-	-
Marion County Health Department Wellness Grant	40,931	-	18,405	-	22,526	85	7,556	-	15,055
Alternative School / CELL Grant	40,860	-	7,939	-	32,921	184	33,105	-	-
Financial Literacy Grant	2,000	-	-	-	2,000	-	-	-	2,000
Library Collection Development	6,655	-	6,655	-	-	-	-	-	-
Autism Advocates of Indiana Grant	692	-	303	-	389	-	-	-	389
National City Bank Grant	426	-	135	-	291	-	-	-	291
Distance Learning Grant	1,785	-	1,785	-	-	-	-	-	-
Drug Free Marion County Grant	1,003	-	-	-	1,003	-	-	-	1,003
Advancing Academic Excellence Grant FY09/10	2,994	-	2,994	-	-	-	-	-	-
Walmart Foundation Grant	1,000	-	-	-	1,000	-	1,000	-	-
Safe & Drug Free Donation	391	-	-	-	391	-	391	-	-
Get Off Your Rump And Jump Grant	738	-	738	-	-	-	-	-	-
Fast Track Program Donations	8,141	5,577	5,230	-	8,488	11,864	7,473	-	12,879
Library Collection Development Grant FY10/11	-	10,500	9,101	-	1,399	-	1,399	-	-
Walmart Grant / 5 Minute Kids	-	500	500	-	-	-	-	-	-
Advancing Academic Excellence Grant FY10/11	-	7,360	2,395	-	4,965	-	4,965	-	-

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

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

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
Thompson Crossing Language Library	-	-	-	-	-	2,316	1,299	-	1,017
Library Collection Development Grant FY11/12	-	-	-	-	-	11,500	10,608	-	892
Advancing Academic Excellence Grant FY11/12	-	-	-	-	-	6,363	6,237	-	126
Trademark Royalty	-	-	-	-	-	378	-	-	378
Southside Special Serv / Reimbursement	-	-	-	-	-	342,141	460,373	-	(118,232)
CTECH Vending Commission	41,861	41,381	6,046	5,520	82,716	58,579	76,425	-	64,870
Transportation Vending Commission	2,861	783	659	-	2,985	550	-	-	3,535
Maintenance Vending Commission	526	473	191	-	808	197	606	-	399
Alternative School / Vending Commission	1,699	-	-	(1,699)	-	-	-	-	-
CTECH Drink Donation	3,821	-	-	(3,821)	-	-	-	-	-
Food Service / Pepsi Commission	-	-	-	-	-	2,000	1,006	-	994
Gifted and Talented (High Ability) Grant	-	62,368	62,368	-	-	61,117	43,582	-	17,535
Non-English Speaking Grant FY09/10	7,138	-	7,138	-	-	-	-	-	-
Non-English Speaking Grant FY10/11	-	33,885	32,293	-	1,592	-	1,592	-	-
Non-English Speaking Grant FY11/12	-	-	-	-	-	28,543	27,953	-	590
School Technology	65,956	65,097	24,924	-	106,129	60,063	5,860	-	160,332
Education Foundation Grants	-	5,400	438	-	4,962	6,675	5,404	-	6,233
Title I - Grant FY09/10	59,175	32,600	85,206	(6,569)	-	-	-	-	-
Title I - Grant FY10/11	-	418,539	470,370	(13,313)	(65,144)	150,352	85,208	-	-
Title I - Grant FY11/12	-	-	-	-	-	406,078	456,449	-	(50,371)
Title IV, Part A Drug Free School Grant FY09/11	1,219	-	1,219	-	-	-	-	-	-
Title IV, Part A Drug Free School Grant FY10/12	3,610	-	4,342	-	(732)	5,508	4,776	-	-
Title II, Part A Improving Teacher Grant FY08/09	4,729	-	4,729	-	-	-	-	-	-
Title II, Part A Improving Teacher Grant FY09/10	16,218	41,582	57,800	-	-	8,390	8,390	-	-
Title II, Part A Improving Teacher Grant FY10/11	-	83,918	103,008	-	(19,090)	28,915	12,769	-	(2,944)
Title II, Part A Improving Teacher Grant FY11/12	-	-	-	-	-	60,048	65,633	-	(5,585)
Title III, Part A English Language Acquisition Grant FY09/10	2,522	6,958	9,480	-	-	-	-	-	-
Title III, Part A English Language Acquisition Grant FY10/11	-	30,192	33,107	-	(2,915)	19,367	16,452	-	-
Title III, Part A English Language Acquisition Grant FY11/12	-	-	-	-	-	24,766	30,970	-	(6,204)
Title I - Grants to LEAs	9,433	196,069	238,359	-	(32,857)	64,751	31,894	-	-
Special Education - Part B	42,972	263,343	359,867	-	(53,552)	327,922	274,370	-	-
Special Education - Part B - Preschool	9,378	-	4,253	-	5,125	28,134	33,259	-	-
Education Jobs	-	1,575,448	1,575,448	-	-	23,272	23,272	-	-
Prepaid Student Meals	43,653	1,175	-	-	44,828	8,056	-	-	52,884
Miscellaneous Clearing	(846)	209,953	225,092	-	(15,985)	158,961	154,964	-	(11,988)
Payroll	199,534	12,164,064	12,178,531	-	185,067	11,150,889	11,195,726	-	140,230
<b>Totals</b>	<b>\$ 22,746,893</b>	<b>\$ 106,089,140</b>	<b>\$ 93,859,692</b>	<b>\$ 16,633</b>	<b>\$ 34,992,974</b>	<b>\$ 95,834,446</b>	<b>\$ 97,310,672</b>	<b>\$ 2,080</b>	<b>\$ 33,518,828</b>

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

FRANKLIN TOWNSHIP COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

The accompanying financial statement presents the financial information for the School Corporation.

*B. Basis of Accounting*

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

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

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

*D. Receipts*

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

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

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

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

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

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

*E. Disbursements*

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

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient, and self-insurance payments.

*F. Other Financing Sources and Uses*

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

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

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

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

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

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

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

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

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

*B. Teacher's Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains funds with deficits in cash. This is a result of funds being set up for reimbursable grants and expenditures posted to the Miscellaneous Clearing Fund that were reimbursed in the subsequent school year. The reimbursements for expenditures made by the School Corporation were received after June 30, 2012.

**Note 8. Holding Corporations**

The School Corporation has entered into capital leases with the Franklin Township School Building Corporation and the Franklin Township Multi-School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related party of the School Corporation. Lease payments during the fiscal years 2011 and 2012 totaled \$14,279,500 and \$23,050,000, respectively.

