

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
CLARK COUNTY, INDIANA

July 1, 2010 to June 30, 2012



**FILED**  
05/20/2013



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards .....	5-6
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	9
Notes to Financial Statement.....	10-14
Supplementary Information - Unaudited: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	16-25
Audit Result and Comment: Internal Control Over Financial Transactions and Reporting .....	26
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	28-29
Schedule of Expenditures of Federal Awards .....	32
Notes to Schedule of Expenditures of Federal Awards.....	33
Schedule of Findings and Questioned Costs .....	34-35
Auditee Prepared Schedule: Corrective Action Plan.....	36
Exit Conference.....	37
Official Response .....	38

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Judith N. Sanderson	07-01-10 to 06-30-13
Superintendent of Schools	Dr. Kimberly Knott	07-01-10 to 06-30-13
President of the School Board	William P. Wilson	07-01-10 to 06-30-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

In accordance with Government Auditing Standards, we have also issued a report dated April 9, 2013, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

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



Bruce Hartman  
State Examiner

April 9, 2013



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited the financial statement of the Clarksville Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated April 9, 2013, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be material weaknesses.

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

Compliance and Other Matters

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

The School Corporation's response to the findings identified in our audit is described in the accompanying 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, School Board, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.



Bruce Hartman  
State Examiner

April 9, 2013

## FINANCIAL STATEMENT

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

(This page intentionally left blank.)

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

	Cash and Investments 07-01-10		Other Financing Sources (Uses)		Cash and Investments 06-30-11		Other Financing Sources (Uses)		Cash and Investments 06-30-12	
	Receipts	Disbursements			Receipts	Disbursements			Receipts	Disbursements
General	\$ 2,264,305	\$ 9,675,278	\$ 9,196,713	\$ -	\$ 2,742,870	\$ 9,491,194	\$ 9,189,147	\$ -	\$ 3,044,917	
Debt Service	1,842,778	2,934,828	2,936,565	(200,000)	1,641,041	1,959,204	2,317,774	-	1,282,471	
Retirement/Severance Bond Debt Service	338,236	366,263	420,493	-	284,006	242,513	351,190	-	175,329	
Capital Projects	1,801,015	1,762,872	1,145,894	(200,000)	2,217,993	1,578,553	1,245,348	(100,000)	2,451,198	
Transportation Operating	771,424	576,588	488,672	24,600	883,940	436,490	448,725	-	871,705	
School Bus Replacement	190,065	234,860	123,258	-	301,667	236,215	148,374	-	389,508	
Local Rainy Day	1,897,514	186	17,000	800,000	2,680,700	-	506,127	100,000	2,274,573	
Retirement/Severance Bond	26,384	-	-	-	26,384	-	-	-	26,384	
Post-Retirement/Severance Future Benefits	400,000	-	-	(400,000)	-	-	-	-	-	
Construction	123,619	-	-	-	123,619	-	-	394,727	518,346	
School Lunch	113,986	650,458	630,158	-	134,286	662,263	619,519	-	177,030	
Textbook Rental	48,858	112,057	102,901	-	58,014	120,087	182,716	-	(4,615)	
Levy Excess	841,798	24,600	841,798	(24,600)	-	29,960	-	-	29,960	
Education License Plates	656	375	956	-	75	281	-	-	356	
Alternative Education Grant	1,628	-	-	-	1,628	-	-	-	1,628	
Community Foundation Pass-Thru	-	1,201	714	-	487	900	1,069	-	318	
High Ability Grants	3,641	-	3,641	-	-	-	-	-	-	
Medicaid Reimbursement	36,892	19,892	-	-	56,784	10,940	-	-	67,724	
Non-English Speaking Programs FY10	3,155	-	1,769	(1,386)	-	-	-	-	-	
Non-English Speaking Programs FY11	-	7,099	7,061	(38)	-	-	-	-	-	
Non-English Speaking Programs FY12	-	-	-	-	-	4,301	2,334	-	1,967	
Non-English Speaking PGM 08-09	-	-	-	1,424	1,424	-	925	-	499	
Excess PTRC Distributions	44,695	(44,695)	-	-	-	-	-	-	-	
Title I - FY2010	119,842	-	128,192	8,350	-	-	-	-	-	
Title I - FY2011	-	126,433	160,456	(8,350)	(42,373)	123,172	80,799	-	-	
Title I - FY2012	-	-	-	-	-	163,391	209,110	-	(45,719)	
IDEA Technology Grant	-	-	-	-	-	62,936	62,936	-	-	
Preschool Contracted Speech Services	-	-	-	-	-	-	9,156	-	(9,156)	
Title IV Part A FY07 Drug Free Schools	11,945	-	5,517	(6,428)	-	-	-	-	-	
Title IV Part A FY09 Drug Free Schools	-	-	4,800	6,428	1,628	-	1,628	-	-	
State Nutritional Grant	-	55,091	2,392	-	52,699	-	51,104	-	1,595	
Medicaid Reimbursement - Federal	34,042	33,416	15,524	-	51,934	19,351	5,472	-	65,813	
Improving Teaching Quality, No Child Left, Title II, Part A FY2010	29,394	8,032	43,459	6,033	-	27,917	41,200	-	(13,283)	
Improving Teaching Quality, No Child Left, Title II, Part A FY2008	-	-	131	-	(131)	-	(131)	-	-	
Improving Teaching Quality, No Child Left, Title II, Part A FY2009	-	46,256	50,263	(6,033)	(10,040)	39,224	29,184	-	-	
Title III/ESL Consortium Grant	1,333	602	1,070	-	865	3,442	2,237	-	2,070	
Teacher Incentive/TAP	-	12,584	12,618	-	(34)	185,591	203,670	-	(18,113)	
Title I Stimulus	49,161	56,842	106,265	-	(262)	12,508	12,246	-	-	
Special Education Part B Stimulus	86	107,272	117,357	-	(9,999)	54,203	44,204	-	-	
Education Jobs	-	-	-	-	-	316,273	316,273	-	-	
Payroll Clearing	97,684	2,087,926	2,082,225	-	103,385	2,535,295	2,533,156	-	105,524	
<b>Totals</b>	<b>\$ 11,094,136</b>	<b>\$ 18,856,316</b>	<b>\$ 18,647,862</b>	<b>\$ -</b>	<b>\$ 11,302,590</b>	<b>\$ 18,316,204</b>	<b>\$ 18,615,492</b>	<b>\$ 394,727</b>	<b>\$ 11,398,029</b>	

