

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

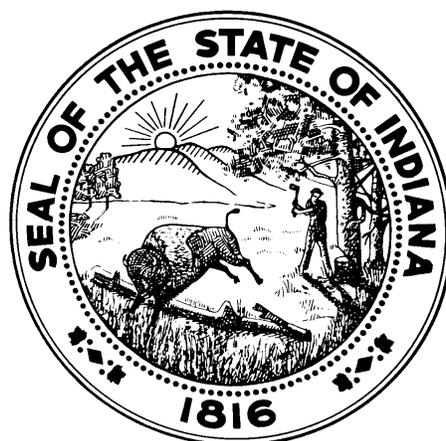
AUDIT REPORT

OF

CLARKSVILLE COMMUNITY SCHOOL CORPORATION

CLARK COUNTY, INDIANA

July 1, 2006 to June 30, 2008



**FILED**

06/29/2009



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Judith N. Sanderson	07-01-06 to 06-30-09
Superintendent of Schools	Stephen G. Fisher Dr. Kimberly Knott (Interim)	07-01-06 to 04-24-09 04-25-09 to 06-30-09
President of the School Board	William P. Wilson	01-01-06 to 12-31-09



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

TO: THE OFFICIALS OF THE CLARKSVILLE COMMUNITY  
SCHOOL CORPORATION, CLARK COUNTY, INDIANA

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

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

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

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

In accordance with Government Auditing Standards, we have also issued a report dated May 19, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

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

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

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

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

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

STATE BOARD OF ACCOUNTS

May 19, 2009



# STATE OF INDIANA

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

TO: THE OFFICIALS OF THE CLARKSVILLE COMMUNITY  
SCHOOL CORPORATION, CLARK COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clarksville Community School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated May 19, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in items Findings 2008-1; 2008-2; and 2008-3 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We believe that Findings 2008-1 and 2008-2 of the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management in a separate letter dated May 19, 2009.

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

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

STATE BOARD OF ACCOUNTS

May 19, 2009

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 7,073,917	\$ -	\$ 59,692	\$ (7,014,225)
Support services	6,109,603	277,228	352,751	(5,479,624)
Community services	55,667	-	-	(55,667)
Nonprogrammed charges	427,049	-	-	(427,049)
Debt service	5,552,651	-	-	(5,552,651)
<b>Total governmental activities</b>	<b><u>\$ 19,218,887</u></b>	<b><u>\$ 277,228</u></b>	<b><u>\$ 412,443</u></b>	<b><u>(18,529,216)</u></b>
General receipts:				
Property taxes				5,967,610
Other local sources				1,155,344
State aid				6,290,798
Bonds and loans				1,500,000
Grants and contributions not restricted to specific programs				499,922
Sale of property, adjustments, and refunds				23,367
Investment earnings				506,899
<b>Total general receipts</b>				<b><u>15,943,940</u></b>
Change in net assets				(2,585,276)
Net assets - beginning				<u>8,389,675</u>
Net assets - ending				<b><u>\$ 5,804,399</u></b>
<b><u>Assets</u></b>				
Cash and investments				\$ 5,547,450
Restricted assets:				
Cash and investments				<u>256,949</u>
<b>Total assets</b>				<b><u>\$ 5,804,399</u></b>
<b><u>Net Assets</u></b>				
Restricted for:				
Debt service				\$ 256,949
Unrestricted				<u>5,547,450</u>
<b>Total net assets</b>				<b><u>\$ 5,804,399</u></b>

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 7,047,364	\$ -	\$ 105,561	\$ (6,941,803)
Support services	6,649,078	297,533	427,567	(5,923,978)
Community services	61,503	-	-	(61,503)
Nonprogrammed charges	448,042	-	-	(448,042)
Debt service	4,692,755	-	-	(4,692,755)
Total governmental activities	\$ 18,898,742	\$ 297,533	\$ 533,128	(18,068,081)
General receipts:				
Property taxes				6,922,109
Other local sources				1,229,984
State aid				5,787,573
Bonds and loans				2,100,000
Grants and contributions not restricted to specific programs				452,847
Sale of property, adjustments, and refunds				447,863
Investment earnings				169,353
Total general receipts				17,109,729
Change in net assets				(958,352)
Net assets - beginning				5,804,399
Net assets - ending				\$ 4,846,047
<u>Assets</u>				
Cash and investments				\$ 4,655,361
Restricted assets:				
Cash and investments				190,686
Total assets				\$ 4,846,047
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 190,686
Unrestricted				4,655,361
Total net assets				\$ 4,846,047

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

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

	General	Transportation Operating	Rainy Day Fund	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
<b>Receipts:</b>									
Local sources	\$ 3,531,825	\$ 446,882	\$ -	\$ 2,247,383	\$ 1,003,225	\$ 55,450	\$ -	\$ 621,598	\$ 7,906,363
Intermediate sources	42	-	-	-	-	-	-	675	717
State sources	6,337,789	-	-	-	-	-	-	97,302	6,435,091
Federal sources	-	-	-	-	-	-	-	768,073	768,073
Bonds and loans	1,500,000	-	-	-	-	-	-	-	1,500,000
Sale of property, adjustments and refunds	-	-	-	-	23,367	-	-	-	23,367
<b>Total receipts</b>	<b>11,369,656</b>	<b>446,882</b>	<b>-</b>	<b>2,247,383</b>	<b>1,026,592</b>	<b>55,450</b>	<b>-</b>	<b>1,487,648</b>	<b>16,633,611</b>
<b>Disbursements:</b>									
<b>Current:</b>									
Instruction	6,798,159	-	-	-	-	-	-	275,758	7,073,917
Support services	2,667,499	412,117	-	43,383	1,868,690	71,450	138,766	907,698	6,109,603
Community services	51,772	-	-	-	-	-	-	3,895	55,667
Nonprogrammed charges	427,049	-	-	-	-	-	-	-	427,049
Debt services	2,400,000	100,000	-	2,369,760	-	-	-	682,891	5,552,651
<b>Total disbursements</b>	<b>12,344,479</b>	<b>512,117</b>	<b>-</b>	<b>2,413,143</b>	<b>1,868,690</b>	<b>71,450</b>	<b>138,766</b>	<b>1,870,242</b>	<b>19,218,887</b>
Deficiency of receipts over disbursements	(974,823)	(65,235)	-	(165,760)	(842,098)	(16,000)	(138,766)	(382,594)	(2,585,276)
<b>Other financing sources (uses):</b>									
Transfers in	-	-	690,000	-	-	-	-	72,039	762,039
Transfers out	-	-	-	-	(750,000)	-	-	(12,039)	(762,039)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>690,000</b>	<b>-</b>	<b>(750,000)</b>	<b>-</b>	<b>-</b>	<b>60,000</b>	<b>-</b>
Deficiency of receipts and other financing sources over disbursements and other financing uses	(974,823)	(65,235)	690,000	(165,760)	(1,592,098)	(16,000)	(138,766)	(322,594)	(2,585,276)
Cash and investments - beginning	2,818,425	311,016	-	429,037	3,140,852	54,601	898,847	736,897	8,389,675
Cash and investments - ending	\$ 1,843,602	\$ 245,781	\$ 690,000	\$ 263,277	\$ 1,548,754	\$ 38,601	\$ 760,081	\$ 414,303	\$ 5,804,399
<b>Cash and Investment Assets - Ending</b>									
Cash and investments	\$ 1,843,602	\$ 245,781	\$ 690,000	\$ -	\$ 1,548,754	\$ 38,601	\$ 760,081	\$ 420,631	\$ 5,547,450
Restricted assets:									
Cash and investments	-	-	-	263,277	-	-	-	(6,328)	256,949
<b>Total cash and investment assets - ending</b>	<b>\$ 1,843,602</b>	<b>\$ 245,781</b>	<b>\$ 690,000</b>	<b>\$ 263,277</b>	<b>\$ 1,548,754</b>	<b>\$ 38,601</b>	<b>\$ 760,081</b>	<b>\$ 414,303</b>	<b>\$ 5,804,399</b>
<b>Cash and Investment Fund Balance - Ending</b>									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 263,277	\$ -	\$ -	\$ -	\$ (6,328)	\$ 256,949
Unrestricted	1,843,602	245,781	690,000	-	1,548,754	38,601	760,081	420,631	5,547,450
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,843,602</b>	<b>\$ 245,781</b>	<b>\$ 690,000</b>	<b>\$ 263,277</b>	<b>\$ 1,548,754</b>	<b>\$ 38,601</b>	<b>\$ 760,081</b>	<b>\$ 414,303</b>	<b>\$ 5,804,399</b>