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

**Note 9. Other Postemployment Benefits**

The School Corporation provides to eligible retirees and their spouses the following benefits; health and dental. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

**Note 10. Subsequent Event**

*Lawsuit in Regards to Transportation Fee Charged via Third Party Provider for FY2011/2012*

A class action lawsuit was filed against the School Corporation in regards to the fee charged by Central Indiana Educational Service Center (CIESC) to transport students enrolled in the School Corporation for the period of June 20, 2011 through June 30, 2012. The School Corporation filed a motion for summary judgment in response and, on December 19, 2012, the trial court granted the School Corporation's motion for summary judgment in its entirety. An appeal was timely filed but no further information is available at this time.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

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

	General	Debt Service	Severance Debt Service	Capital Projects	Transportation	Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction - 2006 Bond	Construction - Freshman Academy
Cash and investments - beginning	\$ (1,742,969)	\$ 228,820	\$ (28,603)	\$ 2,444,196	\$ 2,520,467	\$ 562,226	\$ 14,656,049	\$ 107,140	\$ 1,578,585	\$ 2,291
Receipts:										
Local sources	1,394,250	21,016,142	613,285	4,228,578	3,114,764	546,035	-	-	3,307	-
State sources	50,975,548	3,150,486	-	-	246,178	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	2,758	-	-	-	2,000	-	-	-	-	-
Total receipts	52,372,556	24,166,628	613,285	4,228,578	3,362,942	546,035	-	-	3,307	-
Disbursements:										
Current:										
Instruction	35,891,431	-	-	-	-	-	-	-	-	-
Support services	14,131,776	-	-	2,742,897	3,635,443	263,204	-	24,778	-	-
Noninstructional services	534,045	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	899,610	-	-	-	-	-	2,108
Debt services	-	14,875,837	459,470	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	50,557,252	14,875,837	459,470	3,642,507	3,635,443	263,204	-	24,778	-	2,108
Excess (deficiency) of receipts over disbursements	1,815,304	9,290,791	153,815	586,071	(272,501)	282,831	-	(24,778)	3,307	(2,108)
Other financing sources (uses):										
Sale of capital assets	-	-	-	4,633	-	-	-	-	-	-
Transfers in	915,000	-	-	-	135,035	-	2,000,000	-	-	-
Transfers out	-	(2,000,000)	-	-	(915,000)	-	-	-	-	-
Total other financing sources (uses)	915,000	(2,000,000)	-	4,633	(779,965)	-	2,000,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,730,304	7,290,791	153,815	590,704	(1,052,466)	282,831	2,000,000	(24,778)	3,307	(2,108)
Cash and investments - ending	\$ 987,335	\$ 7,519,611	\$ 125,212	\$ 3,034,900	\$ 1,468,001	\$ 845,057	\$ 16,656,049	\$ 82,362	\$ 1,581,892	\$ 183

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

	School Lunch	Textbook Rental	Repair and Replacement	Levy Excess	Alternative Education	Kitley Intermediate Environmental Grant	Law Enforcement Continuing Education	Weller Scholarship	Plummer Scholarship	McKinzie Scholarship
Cash and investments - beginning	\$ 1,122,936	\$ 379,481	\$ 179,846	\$ -	\$ 1,237	\$ 1,363	\$ -	\$ 600	\$ 11,554	\$ 10,737
Receipts:										
Local sources	2,609,902	748,693	-	115,153	-	-	481	-	21	19
State sources	53,440	293,355	-	-	-	-	-	-	-	-
Federal sources	1,695,308	-	-	-	-	-	-	-	-	-
Other	3,400	-	-	-	-	-	-	-	-	-
Total receipts	4,362,050	1,042,048	-	115,153	-	-	481	-	21	19
Disbursements:										
Current:										
Instruction	-	-	-	-	36	35	-	-	-	-
Support services	5,092	909,823	-	-	-	-	-	600	-	-
Noninstructional services	3,587,673	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	297,696	-	-	-	-	-	-	-	-	-
Total disbursements	3,890,461	909,823	-	-	36	35	-	600	-	-
Excess (deficiency) of receipts over disbursements	471,589	132,225	-	115,153	(36)	(35)	481	(600)	21	19
Other financing sources (uses):										
Sale of capital assets	12,000	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(115,153)	-	-	-	-	-	-
Total other financing sources (uses)	12,000	-	-	(115,153)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	483,589	132,225	-	-	(36)	(35)	481	(600)	21	19
Cash and investments - ending	\$ 1,606,525	\$ 511,706	\$ 179,846	\$ -	\$ 1,201	\$ 1,328	\$ 481	\$ -	\$ 11,575	\$ 10,756

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

	Sutherland Scholarship	Burton Scholarship	Graduation Coach Grant	Marion County Health Department Wellness Grant	Alternative School / CELL Grant	Financial Literacy Grant	Library Collection Development	Autism Advocates of Indiana Grant	National City Bank Grant	Distance Learning Grant
Cash and investments - beginning	\$ 23,686	\$ 45,586	\$ 18,590	\$ 40,931	\$ 40,860	\$ 2,000	\$ 6,655	\$ 692	\$ 426	\$ 1,785
Receipts:										
Local sources	42	80	18,750	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	42	80	18,750	-	-	-	-	-	-	-
Disbursements:										
Current:										
Instruction	-	-	56,090	-	7,939	-	-	-	-	-
Support services	-	-	-	18,405	-	-	6,655	303	135	1,785
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	500	500	-	-	-	-	-	-	-	-
Total disbursements	500	500	56,090	18,405	7,939	-	6,655	303	135	1,785
Excess (deficiency) of receipts over disbursements	(458)	(420)	(37,340)	(18,405)	(7,939)	-	(6,655)	(303)	(135)	(1,785)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(458)	(420)	(37,340)	(18,405)	(7,939)	-	(6,655)	(303)	(135)	(1,785)
Cash and investments - ending	\$ 23,228	\$ 45,166	\$ (18,750)	\$ 22,526	\$ 32,921	\$ 2,000	\$ -	\$ 389	\$ 291	\$ -

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

	Drug Free Marion County Grant	Advancing Academic Excellence Grant FY09/10	Walmart Foundation Grant	Safe & Drug Free Donation	Get Off Your Rump And Jump Grant	Fast Track Program Donations	Library Collection Development Grant FY10/11	Walmart Grant / 5 Minute Kids	Advancing Academic Excellence Grant FY10/11
Cash and investments - beginning	\$ 1,003	\$ 2,994	\$ 1,000	\$ 391	\$ 738	\$ 8,141	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	5,577	10,500	500	7,360
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	5,577	10,500	500	7,360
Disbursements:									
Current:									
Instruction	-	140	-	-	-	5,230	-	500	1,195
Support services	-	2,854	-	-	738	-	9,101	-	1,200
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	2,994	-	-	738	5,230	9,101	500	2,395
Excess (deficiency) of receipts over disbursements	-	(2,994)	-	-	(738)	347	1,399	-	4,965
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,994)	-	-	(738)	347	1,399	-	4,965
Cash and investments - ending	\$ 1,003	\$ -	\$ 1,000	\$ 391	\$ -	\$ 8,488	\$ 1,399	\$ -	\$ 4,965

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

	CTECH Vending Commission	Transportation Vending Commission	Maintenance Vending Commission	Alternative School / Vending Commission	CTECH Drink Donation	Gifted and Talented (High Ability) Grant	Non-English Speaking Grant FY09/10	Non-English Speaking Grant FY10/11	School Technology
Cash and investments - beginning	\$ 41,861	\$ 2,861	\$ 526	\$ 1,699	\$ 3,821	\$ -	\$ 7,138	\$ -	\$ 65,956
Receipts:									
Local sources	41,381	783	473	-	-	-	-	-	57,370
State sources	-	-	-	-	-	62,368	-	33,885	7,727
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>41,381</u>	<u>783</u>	<u>473</u>	<u>-</u>	<u>-</u>	<u>62,368</u>	<u>-</u>	<u>33,885</u>	<u>65,097</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	-	62,368	7,138	32,293	-
Support services	6,046	659	191	-	-	-	-	-	5,890
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	19,034
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>6,046</u>	<u>659</u>	<u>191</u>	<u>-</u>	<u>-</u>	<u>62,368</u>	<u>7,138</u>	<u>32,293</u>	<u>24,924</u>
Excess (deficiency) of receipts over disbursements	<u>35,335</u>	<u>124</u>	<u>282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,138)</u>	<u>1,592</u>	<u>40,173</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	5,520	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(1,699)	(3,821)	-	-	-	-
Total other financing sources (uses)	<u>5,520</u>	<u>-</u>	<u>-</u>	<u>(1,699)</u>	<u>(3,821)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>40,855</u>	<u>124</u>	<u>282</u>	<u>(1,699)</u>	<u>(3,821)</u>	<u>-</u>	<u>(7,138)</u>	<u>1,592</u>	<u>40,173</u>
Cash and investments - ending	<u>\$ 82,716</u>	<u>\$ 2,985</u>	<u>\$ 808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,592</u>	<u>\$ 106,129</u>