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

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

*A. Reporting Entity*

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

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

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

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

*E. Disbursements*

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

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

*F. Other Financing Sources and Uses*

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

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

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

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

*B. Teacher's Retirement Fund*

*Plan Description*

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Negative Receipts and Disbursements**

The financial statement contains some receipts and/or disbursements which appear as negative entries. This is a result of the correction of errors from prior periods. The errors made in the prior period were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative receipt/disbursement was shown in the current period.

**Note 8. Cash Balance Deficits**

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

**Note 9. 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 during the school years 2010-2011 and 2011-2012 totaled \$2,301,500 for each school year.

**Note 10. Other Postemployment Benefits**

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

## SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	Transportation Operating	School Bus Replacement	Local Rainy Day	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 2,264,305	\$ 1,842,778	\$ 338,236	\$ 1,801,015	\$ 771,424	\$ 190,065	\$ 1,897,514	\$ 26,384	\$ 400,000
Receipts:									
Local sources	137,353	2,851,383	366,263	1,758,538	561,504	234,860	-	-	-
Intermediate sources	28	-	-	-	-	-	-	-	-
State sources	9,537,897	83,445	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	4,334	15,084	-	186	-	-
Total receipts	9,675,278	2,934,828	366,263	1,762,872	576,588	234,860	186	-	-
Disbursements:									
Current:									
Instruction	6,135,648	-	-	-	-	-	40,557	-	-
Support services	2,995,943	8,989	-	627,184	437,905	123,258	(23,557)	-	-
Noninstructional services	65,122	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	518,710	50,767	-	-	-	-
Debt services	-	2,927,576	420,493	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	9,196,713	2,936,565	420,493	1,145,894	488,672	123,258	17,000	-	-
Excess (deficiency) of receipts over disbursements	478,565	(1,737)	(54,230)	616,978	87,916	111,602	(16,814)	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	400,000	-	-	24,600	-	800,000	-	-
Transfers out	-	(600,000)	-	(200,000)	-	-	-	-	(400,000)
Total other financing sources (uses)	-	(200,000)	-	(200,000)	24,600	-	800,000	-	(400,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	478,565	(201,737)	(54,230)	416,978	112,516	111,602	783,186	-	(400,000)
Cash and investments - ending	\$ 2,742,870	\$ 1,641,041	\$ 284,006	\$ 2,217,993	\$ 883,940	\$ 301,667	\$ 2,680,700	\$ 26,384	\$ -