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

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

	General	Transportation Operating	Rainy Day Fund	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
<b>Receipts:</b>									
Local sources	\$ 3,650,045	\$ 507,114	\$ 51,468	\$ 2,213,804	\$ 1,392,193	\$ 139,545	\$ -	\$ 664,157	\$ 8,618,326
Intermediate sources	14	-	-	-	-	-	-	638	652
State sources	5,855,114	-	-	-	-	-	-	151,277	6,006,391
Federal sources	-	-	-	-	-	-	-	767,158	767,158
Bonds and loans	1,500,000	-	-	600,000	-	-	-	-	2,100,000
Sale of property, adjustments and refunds	-	1,680	-	-	4,184	-	441,999	-	447,863
<b>Total receipts</b>	<b>11,005,173</b>	<b>508,794</b>	<b>51,468</b>	<b>2,813,804</b>	<b>1,396,377</b>	<b>139,545</b>	<b>441,999</b>	<b>1,583,230</b>	<b>17,940,390</b>
<b>Disbursements:</b>									
Current:									
Instruction	6,718,145	-	-	-	-	-	-	329,219	7,047,364
Support services	3,070,386	423,673	-	-	1,400,802	72,604	760,081	921,532	6,649,078
Community services	57,494	-	-	-	-	-	-	4,009	61,503
Nonprogrammed charges	448,042	-	-	-	-	-	-	-	448,042
Debt services	1,500,000	-	-	2,969,751	-	-	-	223,004	4,692,755
<b>Total disbursements</b>	<b>11,794,067</b>	<b>423,673</b>	<b>-</b>	<b>2,969,751</b>	<b>1,400,802</b>	<b>72,604</b>	<b>760,081</b>	<b>1,477,764</b>	<b>18,898,742</b>
Excess (deficiency) of receipts over disbursements	(788,894)	85,121	51,468	(155,947)	(4,425)	66,941	(318,082)	105,466	(958,352)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	30,619	30,619
Transfers out	-	-	-	-	-	-	-	(30,619)	(30,619)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(788,894)	85,121	51,468	(155,947)	(4,425)	66,941	(318,082)	105,466	(958,352)
Cash and investments - beginning	1,843,602	245,781	690,000	263,277	1,548,754	38,601	760,081	414,303	5,804,399
Cash and investments - ending	\$ 1,054,708	\$ 330,902	\$ 741,468	\$ 107,330	\$ 1,544,329	\$ 105,542	\$ 441,999	\$ 519,769	\$ 4,846,047
<b>Cash and Investment Assets - Ending</b>									
Cash and investments	\$ 1,054,708	\$ 330,902	\$ 741,468	\$ -	\$ 1,544,329	\$ 105,542	\$ 441,999	\$ 436,413	\$ 4,655,361
Restricted assets:									
Cash and investments	-	-	-	107,330	-	-	-	83,356	190,686
<b>Total cash and investment assets - ending</b>	<b>\$ 1,054,708</b>	<b>\$ 330,902</b>	<b>\$ 741,468</b>	<b>\$ 107,330</b>	<b>\$ 1,544,329</b>	<b>\$ 105,542</b>	<b>\$ 441,999</b>	<b>\$ 519,769</b>	<b>\$ 4,846,047</b>
<b>Cash and Investment Fund Balance - Ending</b>									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 107,330	\$ -	\$ -	\$ -	\$ 83,356	\$ 190,686
Unrestricted	1,054,708	330,902	741,468	-	1,544,329	105,542	441,999	436,413	4,655,361
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,054,708</b>	<b>\$ 330,902</b>	<b>\$ 741,468</b>	<b>\$ 107,330</b>	<b>\$ 1,544,329</b>	<b>\$ 105,542</b>	<b>\$ 441,999</b>	<b>\$ 519,769</b>	<b>\$ 4,846,047</b>

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Deductions:			
Benefits	\$ 344,172	\$ -	
Administrative and general	-	76	
Total deductions	344,172	76	
Cash and investment fund balance - beginning	653,679	221	
Cash and investment fund balance - ending	\$ 309,507	\$ 145	\$ 69,156
Net assets:			
Cash and investments	\$ 309,507	\$ 145	
Total net assets - cash and investment basis held in trust	\$ 309,507	\$ 145	

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Deductions:			
Benefits	\$ 246,859	\$ -	
Administrative and general	-	145	
Total deductions	246,859	145	
Cash and investment fund balance - beginning	309,507	145	
Cash and investment fund balance - ending	\$ 62,648	\$ -	\$ 99,786
Net assets:			
Cash and investments	\$ 62,648	\$ -	
Total net assets - cash and investment basis held in trust	\$ 62,648	\$ -	

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Clarksville Community School Corporation

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

Joint Ventures

The School Corporation is a participant with twenty-six other public school corporations in a joint venture to operate Wilson Education Center which was created to provide cooperative purchasing services. The School Corporation is obligated by contract to remit an annual fee based on the number of students to the Wilson Education Service Center. The School Corporation paid \$8,334 and \$7,913 to the Wilson Education Service Center in the fiscal years ending June 30, 2007 and June 30, 2008, respectively. These fees enabled the School Corporation to purchase goods and services from vendors selling through cooperative purchasing contracts with the Wilson Education Center. Complete financial statements for the Wilson Education Center may be obtained from the Wilson Education Center at 2101 Grace Avenue, Charlestown, IN 47111.