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

	Education Foundation Grants	Title I Grant FY09/10	Title I Grant FY10/11	Title IV, Part A Drug Free School Grant FY09/11	Title IV, Part A Drug Free School Grant FY10/12	Title II, Part A Improving Teacher Grant FY08/09	Title II, Part A Improving Teacher Grant FY09/10	Title II, Part A Improving Teacher Grant FY10/11	Title III, Part A English Language Acquisition Grant FY09/10
Cash and investments - beginning	\$ -	\$ 59,175	\$ -	\$ 1,219	\$ 3,610	\$ 4,729	\$ 16,218	\$ -	\$ 2,522
Receipts:									
Local sources	5,400	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	32,600	418,539	-	-	-	41,582	83,918	6,958
Other	-	-	-	-	-	-	-	-	-
Total receipts	5,400	32,600	418,539	-	-	-	41,582	83,918	6,958
Disbursements:									
Current:									
Instruction	438	(12,200)	217,313	-	-	-	56,112	103,008	9,480
Support services	-	81,226	251,888	17	2,683	2,449	1,688	-	-
Noninstructional services	-	1,232	1,169	793	1,659	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	14,948	-	409	-	2,280	-	-	-
Total disbursements	438	85,206	470,370	1,219	4,342	4,729	57,800	103,008	9,480
Excess (deficiency) of receipts over disbursements	4,962	(52,606)	(51,831)	(1,219)	(4,342)	(4,729)	(16,218)	(19,090)	(2,522)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	6,569	-	-	-	-	-	-
Transfers out	-	(6,569)	(19,882)	-	-	-	-	-	-
Total other financing sources (uses)	-	(6,569)	(13,313)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,962	(59,175)	(65,144)	(1,219)	(4,342)	(4,729)	(16,218)	(19,090)	(2,522)
Cash and investments - ending	\$ 4,962	\$ -	\$ (65,144)	\$ -	\$ (732)	\$ -	\$ -	\$ (19,090)	\$ -

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

	Title III, Part A English Language Acquisition Grant FY10/11	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Jobs	Prepaid Student Meals	Miscellaneous Clearing	Payroll	Totals
Cash and investments - beginning	\$ -	\$ 9,433	\$ 42,972	\$ 9,378	\$ -	\$ 43,653	\$ (846)	\$ 199,534	\$ 22,746,893
Receipts:									
Local sources	-	-	-	-	-	1,175	-	-	34,540,021
State sources	-	-	-	-	-	-	-	-	54,822,987
Federal sources	30,192	196,069	263,343	-	1,575,448	-	-	-	4,343,957
Other	-	-	-	-	-	-	209,953	12,164,064	12,382,175
Total receipts	30,192	196,069	263,343	-	1,575,448	1,175	209,953	12,164,064	106,089,140
Disbursements:									
Current:									
Instruction	33,107	1,863	308,332	4,253	1,575,448	-	-	-	38,361,549
Support services	-	223,186	51,535	-	-	-	-	-	22,382,247
Noninstructional services	-	2,727	-	-	-	-	-	-	4,129,298
Facilities acquisition and construction	-	-	-	-	-	-	-	-	920,752
Debt services	-	-	-	-	-	-	-	-	15,335,307
Nonprogrammed charges	-	10,583	-	-	-	-	225,092	12,178,531	12,730,539
Total disbursements	33,107	238,359	359,867	4,253	1,575,448	-	225,092	12,178,531	93,859,692
Excess (deficiency) of receipts over disbursements	(2,915)	(42,290)	(96,524)	(4,253)	-	1,175	(15,139)	(14,467)	12,229,448
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	16,633
Transfers in	-	-	-	-	-	-	-	-	3,062,124
Transfers out	-	-	-	-	-	-	-	-	(3,062,124)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	16,633
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,915)	(42,290)	(96,524)	(4,253)	-	1,175	(15,139)	(14,467)	12,246,081
Cash and investments - ending	\$ (2,915)	\$ (32,857)	\$ (53,552)	\$ 5,125	\$ -	\$ 44,828	\$ (15,985)	\$ 185,067	\$ 34,992,974

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

	General	Debt Service	Severance Debt Service	Capital Projects	Transportation	Bus Replacement	Rainy Day	Retirement/Severance Bond	Construction - 2006 Bond
Cash and investments - beginning	\$ 987,335	\$ 7,519,611	\$ 125,212	\$ 3,034,900	\$ 1,468,001	\$ 845,057	\$ 16,656,049	\$ 82,362	\$ 1,581,892
Receipts:									
Local sources	1,512,241	18,841,219	576,102	3,688,945	2,048,406	139,111	-	-	921
State sources	50,482,456	-	-	-	282,835	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	4,536	-	-	2,633	-	-	-	-	-
Total receipts	51,999,233	18,841,219	576,102	3,691,578	2,331,241	139,111	-	-	921
Disbursements:									
Current:									
Instruction	35,887,081	-	-	-	-	-	-	-	-
Support services	13,723,168	-	-	2,743,199	1,292,328	-	49,851	-	-
Noninstructional services	506,381	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	935,595	-	-	-	-	-
Debt services	-	23,562,296	678,190	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	50,116,630	23,562,296	678,190	3,678,794	1,292,328	-	49,851	-	-
Excess (deficiency) of receipts over disbursements	1,882,603	(4,721,077)	(102,088)	12,784	1,038,913	139,111	(49,851)	-	921
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,882,603	(4,721,077)	(102,088)	12,784	1,038,913	139,111	(49,851)	-	921
Cash and investments - ending	\$ 2,869,938	\$ 2,798,534	\$ 23,124	\$ 3,047,684	\$ 2,506,914	\$ 984,168	\$ 16,606,198	\$ 82,362	\$ 1,582,813

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

	Construction - Freshman Academy	School Lunch	Textbook Rental	Repair and Replacement	Alternative Education	Kitley Intermediate Environmental Grant	Law Enforcement Continuing Education	Plummer Scholarship	McKinzie Scholarship
Cash and investments - beginning	\$ 183	\$ 1,606,525	\$ 511,706	\$ 179,846	\$ 1,201	\$ 1,328	\$ 481	\$ 11,575	\$ 10,756
Receipts:									
Local sources	-	2,454,894	753,076	-	-	-	760	40	37
State sources	-	49,205	232,834	-	-	-	-	-	-
Federal sources	-	1,686,792	-	-	-	-	-	-	-
Other	-	450	-	-	-	-	-	-	-
Total receipts	-	4,191,341	985,910	-	-	-	760	40	37
Disbursements:									
Current:									
Instruction	-	-	-	-	1,201	1,013	-	-	-
Support services	-	3,808	896,674	-	-	-	-	-	-
Noninstructional services	-	3,485,885	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	451,936	-	-	-	-	-	-	-
Total disbursements	-	3,941,629	896,674	-	1,201	1,013	-	-	-
Excess (deficiency) of receipts over disbursements	-	249,712	89,236	-	(1,201)	(1,013)	760	40	37
Other financing sources (uses):									
Sale of capital assets	-	2,080	-	-	-	-	-	-	-
Total other financing sources (uses)	-	2,080	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	251,792	89,236	-	(1,201)	(1,013)	760	40	37
Cash and investments - ending	\$ 183	\$ 1,858,317	\$ 600,942	\$ 179,846	\$ -	\$ 315	\$ 1,241	\$ 11,615	\$ 10,793