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

	Construction	School Lunch	Textbook Rental	Levy Excess	Education License Plates	Alternative Education Grant	Community Foundation Pass-Thru	High Ability Grants	Medicaid Reimbursement
Cash and investments - beginning	\$ 123,619	\$ 113,986	\$ 48,858	\$ 841,798	\$ 656	\$ 1,628	\$ -	\$ 3,641	\$ 36,892
Receipts:									
Local sources	-	210,261	53,920	24,600	-	-	1,201	-	-
Intermediate sources	-	-	-	-	375	-	-	-	-
State sources	-	5,046	58,137	-	-	-	-	-	19,892
Federal sources	-	435,151	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	650,458	112,057	24,600	375	-	1,201	-	19,892
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	714	3,641	-
Support services	-	277	102,901	841,798	-	-	-	-	-
Noninstructional services	-	629,881	-	-	956	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	630,158	102,901	841,798	956	-	714	3,641	-
Excess (deficiency) of receipts over disbursements	-	20,300	9,156	(817,198)	(581)	-	487	(3,641)	19,892
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(24,600)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(24,600)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	20,300	9,156	(841,798)	(581)	-	487	(3,641)	19,892
Cash and investments - ending	\$ 123,619	\$ 134,286	\$ 58,014	\$ -	\$ 75	\$ 1,628	\$ 487	\$ -	\$ 56,784

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

	Non-English Speaking Programs FY10	Non-English Speaking Programs FY11	Non-English Speaking Programs FY12	Non-English Speaking PGM/08-09	Excess PTRC Distributions	Title I - FY2010	Title I - FY2011	Title I - FY2012
Cash and investments - beginning	\$ 3,155	\$ -	\$ -	\$ -	\$ 44,695	\$ 119,842	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	7,099	-	-	(44,695)	-	-	-
Federal sources	-	-	-	-	-	-	126,433	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	7,099	-	-	(44,695)	-	126,433	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	90,461	73,914	-
Support services	1,419	6,561	-	-	-	37,048	79,369	-
Noninstructional services	350	500	-	-	-	683	7,173	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,769	7,061	-	-	-	128,192	160,456	-
Excess (deficiency) of receipts over disbursements	(1,769)	38	-	-	(44,695)	(128,192)	(34,023)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	38	-	-	1,424	-	8,350	-	-
Transfers out	(1,424)	(38)	-	-	-	-	(8,350)	-
Total other financing sources (uses)	(1,386)	(38)	-	1,424	-	8,350	(8,350)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,155)	-	-	1,424	(44,695)	(119,842)	(42,373)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,424	\$ -	\$ -	\$ (42,373)	\$ -

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

	IDEA Technology Grant	Preschool Contracted Speech Services	Title IV Part A FY07 Drug Free Schools	Title IV Part A FY09 Drug Free Schools	State Nutritional Grant	Medicaid Reimbursement - Federal	Improving Teaching Quality No Child Left Title II, Part A FY2010	Improving Teaching Quality No Child Left Title II, Part A FY2008
Cash and investments - beginning	\$ -	\$ -	\$ 11,945	\$ -	\$ -	\$ 34,042	\$ 29,394	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	55,091	33,416	8,032	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	55,091	33,416	8,032	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	13,148	-	-
Support services	-	-	5,517	4,800	2,392	-	43,459	131
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	2,376	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	5,517	4,800	2,392	15,524	43,459	131
Excess (deficiency) of receipts over disbursements	-	-	(5,517)	(4,800)	52,699	17,892	(35,427)	(131)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	6,428	-	-	6,033	-
Transfers out	-	-	(6,428)	-	-	-	-	-
Total other financing sources (uses)	-	-	(6,428)	6,428	-	-	6,033	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(11,945)	1,628	52,699	17,892	(29,394)	(131)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,628	\$ 52,699	\$ 51,934	\$ -	\$ (131)