The School Corporation is a participant with Greater Clark County Schools and West Clark Community Schools in a joint venture to operate the Clark County Special Education Cooperative which was created to provide special education services to handicapped children. The School Corporation's obligation to the Clark County Special Education Cooperative for the school years ending June 30, 2007 and June 30, 2008, was \$242,036 and \$261,690, respectively. Complete financial statements for the Clark County Special Education Cooperative can be obtained from the Cooperative's administrative office at 2112 Utica- Sellersburg Road, Jeffersonville, IN 47130.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. However, the School Corporation has no business-type activities.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

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

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

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

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

The construction fund is used to account for capital outlay disbursements where the source of the receipts is derived from the sale of general obligation bonds or from other outside sources.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for the activities of the retirement severance bond which accumulate resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit Indiana next grant recipients.

Agency funds account for assets held by the School Corporation as an agent for federal and state government.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Measurement Focus and Basis of Accounting

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

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

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

January 1, 2008, the Department of Education mandated a change in the chart of accounts used by the School Corporation. This change has caused expenses to be allocated in a manner that is not consistent with reporting prior to January 1, 2008. This change does not affect the total amount of expenses, only the allocation of the expenses.

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

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

B. Cash and Investment Balance Deficits

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

Fund	2006-2007	2007-2008
Retirement/Severance Bond Debt Service	\$ (6,328)	\$ -
Title II Part A	-	(11,263)

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements and reimbursable expenditures under grant agreements which had not been reimbursed by year-end. These deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2008, the School Corporation had deposit balances in the amount of \$5,095,448.00.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

B. Interfund Transfers

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

Transfer From	Transfer To	2006-2007	2007-2008
Capital Projects Fund	Rainy Day Fund	\$ 690,000	\$ -
Capital Projects Fund	Other governmental funds	60,000	-
Other governmental funds	Other governmental funds	<u>12,039</u>	<u>30,619</u>
Totals		<u>\$ 762,039</u>	<u>\$ 30,619</u>

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

IV. Other Information

A. Risk Management

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Holding Corporation

The School Corporation has entered into a capital lease with Clarksville High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments totaled \$2,291,010 and \$2,301,996 for the school years 2006-2007 and 2007-2008, respectively.

C. Other Postemployment Benefits

In addition to the pension benefits described in Note IV.D., the School Corporation provides post-employment health and life insurance benefits, as authorized by IC 5-10-8, to all employees who meet the eligibility requirements as described below. Currently, fifteen retirees meet the eligibility requirements and are currently receiving benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2008, disbursements of \$48,909 were recognized for postemployment benefits.

Certified Employees Retiring Before August 1, 2004

Retirement benefits are granted to any teacher who has completed at least ten years of service in the School Corporation immediately prior to retirement and is at the top experience level on the current salary schedule.

The School Corporation provides healthcare benefits for ten years or until the retiree becomes eligible for Medicare (whichever occurs first). The School Corporation will pay the School Corporation's contribution in effect the year of retirement or the balance of the cost of the least expensive single medical plan provided for active employees (whichever is less). During this same time period, the School Corporation will continue to provide life insurance protection to the retiree. Such life insurance shall be in an amount equal to that provided unit members and the premiums shall be paid by the School Corporation.

Certified Employees Retiring After August 1, 2004

Certified employees and spouses are allowed to participate in the School Corporation's group health insurance plan until the retiree or spouse becomes eligible for Medicare. The full cost of the insurance premium is payable by the retiree in monthly installments to the School Corporation.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Classified Employees

Classified employees who have at least twenty-five years of experience in the School Corporation and who are paid on a salary schedule where the difference between the annual salary of an entry level person and the highest paid person in the position is at least the amount of the School Corporation's annual contribution toward the cost of a single policy premium per year are eligible to continue on the Corporation's health insurance policy and may elect to continue his/her life insurance. The School Corporation will continue paying the same dollar amount of the premium for health insurance as the Corporation was paying during the last year of employment and will continue paying the premium for life insurance. Both options will expire when the retiree qualifies for Medicare coverage.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 153,315
Interest on net pension obligation	(12,155)
Adjustment to annual required contribution	13,852
Annual pension cost	155,012
Contributions made	134,392
Increase in net pension obligation	20,620
Net pension obligation, beginning of year	(167,658)
Net pension obligation, end of year	\$ (147,038)

	PERF
Contribution rates:	
School Corporation	7.25%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-05	\$ 104,696	116%	\$ (186,890)
	06-30-06	136,789	86%	(167,658)
	06-30-07	155,012	87%	(147,038)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Plan members are required to contribute 7% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2006, 2007, and 2008, were \$229,644, \$244,063, and \$288,689, respectively. The School Corporation actually contributed the entire required contribution amount for each of the fiscal years.

E. Subsequent Events

A budget estimate for the 2009-2010 school year presented to the School Board on March 11, 2009, projected a \$750,000 deficit in the General Fund by the end of the 2009-2010 school year. To address the projected shortfall, the Board voted an initial step of eliminating extra-curricular assignments thereby saving \$51,400. Subsequently the School Corporation has been notified that the Clark County June, 2009 tax distributions will not be made until a later date yet to be determined. Dr. Kimberly Knott, Interim Superintendent, stated on May 19, 2009, that the estimated revenue, not received timely, will be approximately \$2,226,000.

To address the additional loss of revenues, the School Corporation has planned a number of actions including a reduction in workforce of approximately 10% of certified and noncertified personnel; not filling the vacant Superintendent's position; and termination of adult education classes. In addition, the School Corporation plans to borrow funds from the Indiana Bond Bank in an amount to be determined. Other actions to be taken are yet to be determined.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 1,886,435	\$ 2,390,098	\$ (503,663)	79%	\$ 1,772,852	(28%)
07-01-06	1,710,005	2,246,140	(536,135)	76%	1,716,953	(31%)
07-01-07	1,932,163	2,384,249	(452,086)	81%	1,638,819	(28%)