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

	Sutherland Scholarship	Burton Scholarship	Graduation Coach Grant	Marion County Health Department Wellness Grant	Alternative School / CELL Grant	Financial Literacy Grant	Autism Advocates of Indiana Grant	National City Bank Grant	Drug Free Marion County Grant
Cash and investments - beginning	\$ 23,228	\$ 45,166	\$ (18,750)	\$ 22,526	\$ 32,921	\$ 2,000	\$ 389	\$ 291	\$ 1,003
Receipts:									
Local sources	81	158	18,750	85	184	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	81	158	18,750	85	184	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	31,864	-	-	-	-
Support services	-	-	-	7,556	1,241	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	600	500	-	-	-	-	-	-	-
Total disbursements	600	500	-	7,556	33,105	-	-	-	-
Excess (deficiency) of receipts over disbursements	(519)	(342)	18,750	(7,471)	(32,921)	-	-	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(519)	(342)	18,750	(7,471)	(32,921)	-	-	-	-
Cash and investments - ending	\$ 22,709	\$ 44,824	\$ -	\$ 15,055	\$ -	\$ 2,000	\$ 389	\$ 291	\$ 1,003

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

	Walmart Foundation Grant	Safe & Drug Free Donation	Fast Track Program Donations	Library Collection Development Grant FY10/11	Advancing Academic Excellence Grant FY10/11	Thompson Creek Language Library	Library Collection Development Grant FY11/12	Advancing Academic Excellence Grant FY11/12	Trademark Royalty
Cash and investments - beginning	\$ 1,000	\$ 391	\$ 8,488	\$ 1,399	\$ 4,965	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	11,864	-	-	2,316	11,500	6,363	378
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	11,864	-	-	2,316	11,500	6,363	378
Disbursements:									
Current:									
Instruction	-	-	7,473	-	3,155	1,299	-	6,237	-
Support services	1,000	391	-	1,399	1,810	-	10,608	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,000	391	7,473	1,399	4,965	1,299	10,608	6,237	-
Excess (deficiency) of receipts over disbursements	(1,000)	(391)	4,391	(1,399)	(4,965)	1,017	892	126	378
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,000)	(391)	4,391	(1,399)	(4,965)	1,017	892	126	378
Cash and investments - ending	\$ -	\$ -	\$ 12,879	\$ -	\$ -	\$ 1,017	\$ 892	\$ 126	\$ 378

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

	Southside Special Serv / Reimbursement	CTECH Vending Commission	Transportation Vending Commission	Maintenance Vending Commission	Food Service Pepsi Commission	Gifted and Talented (High Ability) Grant	Non-English Speaking Grant FY10/11	Non-English Speaking Grant FY11/12	School Technology
Cash and investments - beginning	\$ -	\$ 82,716	\$ 2,985	\$ 808	\$ -	\$ -	\$ 1,592	\$ -	\$ 106,129
Receipts:									
Local sources	342,141	58,579	550	197	2,000	-	-	-	52,501
State sources	-	-	-	-	-	61,117	-	28,543	7,562
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>342,141</u>	<u>58,579</u>	<u>550</u>	<u>197</u>	<u>2,000</u>	<u>61,117</u>	<u>-</u>	<u>28,543</u>	<u>60,063</u>
Disbursements:									
Current:									
Instruction	95,950	-	-	-	-	43,582	1,592	27,953	-
Support services	364,423	76,425	-	606	1,006	-	-	-	5,860
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>460,373</u>	<u>76,425</u>	<u>-</u>	<u>606</u>	<u>1,006</u>	<u>43,582</u>	<u>1,592</u>	<u>27,953</u>	<u>5,860</u>
Excess (deficiency) of receipts over disbursements	<u>(118,232)</u>	<u>(17,846)</u>	<u>550</u>	<u>(409)</u>	<u>994</u>	<u>17,535</u>	<u>(1,592)</u>	<u>590</u>	<u>54,203</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(118,232)</u>	<u>(17,846)</u>	<u>550</u>	<u>(409)</u>	<u>994</u>	<u>17,535</u>	<u>(1,592)</u>	<u>590</u>	<u>54,203</u>
Cash and investments - ending	<u>\$ (118,232)</u>	<u>\$ 64,870</u>	<u>\$ 3,535</u>	<u>\$ 399</u>	<u>\$ 994</u>	<u>\$ 17,535</u>	<u>\$ -</u>	<u>\$ 590</u>	<u>\$ 160,332</u>

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

	Education Foundation Grants	Title I Grant FY10/11	Title I Grant FY11/12	Title IV, Part A Drug Free School Grant FY10/12	Title II, Part A Improving Teacher Grant FY09/10	Title II, Part A Improving Teacher Grant FY10/11	Title II, Part A Improving Teacher Grant FY11/12	Title III, Part A English Language Acquisition Grant FY10/11	Title III, Part A English Language Acquisition Grant FY11/12
Cash and investments - beginning	\$ 4,962	\$ (65,144)	\$ -	\$ (732)	\$ -	\$ (19,090)	\$ -	\$ (2,915)	\$ -
Receipts:									
Local sources	6,675	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	150,352	406,078	5,508	8,390	28,915	60,048	19,367	24,766
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>6,675</u>	<u>150,352</u>	<u>406,078</u>	<u>5,508</u>	<u>8,390</u>	<u>28,915</u>	<u>60,048</u>	<u>19,367</u>	<u>24,766</u>
Disbursements:									
Current:									
Instruction	5,404	-	185,619	-	-	6,080	-	16,452	30,970
Support services	-	71,202	269,407	3,000	4,588	6,689	65,633	-	-
Noninstructional services	-	4,006	1,423	1,106	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	10,000	-	670	3,802	-	-	-	-
Total disbursements	<u>5,404</u>	<u>85,208</u>	<u>456,449</u>	<u>4,776</u>	<u>8,390</u>	<u>12,769</u>	<u>65,633</u>	<u>16,452</u>	<u>30,970</u>
Excess (deficiency) of receipts over disbursements	<u>1,271</u>	<u>65,144</u>	<u>(50,371)</u>	<u>732</u>	<u>-</u>	<u>16,146</u>	<u>(5,585)</u>	<u>2,915</u>	<u>(6,204)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,271</u>	<u>65,144</u>	<u>(50,371)</u>	<u>732</u>	<u>-</u>	<u>16,146</u>	<u>(5,585)</u>	<u>2,915</u>	<u>(6,204)</u>
Cash and investments - ending	<u>\$ 6,233</u>	<u>\$ -</u>	<u>\$ (50,371)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,944)</u>	<u>\$ (5,585)</u>	<u>\$ -</u>	<u>\$ (6,204)</u>