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

	Improving Teaching Quality No Child Left Title II, Part A FY2009	Title III/ESL Consortium Grant	Teacher Incentive/TAP	Title I Stimulus	Special Education Part B Stimulus	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ 1,333	\$ -	\$ 49,161	\$ 86	\$ -	\$ 97,684	\$ 11,094,136
Receipts:								
Local sources	-	-	-	-	-	-	-	6,199,883
Intermediate sources	-	-	-	-	-	-	-	403
State sources	-	602	-	-	-	-	-	9,667,423
Federal sources	46,256	-	12,584	56,842	107,272	-	-	881,077
Other	-	-	-	-	-	-	2,087,926	2,107,530
Total receipts	46,256	602	12,584	56,842	107,272	-	2,087,926	18,856,316
Disbursements:								
Current:								
Instruction	-	1,070	-	102,135	-	-	-	6,461,288
Support services	50,263	-	12,618	4,130	-	-	-	5,362,405
Noninstructional services	-	-	-	-	-	-	-	704,665
Facilities acquisition and construction	-	-	-	-	117,357	-	-	689,210
Debt services	-	-	-	-	-	-	-	3,348,069
Nonprogrammed charges	-	-	-	-	-	-	2,082,225	2,082,225
Total disbursements	50,263	1,070	12,618	106,265	117,357	-	2,082,225	18,647,862
Excess (deficiency) of receipts over disbursements	(4,007)	(468)	(34)	(49,423)	(10,085)	-	5,701	208,454
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	1,246,873
Transfers out	(6,033)	-	-	-	-	-	-	(1,246,873)
Total other financing sources (uses)	(6,033)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,040)	(468)	(34)	(49,423)	(10,085)	-	5,701	208,454
Cash and investments - ending	\$ (10,040)	\$ 865	\$ (34)	\$ (262)	\$ (9,999)	\$ -	\$ 103,385	\$ 11,302,590

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	Transportation Operating	School Bus Replacement	Local Rainy Day	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 2,742,870	\$ 1,641,041	\$ 284,006	\$ 2,217,993	\$ 883,940	\$ 301,667	\$ 2,680,700	\$ 26,384	\$ -
Receipts:									
Local sources	159,698	1,959,204	242,513	1,545,435	417,844	236,215	-	-	-
Intermediate sources	28	-	-	-	-	-	-	-	-
State sources	9,331,468	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	33,118	18,646	-	-	-	-
Total receipts	9,491,194	1,959,204	242,513	1,578,553	436,490	236,215	-	-	-
Disbursements:									
Current:									
Instruction	5,861,368	-	-	-	-	-	455,208	-	-
Support services	3,262,817	9,298	-	588,075	448,725	148,374	50,919	-	-
Noninstructional services	64,962	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	657,273	-	-	-	-	-
Debt services	-	2,308,476	351,190	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	9,189,147	2,317,774	351,190	1,245,348	448,725	148,374	506,127	-	-
Excess (deficiency) of receipts over disbursements	302,047	(358,570)	(108,677)	333,205	(12,235)	87,841	(506,127)	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	100,000	-	-
Transfers out	-	-	-	(100,000)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(100,000)	-	-	100,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	302,047	(358,570)	(108,677)	233,205	(12,235)	87,841	(406,127)	-	-
Cash and investments - ending	\$ 3,044,917	\$ 1,282,471	\$ 175,329	\$ 2,451,198	\$ 871,705	\$ 389,508	\$ 2,274,573	\$ 26,384	\$ -