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

	Special Education Preschool Cooperative	School Lunch	Textbook Rental	Education License Plates	Alternative Education Grant	Gifted and Talented Grant FY 07
Receipts:						
Local sources	\$ 9,303	\$ 260,017	\$ 70,958	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	675	-	-
State sources	37,751	5,852	36,106	-	-	12,702
Federal sources	-	297,610	-	-	-	-
	<u>47,054</u>	<u>563,479</u>	<u>107,064</u>	<u>675</u>	<u>-</u>	<u>12,702</u>
Total receipts						
Disbursements:						
Current:						
Instruction	-	-	-	-	-	12,000
Support services	-	558,980	93,055	-	-	-
Community services	-	-	-	750	-	-
Debt services	-	-	-	-	-	-
	<u>-</u>	<u>558,980</u>	<u>93,055</u>	<u>750</u>	<u>-</u>	<u>12,000</u>
Total disbursements						
Excess (deficiency) of receipts over disbursements	<u>47,054</u>	<u>4,499</u>	<u>14,009</u>	<u>(75)</u>	<u>-</u>	<u>702</u>
Other financing sources (uses):						
Transfers in	-	-	60,000	-	-	-
Transfers out	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)						
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	47,054	4,499	74,009	(75)	-	702
Cash and investments - beginning	<u>90,282</u>	<u>94,543</u>	<u>(68,039)</u>	<u>712</u>	<u>1,628</u>	<u>-</u>
Cash and investments - ending	<u>\$ 137,336</u>	<u>\$ 99,042</u>	<u>\$ 5,970</u>	<u>\$ 637</u>	<u>\$ 1,628</u>	<u>\$ 702</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 137,336	\$ 99,042	\$ 5,970	\$ 637	\$ 1,628	\$ 702
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 137,336</u>	<u>\$ 99,042</u>	<u>\$ 5,970</u>	<u>\$ 637</u>	<u>\$ 1,628</u>	<u>\$ 702</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>137,336</u>	<u>99,042</u>	<u>5,970</u>	<u>637</u>	<u>1,628</u>	<u>702</u>
Total cash and investment fund balance - ending	<u>\$ 137,336</u>	<u>\$ 99,042</u>	<u>\$ 5,970</u>	<u>\$ 637</u>	<u>\$ 1,628</u>	<u>\$ 702</u>

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

	Gifted and Talented Grant FY 06	Tech Prep Grant Fund	Medicaid Reimbursement Fund	Non-English Speaking Program	Buddy System Program	School Incentive Awards
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	4,891	-	-	-
Federal sources	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>4,891</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	25	-	-	-	-	-
Support services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(25)</u>	<u>-</u>	<u>4,891</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<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>(25)</u>	<u>-</u>	<u>4,891</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - beginning	<u>25</u>	<u>8</u>	<u>9,044</u>	<u>1,487</u>	<u>700</u>	<u>15</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 13,935</u>	<u>\$ 1,487</u>	<u>\$ 700</u>	<u>\$ 15</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 8	\$ 13,935	\$ 1,487	\$ 700	\$ 15
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 13,935</u>	<u>\$ 1,487</u>	<u>\$ 700</u>	<u>\$ 15</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	8	13,935	1,487	700	15
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 13,935</u>	<u>\$ 1,487</u>	<u>\$ 700</u>	<u>\$ 15</u>

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

	SLMS Leadership Grant	Title I Grant FY 06	Title I Grant FY 07	Title I Grant FY 05	Title V Part A Project No. 5030	Title V Part A Project No. 1000
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	30,000	244,730	-	-	3,092
<b>Total receipts</b>	<b>-</b>	<b>30,000</b>	<b>244,730</b>	<b>-</b>	<b>-</b>	<b>3,092</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	42,670	207,266	1	-	-
Support services	14	-	2,189	-	4,631	-
Community services	-	-	3,145	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>14</b>	<b>42,670</b>	<b>212,600</b>	<b>1</b>	<b>4,631</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(14)</b>	<b>(12,670)</b>	<b>32,130</b>	<b>(1)</b>	<b>(4,631)</b>	<b>3,092</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	12,039	-	-	-
Transfers out	-	(12,039)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(12,039)</b>	<b>12,039</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(14)</b>	<b>(24,709)</b>	<b>44,169</b>	<b>(1)</b>	<b>(4,631)</b>	<b>3,092</b>
<b>Cash and investments - beginning</b>	<b>14</b>	<b>24,709</b>	<b>-</b>	<b>1</b>	<b>6,083</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44,169</b>	<b>\$ -</b>	<b>\$ 1,452</b>	<b>\$ 3,092</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ -	\$ 44,169	\$ -	\$ 1,452	\$ 3,092
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44,169</b>	<b>\$ -</b>	<b>\$ 1,452</b>	<b>\$ 3,092</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	44,169	-	1,452	3,092
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44,169</b>	<b>\$ -</b>	<b>\$ 1,452</b>	<b>\$ 3,092</b>

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

	Title V Part A Project No. 04-061	Title IV Part A Drug Free #05048	Title IV Part A Project No 1000	FY 04 Drug Grant	Medicaid Reimbursement	Hurricane Recovery Grant
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	7,114	-	8,293	9,000
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>7,114</b>	<b>-</b>	<b>8,293</b>	<b>9,000</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	13,796	-
Support services	3,794	9,156	397	1,814	1,993	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>3,794</b>	<b>9,156</b>	<b>397</b>	<b>1,814</b>	<b>15,789</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(3,794)</b>	<b>(9,156)</b>	<b>6,717</b>	<b>(1,814)</b>	<b>(7,496)</b>	<b>9,000</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(3,794)</b>	<b>(9,156)</b>	<b>6,717</b>	<b>(1,814)</b>	<b>(7,496)</b>	<b>9,000</b>
<b>Cash and investments - beginning</b>	<b>3,794</b>	<b>9,241</b>	<b>10</b>	<b>1,814</b>	<b>19,587</b>	<b>15,000</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 85</b>	<b>\$ 6,727</b>	<b>\$ -</b>	<b>\$ 12,091</b>	<b>\$ 24,000</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 85	\$ 6,727	\$ -	\$ 12,091	\$ 24,000
<b>Restricted assets:</b>						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 85</b>	<b>\$ 6,727</b>	<b>\$ -</b>	<b>\$ 12,091</b>	<b>\$ 24,000</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	85	6,727	-	12,091	24,000
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 85</b>	<b>\$ 6,727</b>	<b>\$ -</b>	<b>\$ 12,091</b>	<b>\$ 24,000</b>

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

	Title II Part A	Title II Part D	LEP Title III Grant	Math and Science Partnership	Retirement Severance Bond Debt Service	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 281,320	\$ 621,598
Intermediate sources	-	-	-	-	-	675
State sources	-	-	-	-	-	97,302
Federal sources	81,124	5,360	16,750	65,000	-	768,073
<b>Total receipts</b>	<b>81,124</b>	<b>5,360</b>	<b>16,750</b>	<b>65,000</b>	<b>281,320</b>	<b>1,487,648</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	275,758
Support services	89,761	2,506	16,009	123,399	-	907,698
Community services	-	-	-	-	-	3,895
Debt services	-	-	-	-	682,891	682,891
<b>Total disbursements</b>	<b>89,761</b>	<b>2,506</b>	<b>16,009</b>	<b>123,399</b>	<b>682,891</b>	<b>1,870,242</b>
Excess (deficiency) of receipts over disbursements	(8,637)	2,854	741	(58,399)	(401,571)	(382,594)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	72,039
Transfers out	-	-	-	-	-	(12,039)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,000</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,637)	2,854	741	(58,399)	(401,571)	(322,594)
Cash and investments - beginning	39,455	(2,854)	(188)	94,583	395,243	736,897
Cash and investments - ending	\$ 30,818	\$ -	\$ 553	\$ 36,184	\$ (6,328)	\$ 414,303
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 30,818	\$ -	\$ 553	\$ 36,184	\$ -	\$ 420,631
Restricted assets:						
Cash and investments	-	-	-	-	(6,328)	(6,328)
<b>Total cash and investment assets - ending</b>	<b>\$ 30,818</b>	<b>\$ -</b>	<b>\$ 553</b>	<b>\$ 36,184</b>	<b>\$ (6,328)</b>	<b>\$ 414,303</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ (6,328)	\$ (6,328)
Unrestricted	30,818	-	553	36,184	-	420,631
<b>Total cash and investment fund balance - ending</b>	<b>\$ 30,818</b>	<b>\$ -</b>	<b>\$ 553</b>	<b>\$ 36,184</b>	<b>\$ (6,328)</b>	<b>\$ 414,303</b>