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

	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Jobs	Prepaid Student Meals	Miscellaneous Clearing	Payroll	Totals
Cash and investments - beginning	\$ (32,857)	\$ (53,552)	\$ 5,125	\$ -	\$ 44,828	\$ (15,985)	\$ 185,067	\$ 34,992,974
Receipts:								
Local sources	-	-	-	-	8,056	-	-	30,538,130
State sources	-	-	-	-	-	-	-	51,144,552
Federal sources	64,751	327,922	28,134	23,272	-	-	-	2,834,295
Other	-	-	-	-	-	158,961	11,150,889	11,317,469
Total receipts	64,751	327,922	28,134	23,272	8,056	158,961	11,150,889	95,834,446
Disbursements:								
Current:								
Instruction	-	259,786	33,259	23,272	-	-	-	36,669,242
Support services	30,104	14,584	-	-	-	-	-	19,646,560
Noninstructional services	1,790	-	-	-	-	-	-	4,000,591
Facilities acquisition and construction	-	-	-	-	-	-	-	935,595
Debt services	-	-	-	-	-	-	-	24,240,486
Nonprogrammed charges	-	-	-	-	-	154,964	11,195,726	11,818,198
Total disbursements	31,894	274,370	33,259	23,272	-	154,964	11,195,726	97,310,672
Excess (deficiency) of receipts over disbursements	32,857	53,552	(5,125)	-	8,056	3,997	(44,837)	(1,476,226)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	2,080
Total other financing sources (uses)	-	-	-	-	-	-	-	2,080
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	32,857	53,552	(5,125)	-	8,056	3,997	(44,837)	(1,474,146)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 52,884	\$ (11,988)	\$ 140,230	\$ 33,518,828

FRANKLIN TOWNSHIP COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

***TRANSPORTATION FEE CHARGED VIA THIRD PARTY PROVIDER FOR FY11/12***

On July 14, 2011, the School Board approved a Transportation Operating Agreement with Central Indiana Educational Service Center (CIESC) to provide transportation services to students enrolled in the School Corporation for the period of June 20, 2011 through June 30, 2012. CIESC is an educational service center (ESC) operating in central Indiana and was created to allow school corporations to voluntarily cooperate and share programs and services. Indiana Code 20-20-1-2(a) describes an ESC as an extended agency of the member school corporations. The School Corporation is a member school corporation of CIESC. The School Board also on this date approved the Vehicle Purchase Agreement whereby CIESC would acquire the School Corporation's buses for \$1. Below is a summary of what occurred after the agreement was signed:

- On November 1, 2011, a parent of a student enrolled in the School Corporation filed a class action lawsuit against the School Corporation challenging the decision of the School Corporation to cease providing transportation services to its students and also challenging the arrangement whereby parents paid a fee pursuant to a Parents' Supplemental Transportation Contract to have their children transported to and from the School Corporation.
- On March 6, 2012, the School Board approved the termination of the Transportation Operating Agreement with CIESC.
- On April 23, 2012, the School Board approved agreement with CIESC to reclaim all of the purchased items from CIESC for the same \$1 price. This was paid by the School Corporation on August 21, 2012.
- Subsequent to our audit period, the School Corporation filed a motion for summary judgment in response to the class action lawsuit mentioned above and, on December 19, 2012, the trial court granted the School Corporation's motion for summary judgment in its entirety. An appeal was timely filed but no further information is available at this time.

FRANKLIN TOWNSHIP COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT  
(Continued)

On July 12, 2010, Official Opinion 2010-2 (School Bus Rider Fees) issued by Indiana Attorney Greg Zoeller in brief stated: A public school corporation is not authorized to assess and collect a bus rider fee from a student in order for that student to receive transportation to and from the student's school to receive a public education. Such a fee is unconstitutional.

On November 11, 2011, Official Opinion 2011-1 (School Bus Fees via Third Party Provider) issued by Indiana Attorney Greg Zoeller in brief stated:

1. An ESC is an agent of the school corporation and may not charge parents for transporting students to and from school. Such a fee is unconstitutional.
2. Franklin Township Community School Corporation's transportation arrangement does not comply with state law as the school is attempting to do indirectly what it is prohibited from doing directly.
3. The statutory provisions for the Parents' Supplemental Transportation Contract seem to indicate that parents, acting jointly to retain a qualified school bus driver, could be assessed fees for bus transportation of their children under limited circumstances. Whether this is so is a matter of considerable doubt. Notwithstanding, Franklin Township's transportation arrangement does not comply with Indiana law relating to the Parents' Supplemental Transportation Contracts.
4. Schools may utilize private parties for provision of student transportation services, but neither the school nor the private party may charge fees to parents for the provision of such services.
5. Schools may utilize ESCs for provision of student transportation services, but neither the school nor the ESC may charge fees to parents for the provision of such services.

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

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

Compliance

We have audited Franklin Township Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012.

Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

STATE BOARD OF ACCOUNTS

February 13, 2013

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553	FY10/11 FY11/12	\$ 344,566 -	\$ - 352,718
Total for program			<u>344,566</u>	<u>352,718</u>
National School Lunch Program	10.555	FY10/11 FY11/12	1,554,919 -	- 1,538,784
Total for program			<u>1,554,919</u>	<u>1,538,784</u>
Special Milk Program for Children	10.556	FY11/12	-	1,532
Summer Food Service Program for Children	10.559	FY10/11 FY11/12	14,852 -	- 45,369
Total for cluster			<u>1,914,337</u>	<u>1,938,404</u>
Child and Adult Care Food Program	10.558	FY11/12	-	338
Total for federal grantor agency			<u>1,914,337</u>	<u>1,938,742</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
Title I FY 09/10		10-5310	85,206	-
Title I FY 10/11		11-5310	425,108	150,352
Title I FY 11/12		12-5310	-	406,078
Total for program			<u>510,314</u>	<u>556,430</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	7000S389A090014	<u>205,502</u>	<u>64,751</u>
Total for cluster			<u>715,816</u>	<u>621,180</u>
Pass-Through Metropolitan School District (MSD) of Perry Township Special Education Cluster				
ARRA - Special Education - Grants to States (IDEA Part B), Recovery Act	84.391	33310-053-SN01	<u>306,316</u>	<u>327,922</u>
ARRA - Special Education - Preschool Grants (IDEA Preschool), Recovery Act	84.392	44410-053-SN01	<u>4,253</u>	<u>33,259</u>
Total for cluster			<u>310,569</u>	<u>361,181</u>

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

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education				
State and Drug-Free Communities - State Grants	84.186			
		08-5310	1,219	-
		09-5310	3,610	5,508
Total for program			<u>4,829</u>	<u>5,508</u>
English Language Acquisition Grants	84.365			
		09-5310	9,480	-
		10-5310	30,192	19,367
		11-5310	-	24,766
Total for program			<u>39,671</u>	<u>44,134</u>
Improving Teacher Quality State Grants	84.367			
		08-5310	4,729	-
		09-5310	57,800	8,390
		10-5310	83,918	28,915
		11-5310	-	60,048
Total for program			<u>146,447</u>	<u>97,353</u>
Education Jobs Fund	84.410	7000S410A100015	1,575,448	23,272
Total for federal grantor agency			<u>2,792,780</u>	<u>1,152,628</u>
Total federal awards expended			<u>\$ 4,707,117</u>	<u>\$ 3,091,370</u>

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

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

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Franklin Township Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ending June 30, 2011 and 2012:

Program Title	Federal CFDA Number	2011	2012
English Language Acquisition State Grants	84.365	\$ 545	\$ 8,400

**Note 3. Noncash Assistance**

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

Program Title	Federal CFDA Number	2011	2012
School Breakfast Program	10.553	\$ 39,590	\$ 47,033
National School Lunch Program	10.555	179,439	204,917

FRANKLIN TOWNSHIP COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting: Material weaknesses identified? Significant deficiencies identified?	no none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs: Material weaknesses identified? Significant deficiencies identified?	no 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
84.410	Child Nutrition Cluster Title I Cluster Special Education Cluster Education Jobs Fund

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

Auditee qualified as low-risk auditee?	yes
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**Section II – Financial Statement Findings**

No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

No matters are reportable.