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

	Special Education Preschool Cooperative	School Lunch	Textbook Rental	Education License Plates	Alternative Education Grant	STAR Grant	High Ability Grant FY 07-08
<b>Receipts:</b>							
Local sources	\$ 9,655	\$ 281,061	\$ 60,753	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	638	-	-	-
State sources	34,967	5,353	64,771	-	-	-	31,533
Federal sources	-	335,534	-	-	-	2,500	-
<b>Total receipts</b>	<b>44,622</b>	<b>621,948</b>	<b>125,524</b>	<b>638</b>	<b>-</b>	<b>2,500</b>	<b>31,533</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	-	-	7,674
Support services	-	624,209	129,623	-	-	2,500	-
Community services	-	-	-	975	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>624,209</b>	<b>129,623</b>	<b>975</b>	<b>-</b>	<b>2,500</b>	<b>7,674</b>
Excess (deficiency) of receipts over disbursements	44,622	(2,261)	(4,099)	(337)	-	-	23,859
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	44,622	(2,261)	(4,099)	(337)	-	-	23,859
Cash and investments - beginning	137,336	99,042	5,970	637	1,628	-	-
Cash and investments - ending	\$ 181,958	\$ 96,781	\$ 1,871	\$ 300	\$ 1,628	\$ -	\$ 23,859
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 181,958	\$ 96,781	\$ 1,871	\$ 300	\$ 1,628	\$ -	\$ 23,859
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 181,958</b>	<b>\$ 96,781</b>	<b>\$ 1,871</b>	<b>\$ 300</b>	<b>\$ 1,628</b>	<b>\$ -</b>	<b>\$ 23,859</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	181,958	96,781	1,871	300	1,628	-	23,859
<b>Total cash and investment fund balance - ending</b>	<b>\$ 181,958</b>	<b>\$ 96,781</b>	<b>\$ 1,871</b>	<b>\$ 300</b>	<b>\$ 1,628</b>	<b>\$ -</b>	<b>\$ 23,859</b>

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

	Gifted and Talented Grant FY 07	Gifted and Talented Grant FY 06	Tech Prep Grant Fund	Medicaid Reimbursement Fund	Non-English Speaking Program	Buddy System Program	School Incentive Awards
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	8,165	6,488	-	-
Federal sources	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,165</b>	<b>6,488</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	817	85	8	-	-	-	15
Support services	-	-	-	-	478	700	-
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>817</b>	<b>85</b>	<b>8</b>	<b>-</b>	<b>478</b>	<b>700</b>	<b>15</b>
Excess (deficiency) of receipts over disbursements	(817)	(85)	(8)	8,165	6,010	(700)	(15)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(817)	(85)	(8)	8,165	6,010	(700)	(15)
Cash and investments - beginning	702	-	8	13,935	1,487	700	15
Cash and investments - ending	<u>\$ (115)</u>	<u>\$ (85)</u>	<u>\$ -</u>	<u>\$ 22,100</u>	<u>\$ 7,497</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ (115)	\$ (85)	\$ -	\$ 22,100	\$ 7,497	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ (115)</u></b>	<b><u>\$ (85)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 22,100</u></b>	<b><u>\$ 7,497</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(115)	(85)	-	22,100	7,497	-	-
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ (115)</u></b>	<b><u>\$ (85)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 22,100</u></b>	<b><u>\$ 7,497</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

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

	Title I Grant FY 07	Title I Grant FY 08	Title V Part A Project No. 5030	Title V Part A Project No. 1000	Title IV Part A Drug Free #05048	Title IV Part A Project No 1000	Medicaid Reimbursement
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	25,000	311,117	1,450	-	3,488	-	13,744
<b>Total receipts</b>	<b>25,000</b>	<b>311,117</b>	<b>1,450</b>	<b>-</b>	<b>3,488</b>	<b>-</b>	<b>13,744</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	41,257	272,596	-	-	-	-	6,767
Support services	-	711	2,112	1,293	1,965	4,617	529
Community services	1,202	1,832	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>42,459</b>	<b>275,139</b>	<b>2,112</b>	<b>1,293</b>	<b>1,965</b>	<b>4,617</b>	<b>7,296</b>
Excess (deficiency) of receipts over disbursements	(17,459)	35,978	(662)	(1,293)	1,523	(4,617)	6,448
<b>Other financing sources (uses):</b>							
Transfers in	-	26,710	1,799	-	2,110	-	-
Transfers out	(26,710)	-	-	(1,799)	-	(2,110)	-
<b>Total other financing sources (uses)</b>	<b>(26,710)</b>	<b>26,710</b>	<b>1,799</b>	<b>(1,799)</b>	<b>2,110</b>	<b>(2,110)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(44,169)	62,688	1,137	(3,092)	3,633	(6,727)	6,448
Cash and investments - beginning	44,169	-	1,452	3,092	85	6,727	12,091
Cash and investments - ending	\$ -	\$ 62,688	\$ 2,589	\$ -	\$ 3,718	\$ -	\$ 18,539
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 62,688	\$ 2,589	\$ -	\$ 3,718	\$ -	\$ 18,539
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 62,688</b>	<b>\$ 2,589</b>	<b>\$ -</b>	<b>\$ 3,718</b>	<b>\$ -</b>	<b>\$ 18,539</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	62,688	2,589	-	3,718	-	18,539
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 62,688</b>	<b>\$ 2,589</b>	<b>\$ -</b>	<b>\$ 3,718</b>	<b>\$ -</b>	<b>\$ 18,539</b>

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

	Hurricane Recovery Grant	Title II Part A	LEP Title III Grant	Math and Science Partnership	Retirement Severance Bond Debt Service	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 312,688	\$ 664,157
Intermediate sources	-	-	-	-	-	638
State sources	-	-	-	-	-	151,277
Federal sources	-	74,325	-	-	-	767,158
<b>Total receipts</b>	<b>-</b>	<b>74,325</b>	<b>-</b>	<b>-</b>	<b>312,688</b>	<b>1,583,230</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	329,219
Support services	-	116,406	205	36,184	-	921,532
Community services	-	-	-	-	-	4,009
Debt services	-	-	-	-	223,004	223,004
<b>Total disbursements</b>	<b>-</b>	<b>116,406</b>	<b>205</b>	<b>36,184</b>	<b>223,004</b>	<b>1,477,764</b>
Excess (deficiency) of receipts over disbursements	-	(42,081)	(205)	(36,184)	89,684	105,466
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	30,619
Transfers out	-	-	-	-	-	(30,619)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(42,081)	(205)	(36,184)	89,684	105,466
Cash and investments - beginning	24,000	30,818	553	36,184	(6,328)	414,303
Cash and investments - ending	\$ 24,000	\$ (11,263)	\$ 348	\$ -	\$ 83,356	\$ 519,769
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 24,000	\$ (11,263)	\$ 348	\$ -	\$ -	\$ 436,413
Restricted assets:						
Cash and investments	-	-	-	-	83,356	83,356
<b>Total cash and investment assets - ending</b>	<b>\$ 24,000</b>	<b>\$ (11,263)</b>	<b>\$ 348</b>	<b>\$ -</b>	<b>\$ 83,356</b>	<b>\$ 519,769</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 83,356	\$ 83,356
Unrestricted	24,000	(11,263)	348	-	-	436,413
<b>Total cash and investment fund balance - ending</b>	<b>\$ 24,000</b>	<b>\$ (11,263)</b>	<b>\$ 348</b>	<b>\$ -</b>	<b>\$ 83,356</b>	<b>\$ 519,769</b>

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

	Indiana Next Grant 2002-2003	Indiana Next Grant	Totals
Deductions:			
Administrative and general	\$ -	\$ 76	\$ 76
Cash and investment fund balance - beginning	127	94	221
Cash and investments - ending	\$ 127	\$ 18	\$ 145
Net assets:			
Cash and investments	\$ 127	\$ 18	\$ 145
Total net assets - cash and investment basis held in trust	\$ 127	\$ 18	\$ 145

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

	Indiana Next Grant 2002-2003	Indiana Next Grant	Totals
Deductions:			
Administrative and general	\$ 127	\$ 18	\$ 145
Cash and investment fund balance - beginning	127	18	145
Cash and investments - ending	\$ -	\$ -	\$ -
Net assets:			
Cash and investments	\$ -	\$ -	\$ -
Total net assets - cash and investment basis held in trust	\$ -	\$ -	\$ -

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

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

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 544,775
Infrastructure	636,752
Buildings	34,752,358
Machinery and equipment	<u>1,071,353</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 37,005,238</u>

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

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Clarksville High School	\$ 9,960,000	\$ 730,140
Greenacres Elementary School	9,230,000	420,109
Bonds payable:		
General obligation bonds:		
Pension Bonds	<u>2,690,000</u>	<u>172,310</u>
Total governmental activities long-term debt	<u>\$ 21,880,000</u>	<u>\$ 1,322,559</u>

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS - SEGREGATION OF DUTIES

The School Corporation does not have adequate segregation of accounting duties or compensating controls in place to ensure the accuracy of financial reporting and the safeguarding of cash as described below:

The Treasurer is responsible for writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks in the ledger; entering adjustment/correction transaction to the ledger; and performing month end bank reconciliations.

The Deputy Treasurer is responsible for processing payroll which includes the calculation of payroll and payroll withholding amounts; writing payroll checks; processing payroll direct deposits; writing payroll withholding checks; and creating new employees records and the applicable pay rates in the computerized payroll system.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

RECONCILEMENTS OF FINANCIAL ACTIVITY

We noted the following regarding the reconciling of financial activity on the various financial reports:

1. The complete financial ledger in the computer system consists of multiple reports (Budget History Report, Revenue History Report, Fund History Report, and Fiscal Funds Statement Report). In order to completely process the financial activity through the system, there is a three step posting process. In each of the three steps, changes can be made to the financial activity. Changes made to transactions in only one step but not in the other steps will result in activity posted in one step not agreeing with activity posted in another. The reports need to be reconciled with one another in order to ensure financial activity has been properly posted throughout the financial system. The Treasurer did not have procedures in place to ensure that the reports were in agreement with one another.
2. Financial activity entered through the payroll component of the accounting application system was not reconciled with the final posting of salary related financial transactions posted in the funds ledger. Changes can be made to the payroll financial transactions generated by the payroll application system prior to the final postings of the activity to the funds ledger. In order to ensure accurate financial reporting, a reconciliation between the financial activity per the payroll application system and the final posted transactions per the funds ledger should be made.

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

CONTROLS OVER CAFETERIA COLLECTIONS

The School Corporation has four schools and four cafeterias. At each elementary school there is a single computerized cash register. The middle school and high school cafeteria each have two cash registers. Except for the procedures performed by other employees at the second cash registers at the middle and high schools, the Cafeteria Managers perform all steps in the collection and recording process at the respective schools. The Cafeteria Managers operate cash registers; collect payments; count collections at the end of the day; generate reports from the computerized system; reconcile counts to transaction reports; and deposit collections.

All methods to account for the cafeteria operation require that the person responsible for collecting and reporting the money received for meals be different from the person responsible for counting and reporting the number of meals served. Under no circumstances should all duties be vested in the treasurer or any other single individual. (The School Administrator and Uniform Compliance Guidelines, June 2001)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

A similar comment was reported in the prior Report B29813.

HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

The School Corporation certified 22 Honors Diploma graduates to the Indiana Department of Education for the school year ending June 30, 2007. The School Corporation received an Honors Grant in school year 2008 based on 22 Honors Diploma graduates from the school year 2007 graduating class. However, the School Corporation's records show only 21 students in the class graduating in school year 2007 earned Honors Diplomas.

School officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

ERRORS ON CLAIMS FOR TEXTBOOK RENTAL REIMBURSEMENT

We identified the following errors on claims filed with the Indiana Department of Education for textbook rental reimbursement:

1. The claims included requests for reimbursement of computer lab fees charged to grades K through 2 which did not represent a charge for consumable workbooks. These fees totaled \$818 for school year ending 2007 and \$876 for school year ending 2008.

The Indiana Department of Education's "Commonly Asked Questions and Answers" states in part the following: ". . . user fees cannot be claimed for reimbursement."

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
 AUDIT RESULTS AND COMMENTS  
 (Continued)

2. The following is a comparison of actual cost of textbooks per student with the cost of textbooks claimed for reimbursement:

2006-2007 SCHOOL YEAR						
Grade	Textbook Cost per Student Per Records	Textbook Cost per Student Claimed	Number of Students Claimed	Textbook Cost Claimable Per Records	Total Textbook Cost Claimed	Amount Overclaimed
K	\$ 164	\$ 171	51	\$ 8,355	\$ 8,741	\$ 386
1	254	280	65	16,539	18,221	1,682
2	235	272	47	11,066	12,803	1,737
3	291	337	49	14,267	16,498	2,231
4	328	347	50	16,398	17,373	975
5	298	326	55	16,403	17,948	1,545
Total reimbursement overclaimed 2006-2007						<u>\$ 8,556</u>

2007-2008 SCHOOL YEAR						
Grade	Textbook Cost per Student Per Records	Textbook Cost per Student Claimed	Number of Students Claimed	Textbook Cost Claimable Per Records	Total Textbook Cost Claimed	Amount Overclaimed
K	\$ 164	\$ 167	58	\$ 9,502	\$ 9,665	\$ 164
1	288	288	64	18,403	18,403	-
2	255	255	66	16,852	16,852	-
3	313	318	60	18,773	19,086	313
4	339	339	49	16,611	16,611	-
5	309	315	50	15,438	15,747	309
Total reimbursement overclaimed 2007-2008						<u>\$ 786</u>

School officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

CASH RECEIPTS NOT DEPOSITED

Our comparison of adult education fees for the fall semester of school year 2006-2007 showed receipts totaling \$100 were not deposited.