FRANKLIN TOWNSHIP COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 13, 2013, with Chad Blacklock, Treasurer; Dr. Flora J. Reichenadter, Superintendent of Schools; C. Scott Veerkamp, President of the School Board, and Pamela A. Hicks, Deputy Treasurer. The Official Response has been made a part of this report and may be found on pages 45 through 60.

ATTORNEYS AT LAW

TO: Indiana State Board of Accounts

FROM: Charles R. Rubright, General Counsel to the Franklin Township Community School Corporation

DATE: February 14, 2013

RE: Official Response of the Franklin Township Community School Corporation (“FTCSC” or “School Corporation”) to the Note Set Forth in the 2013 Indiana State Board of Account’s (“ISBoA”) Audit Report of FTCSC

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The note in the 2013 ISBoA audit report in regards to the 2011-2012 Transportation includes comments in regards to the transportation fee which included the following title and introductory paragraph:

Transportation Fee Charged via Third Party Provider for FY11/12

On July 14, 2011, the School Board approved a Transportation Operating Agreement with Central Indiana Educational Service Center (CIESC) to provide transportation services to students enrolled in the School Corporation for the period of June 20, 2011 through June 30, 2012.

This comment in connection with the Transportation Operating Agreement providing transportation services to students enrolled in the School Corporation is an over-generalized characterization which is not accurate. The Title “Transportation Fee Charged via Third Party Provider for FY11/12” is also factually inaccurate.

There were several documents which gave rise to the transportation operations that were in effect from June 2011 through June 30, 2012. By a different document, the Franklin Township Community School Corporation subleased their transportation building, which is owned by a Building Corporation, to the Central Indiana Education Service Center (“CIESC”).

Also, by a separate agreement, certain vehicles and equipment were sold to CIESC with the right of the School Corporation to repurchase.<sup>1</sup>

The July 14, 2011 Transportation Operating Agreement with CIESC provided as follows:

- (1) transportation services for certain students for which the School Corporation had a legal duty to transport at the School Corporation's own cost<sup>2</sup> (for this purpose, the CIESC was a third-party provider); and
- (2) administrative and other support services to those individual bus drivers who had signed individual Parents' Supplemental Transportation Contracts.

The Transportation Operating Agreement provided that:

3.9 INTERPRETATION OF THE OPERATING AGREEMENT. The CIESC is only a third party provider for the transportation of students for which it will bill FTCSC directly. This Operating Agreement shall not be interpreted nor construed in any manner that CIESC is a third party provider for the transportation of those students under a Parents' Supplemental Transportation Contract by bus drivers. In that situation, the CIESC is providing services and support to the bus drivers.

(Paragraph 3.9 from  
Transportation Operating Agreement)

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<sup>1</sup> On March 6, 2012 the governing body of the FTCSC, in response to legislation enacted by the 2012 Indiana General Assembly, ceased its operation of a transportation system for some students as a third party provider through the CIESC and for most students the transportation pursuant to the Parents' Supplemental Transportation Act (IC 20-27-6-1 *et seq.*). The effective date of the termination and the FTCSC's resumption of transportation services was the end of the 2011-2012 school year. As a result of the termination of the 2011-2012 arrangement, the sub-lease was cancelled and the vehicles and equipment were repurchased.

<sup>2</sup> These would include special needs students whose Indiana Education Plan provided for transportation, McKinney-Vento "homeless students" and Indianapolis Public School students attending FTCSC under a federal court desegregation order.

In spite of the specific language of the Transportation Operating Agreement, this note is in direct conflict with the language of that Operating Agreement (paragraph 3.9) in that the agreement constitutes as a third-party transportation arrangement for all students.

Also, in spite of the specific language of the Transportation Operating Agreement (paragraph 3.9), the July 12, 2010 official opinion of the Attorney General referred this total arrangement as a third-party provider for the transportation of all students. That factual conclusion is inaccurate and in conflict with the Transportation Operation Agreement in which the CIESC is only a third-party provider for those students for which the School Corporation was billed directly. It is not a third-party provider to the School Corporation but rather it provides administrative and supplemental services to the individual bus drivers who have contracted individually with the parent(s) pursuant to Indiana's Parent Supplemental Transportation Act (IC 20-27-6-1 *et seq.*). This inaccurate factual conclusion was pivotal for the Attorney General issuing an erroneous opinion.

On November 1, 2011, a parent of a student filed a class action lawsuit against FTCSC alleging that the 2011-2012 transportation arrangement under the Parents' Supplemental Transportation Act violated the Indiana Constitution and Indiana law. Cross motions for summary judgment were filed by both the Plaintiff and the Defendant, FTCSC. In support of their Motion for Summary Judgment, the Plaintiff relied upon the Official Opinion 2011-1 (School Bus Fees via Third Party Provider) as support for the Plaintiff's position that FTCSC violated the Indiana Constitution and Indiana law. The Marion County Superior Court No. 2, on December 17, 2012, issued its "Order on Cross Motions for Summary Judgment," in which it rejected the Plaintiff's argument and held in favor of FTCSC on all counts (a copy of the Order is attached).

CRR/jet:2300088\_1.

Attachment

STATE OF INDIANA ) IN THE MARION SUPERIOR COURT 2  
 ) SS:  
 COUNTY OF MARION ) CAUSE NO.: 49D02-1111-PL-042082

LORA HOAGLAND, On Behalf of )  
 Herself and All Others Similarly )  
 Situated and DONNA CHAPMAN, )  
 On Behalf of Herself and All Others )  
 Similarly Situated, )

*Plaintiffs,* )

*vs.* )

FRANKLIN TOWNSHIP )  
 COMMUNITY SCHOOL )  
 CORPORATION, and CENTRAL )  
 INDIANA EDUCATIONAL )  
 SERVICE CENTER, )

*Defendants.* )

**FILED**  
 (147) DEC 19 2012  
*Elizabeth J. White*  
 CLERK OF THE MARION CIRCUIT COURT

ORDER ON CROSS MOTIONS FOR SUMMARY JUDGMENT

Plaintiffs Lora Hoagland and Donna Chapman and Defendant Franklin Township School Corporation, filed cross motions for summary judgment. The court, having considered the briefs, the designated evidence, and counsels' oral arguments: (1) GRANTS Franklin Township's Motion for Summary Judgment; and (2) DENIES Plaintiffs' Motion for Summary Judgment.

Introduction

The named Plaintiffs in this case are parents of Franklin Township students. Plaintiffs claim on behalf of themselves and others similarly situated that Franklin Township's decision to discontinue bus services for the 2011-2012 school year ("School Year") violated Article 8, § 1 of the Indiana

Constitution, the Education Clause. Plaintiffs also claim that parents should be refunded fees that were paid to bus their children pursuant to Parent Supplemental Transportation Contracts with bus drivers employed by Central Indiana Service Center (“CIESC”). Plaintiffs sued Franklin Township, requesting, among other things, damages and a declaratory judgment that Franklin Township’s discontinuation of bus services was unconstitutional.

The parties subsequently filed cross motions for summary judgment, the court finds in favor of Franklin Township for the following reasons: (1) Franklin Township’s discontinuation of bus services did not violate the Indiana Constitution. Ind. Code § 20-26-1, *et seq.* and Ind. Code § 20-27-1, *et seq.* (“Education Code”) permits—but does not require—schools to bus students; (2) the Paying Class Plaintiffs received the entire benefit of CIESC’s services; (3) no private cause of action for damages exists under the Education Clause; and (4) Franklin Township is immune from liability under the Indiana Tort Claims Act (“ITCA”);

#### Facts

1. Prior to the 2011-2012 school year (“School Year”), Franklin Township faced significant and mounting budget shortages. (*Franklin Township’s Summary Judgment Brief: Ex. 1, Chad Blacklock Aff.* ¶¶4-8) Franklin Township’s budget shortage led to a funding referendum on the May 3, 2011 election ballot. (*Id.* ¶7,10).