We brought the above discrepancy to the attention of Pam Isom, Program Coordinator for Adult Education. Upon our request, Pam Isom refunded \$100 to the School Corporation on March 16, 2009. (See Summary, page 58)

IC 5-13-6-1 requires all public funds shall be deposited not later than the business day following the receipt of funds on business days of the depository. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 14)

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
 AUDIT RESULTS AND COMMENTS  
 (Continued)

PUBLIC WORKS LAW CHANGE ORDERS

We noted the following regarding the George Rogers Clark Elementary School's Gymnasium Lighting, Kitchen and Restroom Renovation Project:

1. Upton-Pry Construction was awarded a contract in the amount of \$180,000 and four change orders totaling \$112,289 or 62% of the amount of the original contract.

School Corporation officials stated that after the project began; they were informed that their current HVAC system could not be supported by the project's new roof and a new HVAC system had to be installed.

2. The change orders were approved by the Stephen Fisher, Superintendent of Schools. No documentation was presented for audit showing that the change orders were approved by the School Board.

IC -36-1-12-18 states in part:

"(a) If, in the course of the construction, reconstruction, or repair of a public work project, it becomes necessary to change or alter the original specifications, a change order may be issued to add, delete, or change an item or items in the original contract. The change order becomes an addendum to the contract and must be approved and signed by the board and the contractor. . .

(d) The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract. A change order issued as a result of circumstances that could not have been reasonably foreseen does not increase the scope of the project.

(e) All change orders must be directly related to the original public work project."

OVERDRAWN CASH BALANCES

The following funds incurred overdrawn cash balances:

<u>Fund</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>
Retirement Severance Bond Debt Service	\$ 6,328	\$ -
Title II Part A	-	11,263

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

AVERAGE DAILY MEMBERSHIP (ADM) – NOT CERTIFIED

Building Principals did not provide a written certification of the Average Daily Membership (ADM) count.

The building level Official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM (written or electronic which is retained for audit) to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (The School Administrator and Uniform Compliance Guidelines, June 2008)

RECEIPT ISSUANCE

Receipts were not always issued at the time the funds were received.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ACCOUNTING FOR PREPAID MEALS

Financial activity pertaining to the school lunch program was not being properly recorded and reconciled in the financial records.

The School Corporation records prepayment on account from students and staff as cash sales in the School Lunch Fund. Unused prepayment balances are included in the School Lunch Fund balance instead of being recognized as monies being held in trust.

As a consequence of the errors on June 30, 2007, and June 30, 2008; \$3,640 and \$2,781 in prepayments from students and staff were not reported as amounts held in trust.

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). Subsidiary records by student should be routinely reconciled to the cash balance and at month end. (The School Administrator and Uniform Compliance Guidelines, September 2008)

OPTICAL IMAGES OF CHECKS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of only the front side of the checks.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
 AUDIT RESULTS AND COMMENTS  
 (Continued)

IC 5-15-6-3(a) concerning optical imaging of checks states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Furthermore, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

STAFF PROMOTIONAL EXPENSES (Applies to Middle School)

We noted the following staff promotional expenses paid from the General Fund during school years 2006-2007 and 2007-2008:

Description	2006-2007	2007-2008	Totals
Gifts for staff	\$ 1,914	\$ 2,221	\$ 4,135
Meals for staff	143	199	342
Donation	-	100	100
<b>Totals</b>	<b>\$ 2,057</b>	<b>\$ 2,520</b>	<b>\$ 4,577</b>

The above expenses were authorized by Pamela Cooper, Principal.

The State Board of Accounts consistently has been of the audit position to not take an audit exception to a school extracurricular account having a general fund if the fund consists of revenues received from functions (vending machines or sales of a similar nature, etc.) not generated by students for a specific class or organization (for which a fund should be established). Our audit position has been with the provision that the functions for which the expenditures are made benefit the student body as a whole (as opposed to a select group of students, school employees, or administrators). (Accounting and Uniform Compliance Guidelines Manual for Extracurricular Funds, Chapter 6)

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

ECA EDUCATIONAL FEES (Applies to Greenacres Elementary School)

Preschool educational fees were being receipted to and retained in an extra-curricular fund.

IC 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for all the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

VENDING, CONCESSIONS, OR OTHER SALES CONTROLS (Applies to Middle School)

Information was not presented for audit to indicate that inventories and reconcilements to purchases and sales concerning the vending of athletic concession stand were performed.

Internal controls over vending operations, concessions or other sales should include, at a minimum, a regular reconciliation of the beginning inventory, purchases, distributions, items sold and ending inventory to the amount received. Any discrepancies noted should be immediately documented in writing to proper officials. The reconciliation should provide an accurate accounting.

Persons with access to vending should be properly designated and access should be limited to those designated. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CLARKSVILLE COMMUNITY  
SCHOOL CORPORATION, CLARK COUNTY, INDIANA

Compliance

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

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

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

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion

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

on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

May 19, 2009

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2006 and 2007

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 06-30-06	Total Federal Awards Expended 06-30-07
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553			
		FY 06-07	\$ 69,369	\$ -
		FY 07-08	-	86,494
Total for program			<u>69,369</u>	<u>86,494</u>
National School Lunch Program	10.555			
		FY 06-07	250,313	-
		FY 07-08	-	270,440
Total for program			<u>250,313</u>	<u>270,440</u>
Total for cluster			<u>319,682</u>	<u>356,934</u>
Total for federal grantor agency			<u>319,682</u>	<u>356,934</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education Title I Grants to Local Educational Agencies	84.010			
		FY 06	54,710	-
		FY 07	212,599	69,169
		FY 08	-	275,139
Total for program			<u>267,309</u>	<u>344,308</u>
Pass-Through Indiana Department of Education Safe and Drug Free Schools and Communities- State Grants	84.186			
		05-048	1,815	-
		1000-06	397	4,617
		1000-07	9,157	1,965
Total for program			<u>11,369</u>	<u>6,582</u>
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298			
		05-030	4,631	2,112
		06-1000	-	1,293
		07-1000	3,794	-
Total for program			<u>8,425</u>	<u>3,405</u>
Pass-Through Indiana Department of Education Education Technology State Grants	84.318			
		FY 05	2,505	-
Pass-Through Indiana Department of Education English Language Acquisition Grants	84.365			
		FY 07	14,990	205
Pass-Through Wilson Education Center English Language Acquisition Grants	84.365			
		FY 07	1,018	-
			<u>16,008</u>	<u>205</u>
Pass-Through Indiana Department of Education Mathematics and Science Partnerships	84.366			
		6000/182500	123,399	36,184
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367			
		05-042	45,426	-
		06-1000	44,334	44,125
		07-1000	-	72,281
Total for program			<u>89,760</u>	<u>116,406</u>
Total for federal grantor agency			<u>518,775</u>	<u>507,090</u>
Total federal awards expended			<u>\$ 838,457</u>	<u>\$ 864,024</u>