2. Franklin Township's School Board voted to implement several cost-cutting measures to reduce the budget if the funding referendum failed, including a cost-cutting measure to discontinue busing. (*Id.* ¶¶7,8)

3. The funding referendum failed, leading Franklin Township's School Board to approve a Transportation Agreement with the Central Indiana Educational Services Center ("CIESC"). (*Id.* ¶12).

4. Under the Transportation Agreement, Franklin Township parents were given a busing option for the School Year.<sup>1</sup> (*Id.* ¶¶4-8, 14-15) CIESC offered its busing option to parents under a "Parents' Supplemental Transportation Contract" ("PST Contract"), pursuant to Ind. Code § 20-27-6-1, *et seq.* (*Ex. 2: Plaintiffs' Amended Complaint, Ex. A.*)

5. The PST Contract<sup>2</sup> was an independent agreement between the parent and a CIESC bus driver. (*Id.*: *PST Contract, Introductory Paragraph*) The PST Contract provided that "[i]n the event that any court would determine that [the] PST Contract or PST Contract arrangement is contrary to law, then the parent will be reimbursed for only those fees for transportation services not rendered." (*Id.*: *PST Contract ¶ 11*).

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<sup>1</sup>The Franklin Township-CIESC Transportation Agreement was entered into on July 14, 2011, pursuant to Ind. Code § 20-27-6-1, *et seq.* (*Ex. 5: Transportation Agreement, Preliminary Statement ¶B and Article 1.12*).

<sup>2</sup>The PST Contract stated its compliance with Ind. Code § 20-27-6-1, *et seq.* (*Id.*: *PST Contract ¶¶ 2-16*) The PST Contract stated that the CIESC bus driver and parent entered into the PST Contract under Ind. Code § 20-27-6-1, *et seq.*, with the specific authorization of Ind. Code § 20-27-6-4. (*Id.*: *PST Contract, Introductory Paragraph and ¶12*).

6. The parents choosing to use the CIESC bus service paid a \$20 non-refundable fee, an annual fee of \$475 for the first child, and \$405 for each additional child. (*Ex. 2: Plaintiffs' Amended Complaint* ¶7).

7. Franklin Township did not receive any of the fees that parents paid to CIESC. (*Ex. 1: Blacklock Aff. ¶18*) Franklin Township did not require parents to enter into PST Contracts as a condition to their children attending school—the decision to enter into the PST Contracts was up to the parents. (*Id.* ¶16)

8. Chapman, as representative of what has been defined at the “Paying Class” decided to pay the CIESC fee and her son rode a CIESC bus. (*Ex. 4: Chapman Interrogatory Responses ¶¶15-16*) Hoagland, as representative of what has been defined as the “Non-Paying Class” decided to take her children to school and did not pay the CIESC bus fee. (*Ex. 3: Hoagland's Interrogatory Responses ¶¶15-16*)

#### Procedural Posture

9. On November 1, 2011, Hoagland filed a class action lawsuit against Franklin Township. In a December 8, 2011 Amended Complaint, Chapman joined the suit and CIESC was added as a defendant.

10. Hoagland originally Petitioned for Class Certification on November 15, 2011. The court granted Plaintiffs' Petition for Class Certification on June 18, 2012, creating two separate classes: (1) the Paying Class, those who paid CIESC for busing services; and (2) the Non-Paying

Class, those who did not pay CIESC a bus fee but whose children would have ridden the bus to a Franklin Township public school during the School Year, but for the bus fee.

11. On February 21, 2012, CIESC filed a Motion to Dismiss. On March 12, 2012, Plaintiffs responded to CIESC's Motion to Dismiss. On April 24, 2012, the court granted CIESC's Motion to Dismiss. Plaintiffs' appealed the court's ruling. On June 5, 2012, the court granted Plaintiffs' Motion to Certify its dismissal order for an interlocutory appeal.

12. Plaintiffs filed their Motion for Summary Judgment against Franklin Township on August 2, 2012. Franklin Township filed its Motion for Summary Judgment on August 8, 2012. The parties filed their respective responses on September 28, 2012, and agreed to forego filing reply briefs.

13. The court held an oral argument on the parties' summary judgment motions on October 26, 2012.

#### Standard of Review

14. Summary judgment is appropriate where the evidence shows that there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. *Naugle v. Beech Grove City Sch.*, 864 N.E.2d 1058, 1062 (Ind. 2007).

#### Conclusions of Law

15. The Education Clause provides:

[k]nowledge and learning, generally diffused throughout a community, being essential to the preservation of a free

government; it shall be the duty of the General Assembly to encourage, by all suitable means, moral, intellectual, scientific, and agricultural improvement; and to provide, by law, for a general and uniform system of Common Schools, wherein tuition shall be without charge, and equally open to all.

16. Our Supreme Court has concluded that “determining the components” of the Education Clause is left within the authority of the legislative branch of government.” *Nagy ex rel. Nagy v. Evansville-Vanderburgh Sch. Corp.*, 844 N.E.2d 481, 401 (Ind. 2006).

I. No Constitutional Duty to Bus Exists

17. The foundation of Non-Paying Class’s claim is that Franklin Township had a “constitutional duty” to bus its students.

18. In addressing education and school transportation, the General Assembly has enacted the following:

- Ind. Code § 20-27-5-2, stating that “the governing body of a school corporation may provide transportation for students to and from school.”
- Ind. Code § 20-26-5-4(10), which states that schools have the power to bus students “when in the opinion of the governing body the transportation is necessary.”
- Ind. Code § 20-27-5-2, stating that “parents may provide bus transportation for students enrolled in a public school who are not provided transportation by the school corporation.”
- Ind. Code § 20-27-6-3, stating that “the parents of public school students not provided bus transportation by the school corporation may contract jointly with a school bus driver to provide transportation under a parents’ supplemental transportation contract.”

19. In addition to these statutes, an entire chapter of the Education Code explains the options parents have when schools do not bus. *See* Ind. Code § 20-27-6-1, *et seq.*

20. These statutes demonstrate that the General Assembly has determined that schools are not required to bus student as schools “may” bus, not “shall” bus. There was thus no corresponding legal obligation for Franklin Township to bus during the School Year.

21. Plaintiffs did not allege or designate any evidence that Franklin Township violated any of the Education Code’s laws listed under Ind. Code § 20-27-6-1, *et seq.*, or that the PST Contracts did not comply with the requirements of Ind. Code § 20-27-5-2. And the undisputed evidence shows that Franklin Township did not access or collect bus fees paid to CIESC.

22. Because Indiana statutory law only gives schools the option to bus, there is no corresponding constitutional mandate under the Education Clause to bus and therefor the court enters summary judgment in favor of Franklin Township on Plaintiffs’ claim that Franklin Township’s discontinuation of bus services was unconstitutional.

## II. No Cause of Action Exists for the Paying Class under the PST Contracts

23. Plaintiffs also allege that the PST Contracts are void and unenforceable as to Franklin Township. (*Plaintiffs’ Summary Judgment Brief, pg. 24.*) The court has already ruled when the School Year ended that the Paying Class’s contract claims against CIESC failed to state a claim upon

which relief can be granted because the Paying Class received the benefits under the PST Contracts.

24. Under Indiana law, a party cannot claim benefits under an allegedly void contract and then repudiate its obligations. *Raymundo v. Hammond Clinic Ass'n*, 449 N.E.2d 276, 283 (Ind. 1983); *Williams v. Riverside Cmty. Corr. Corp.*, 846 N.E.2d 738, 751 (Ind. Ct. App. 2006).

25. It is undisputed that the Paying Class members received the full benefit of the PST Contracts. Accordingly, the Paying Class Plaintiffs cannot repudiate their payment obligations because they have accepted the entire benefit of CIESC's services.

26. And if the PST Contracts were void as Plaintiffs have alleged, the Paying Class cannot recover against Franklin Township because the Paying Class was charged with the limitations of governing body to enter into a contract. *Laramore & Douglass, Inc. v. City of Anderson, Ind.*, 222 F.2d 480, 484 (7th Cir. 1955) (applying Indiana law).

27. As discussed earlier, there is also no constitutional requirement to bus children and parents were not required to sign a PST Contract in order for their children to attend school. The decision to enter into a PST Contract was at the discretion of each parent.

### III. The Cause of Action for Suits brought under the Education Clause

28. Independent of the PST Contracts, Plaintiffs seek damages for Franklin Township's alleged Education Clause violation.

29. The Indiana Supreme Court declared that “[t]here is no explicit language in the Indiana Constitution providing any specific remedy for violations of [Indiana] constitutional rights.” *Cantrell v. Morris*, 849 N.E.2d 488, 499 (Ind. 2006).

30. The Indiana Court of Appeals noted that “the Indiana Constitution, Art. 8, addresses education. In this context, we do not perceive of any constitutional education claim premised upon the general education provisions within Art. 8. Further, not every constitutional provision contemplates a private cause of action.” *Meury v. Eagle-Union Cmty. Sch. Corp.*, 714 N.E.2d 233, 242, n.7 (Ind. Ct. App. 1999)

31. Accordingly, the Education Clause does not afford the Plaintiff a private cause of action for money damage and Plaintiffs have cited no case law that supports a claim for damages for an alleged constitutional violation.

#### IV. The Indiana Tort Claims Act

32. This case can be resolved on ITCA principals alone. The ITCA expresses a legislative policy to protect the State’s finances while ensuring “that public employees can exercise their independent judgment necessary to carry out their duties.” *Noble County v. Rogers*, 745 N.E.2d 194, 197 (Ind. 2001).

33. The ITCA applies because Plaintiffs’ claims asserted that a legal wrong has been committed upon them independent of contract. *Irwin Mort. Corp. v. Marion County Treasurer*, 816 N.E.2d 439, 446 (Ind. Ct. App. 2004).

34. Under the ITCA, a governmental entity's performance of a discretionary function is immune from liability. Ind. Code § 34-13-3-3(7). Whether a particular act is discretionary and immune is a question of law for determination by the court. *Peavler v. Bd. of Com'rs of Monroe County*, 528 N.E.2d 40, 46 (Ind. 1988).

35. In determining whether governmental acts are discretionary and immune from liability, courts employ the "planning-operational" standard. *Id.* Planning activities involve the formulation of basic policy characterized by official judgment, discretion, weighing of alternatives, and public policy choices. *Id.* at 45.

36. Decisions about the "weighing of budgetary considerations, or the allocation of scarce resources" are planning activities that are immune from liability. *Streiler v. Norfolk & W. Ry. Co.*, 642 N.E.2d 1019, 1021-22 (Ind. Ct. App. 1994); *Peavler*, 528 N.E.2d at 45.

37. There is no dispute that Franklin Township's decision to discontinue busing was due to a significant budgetary shortfall—the Plaintiffs admit as much in their Amended Complaint.<sup>3</sup>

38. Second, Franklin Township's decision authorizing CIESC to give parents the option to bus their children through PST Contracts was also a discretionary act, authorized by statute (Ind. Code § 20-27-6-1, *et seq.*), which shields Franklin Township from liability. Ind. Code § 34-13-3-3(9).

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<sup>3</sup> In ¶5 of Plaintiffs' Amended Complaint, they state: "Faced with a large budget deficit, in 2010 the School Corporation's Board voted to discontinue bus service for most of the students enrolled in the township's public schools."

“Governmental entities are shielded from liability for “[a]n act or omission performed in good faith and without malice under the apparent authority of a statute which is invalid if the employee would not have been liable had the statute been valid.” Ind. Code § 34-13-3-3(9). There are no allegations that Franklin Township acted in bad faith and with malice.

39. Finally, the ITCA provides a notice shield for which compliance is a question of law. *Reed v. City of Evansville*, 956 N.E.2d 684, 691 (Ind. Ct. App. 2011), *transfer denied*, 963 N.E.2d 1117 (Ind. 2012).

40. Under Ind. Code § 34-13-3-8, “a claim against a political subdivision is barred unless notice is filed with: (1) the governing body of that political subdivision; and (2) the Indiana political subdivision risk management commission created under IC 27-1-29 . . . within one hundred eighty (180) days after the loss occurs.” Merely filing a complaint is insufficient notice under ITCA. *Brown v. Alexander*, 876 N.E.2d 376 (Ind. Ct. App. 2007), *transfer denied*, 891 N.E.2d 43 (Ind. 2008).

41. Plaintiffs admit that they knew of Franklin Township’s decision to discontinue busing in May and July of 2011. (*Ex. 3: Hoagland Interrogatory Responses ¶3*); (*Ex. 4: Chapman Interrogatory Responses ¶3*)

42. This was more than 180 days before they submitted their tort claim notice on February 13, 2012. Plaintiffs’ claims are thus barred.

#### Order

1. This matter came before the Court on Franklin Township

Community School Corporation's Motion for Summary Judgment. The Court, having reviewed the papers and pleadings properly filed and designated in this action, having jurisdiction over the parties, subject matter, and issues, and being duly advised, finds that Franklin Township's Motion for Summary Judgment should be granted:

- a. There are no genuine issues of material fact on Class Plaintiffs' claim that Franklin Township breached a constitutional duty to provide students with an education where tuition is without charge by discontinuing busing services.
- b. Indiana law did not require Franklin Township to bus its students during the 2011-2012 school year. Thus, there was no corresponding constitutional duty for Franklin Township to breach.
- c. The Paying Class's contract claims became meritless when the when the Paying Class received the full benefits of services.
- d. The Education Clause does not provide a private cause of action for damages.
- e. The Indiana Tort Claims Act immunizes Franklin Township from all liability.

IT IS THEREFORE ORDERED, that:

2. There is no genuine issue of material fact that Franklin Township is entitled to a final judgment in its favor and against the Plaintiffs, who consist of two separate classes: the Non-Paying Class and the Paying Class (collectively the "Class Plaintiffs"), on Class Plaintiffs' Complaint.

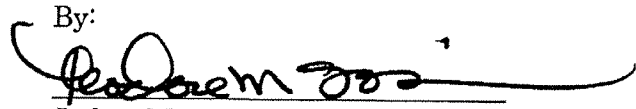
3. Class Plaintiffs shall take nothing by way of their Complaint.
4. Each party is to bear its own costs.
5. There is no just reason for delay in entering final Judgment

under Ind. Trial Rule 54(b).

6. The Clerk of this Court shall enter this judgment in the Judgment Docket.

All of which is so ORDERED this 17<sup>th</sup> day of Dec, 2012.

By:

  
Judge, Marion Superior Court 2

Distribution:

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