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

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

Program Title	Federal CFDA Number	2006-2007	2007-2008
School Breakfast Program	10.553	\$ 17,283	\$ 16,215
National School Lunch Program	10.555	4,790	5,186

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

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

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2008-1, RECONCILEMENT OF FINANCIAL ACTIVITY

The complete financial ledger in the computer system consists of multiple reports (Budget History Report, Revenue History Report, Fund History Report, Fiscal Funds Statement Report). Due to how transactions are processed in the computer system, the reports need to be reconciled with one another in order to ensure financial activity has been properly posted throughout the financial system. The Treasurer did not have procedures in place to ensure that the reports were in agreement with one another. Failure to reconcile information on the various reports could lead to incorrect financial reporting or fraud.

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

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

We recommended these reports be reconciled on a monthly basis and at the end of the fiscal year.

FINDING 2008-2, SEGREGATION OF DUTIES

The School Corporation does not have adequate segregation of accounting duties or compensating controls in place to ensure the accuracy of financial reporting and the safeguarding of cash as described below:

The Treasurer is responsible for writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks in the ledger; entering adjustment/correction transactions to the ledger; and performing month-end bank reconciliations.

The Deputy Treasurer is responsible for processing payroll which includes the calculation of payroll and payroll withholding mounts; writing payroll checks; writing payroll withholding checks; and creating new employees records and the applicable pay rates in the computerized payroll system.

Segregation of duties is the concept of having different people do different tasks within the organization. Segregation of duties provides the foundation of good internal control by assuring that no one individual is in a position to perpetuate and conceal errors or irregularities in the normal course of their authorized duties. Compensating controls are safeguards put in place to mitigate the effects of the lack of segregation of duties.

The lack of segregation of duties is caused by the School Corporation having a small staff that limits the School Corporation's ability to segregate accounting functions.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We recommended that the School Corporation officials make a determination on whether it is practical to enhance segregation of accounting duties or to implement compensating controls.

FINDING 2008-3, CONTROLS OVER CAFETERIAS' COLLECTIONS

The School Corporation has four schools and four cafeterias. The elementary schools each have a single computerized cash register. The middle school cafeteria has two cash registers. The high school cafeteria has two cash registers. Except for the procedures performed by other employees at the second cash registers at the middle and high schools, the Cafeteria Managers perform all steps in the

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

collection and record process in the respective schools. The Cafeteria Managers operate cash registers; collect payments; count collections at the end of the day; generate reports from the computerized system; reconcile counts to transaction reports; and deposit collections.

Segregation of duties is the concept of having different people do different tasks within the organization. Segregation of duties provides the foundation of good internal control by assuring that no one individual is in a position to perpetuate and conceal errors or irregularities in the normal course of their authorized duties. Compensating controls are safeguards put in place to mitigate the effects of the lack of segregation of duties.

The lack of segregation of duties is caused by the School Corporation having a small staff that limits the School Corporation's ability to segregate accounting functions.

All methods to account for the cafeteria operation require that the person responsible for collecting and reporting the money received for meals be different from the person responsible for counting and reporting the number of meals served. Under no circumstances should all duties be vested in the treasurer or any other single individual. (The School Administrator and Uniform Compliance Guidelines, June 2001)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We recommended that the School Corporation officials make a determination on whether it is practical to enhance segregation of accounting duties or to implement compensating controls.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

**CLARKSVILLE COMMUNITY SCHOOL CORPORATION**

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Finding No. 2008-1, Reconciliation of Financial Activity

Contact Person: Judith N. Sanderson  
 Title: Treasurer  
 Phone Number: 812-282-7753  
 Expected Completion Date: April 30, 2009

We will reconcile reports at the end of each month and fiscal year and investigate any difference.

Finding No. 2008-2, Corporation Segregation of Duties

Contact Person: Judith N. Sanderson  
 Title: Treasurer  
 Phone Number: 812-282-7753  
 Expected Completion Date: None

Management has chosen not to implement controls for segregation of duties due to cost constraints.

Finding No. 2008-3, Cafeterias' Segregation of Duties

Contact Person: Judith N. Sanderson  
 Title: Treasurer  
 Phone Number: 812-282-7753  
 Expected Completion Date: August 1, 2009

We are in the process of implementing a new process in our cafeterias, that will enable our corporation to have a proper segregation of duties. This process includes the implementation of the following procedures:

- o Cafeteria employees will collect and count daily breakfast and lunch revenue
- o Cafeteria Supervisor will reconcile-balance each building's daily deposit and take to the bank for deposit
- o Corporation Treasurer will reconcile the cafeteria monthly bank statements to individual building daily deposits

  
 \_\_\_\_\_  
 Judith N. Sanderson, Treasurer

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on May 19, 2009, with Dr. Kimberly Knott, Superintendent of Schools; Judith N. Sanderson, Treasurer; and William P. Wilson, President of the School Board. The official response has been made a part of this report and may be found on page 59.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Pam Isom, Program Coordinator for Adult Education:			
Cash Receipts Not Deposited, page 42	\$ 100	\$	\$
Refunded March 16, 2009, Receipt 1089		100	-
	<u>          </u>	<u>          </u>	<u>          </u>
Totals	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>

# CLARKSVILLE COMMUNITY SCHOOL CORPORATION

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200 Ettels Lane  
Clarksville, IN 47129  
Office of Interim Superintendent  
[kknott@ccsc.k12.in.us](mailto:kknott@ccsc.k12.in.us)

Phone: 812-282-7753  
Fax: 812-282-7754

**TO:** David Fleming

**FROM:** Kimberly Knott *kk* *kk*

**DATE:** June 3, 2009

**RE:** 2008-2009 Audit

The purpose of this document is to serve as an attachment to the Clarksville Community School Corporation audit, completed in May of 2009.

On behalf of the Clarksville Community School Corporation Board of School Trustees and the Clarksville staff, I thank the auditors for their time and expertise in conducting this audit. Many positive suggestions were provided that will help improve the fiscal operations of our corporation.

I would formally note that the process employed by the State Board of Accounts was considerably different from years past. The focus on Risk Management issues was new for all; therefore, many routine accounting procedures currently practiced in our schools were questioned for compliance.

As superintendent of Clarksville Schools I think it important to recognize that this audit was a departure from the norm; thereby, understanding many suggestions for improvement are to practices that have been accepted for over fifteen years. Clearly, it will take time to implement said changes.

Again, we thank all involved in our 2008-2009 audit for helping to make Clarksville Community School Corporation the best we can be.