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

	Construction	School Lunch	Textbook Rental	Levy Excess	Education License Plates	Alternative Education Grant	Community Foundation Pass-Thru	High Ability Grants	Medicaid Reimbursement
Cash and investments - beginning	\$ 123,619	\$ 134,286	\$ 58,014	\$ -	\$ 75	\$ 1,628	\$ 487	\$ -	\$ 56,784
Receipts:									
Local sources	-	172,711	46,286	29,960	-	-	900	-	-
Intermediate sources	-	-	-	-	281	-	-	-	-
State sources	-	4,031	73,801	-	-	-	-	-	10,940
Federal sources	-	485,521	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	662,263	120,087	29,960	281	-	900	-	10,940
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	1,069	-	-
Support services	-	970	182,716	-	-	-	-	-	-
Noninstructional services	-	618,549	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	619,519	182,716	-	-	-	1,069	-	-
Excess (deficiency) of receipts over disbursements	-	42,744	(62,629)	29,960	281	-	(169)	-	10,940
Other financing sources (uses):									
Sale of capital assets	394,727	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	394,727	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	394,727	42,744	(62,629)	29,960	281	-	(169)	-	10,940
Cash and investments - ending	\$ 518,346	\$ 177,030	\$ (4,615)	\$ 29,960	\$ 356	\$ 1,628	\$ 318	\$ -	\$ 67,724

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

	Non-English Speaking Programs FY10	Non-English Speaking Programs FY11	Non-English Speaking Programs FY12	Non-English Speaking PGM/08-09	Excess PTRC Distributions	Title I - FY2010	Title I - FY2011	Title I - FY2012
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 1,424	\$ -	\$ -	\$ (42,373)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	4,301	-	-	-	-	-
Federal sources	-	-	-	-	-	-	123,172	163,391
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	4,301	-	-	-	123,172	163,391
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	54,548	135,434
Support services	-	-	2,334	925	-	-	26,251	65,922
Noninstructional services	-	-	-	-	-	-	-	7,754
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	2,334	925	-	-	80,799	209,110
Excess (deficiency) of receipts over disbursements	-	-	1,967	(925)	-	-	42,373	(45,719)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	1,967	(925)	-	-	42,373	(45,719)
Cash and investments - ending	\$ -	\$ -	\$ 1,967	\$ 499	\$ -	\$ -	\$ -	\$ (45,719)

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

	IDEA Technology Grant	Preschool Contracted Speech Services	Title IV Part A FY07 Drug Free Schools	Title IV Part A FY09 Drug Free Schools	State Nutritional Grant	Medicaid Reimbursement - Federal	Improving Teaching Quality No Child Left Title II, Part A FY2010	Improving Teaching Quality No Child Left Title II, Part A FY2008
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 1,628	\$ 52,699	\$ 51,934	\$ -	\$ (131)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	62,936	-	-	-	-	19,351	27,917	-
Other	-	-	-	-	-	-	-	-
Total receipts	62,936	-	-	-	-	19,351	27,917	-
Disbursements:								
Current:								
Instruction	62,936	9,156	-	-	-	4,771	-	-
Support services	-	-	-	1,628	51,104	-	41,200	(131)
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	701	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	62,936	9,156	-	1,628	51,104	5,472	41,200	(131)
Excess (deficiency) of receipts over disbursements	-	(9,156)	-	(1,628)	(51,104)	13,879	(13,283)	131
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(9,156)	-	(1,628)	(51,104)	13,879	(13,283)	131
Cash and investments - ending	\$ -	\$ (9,156)	\$ -	\$ -	\$ 1,595	\$ 65,813	\$ (13,283)	\$ -

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

	Improving Teaching Quality No Child Left Title II, Part A FY2009	Title III/ESL Consortium Grant	Teacher Incentive/TAP	Title I Stimulus	Special Education Part B Stimulus	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ (10,040)	\$ 865	\$ (34)	\$ (262)	\$ (9,999)	\$ -	\$ 103,385	\$ 11,302,590
Receipts:								
Local sources	-	-	-	-	-	-	-	4,810,766
Intermediate sources	-	-	-	-	-	-	-	309
State sources	-	3,442	-	-	-	-	-	9,427,983
Federal sources	39,224	-	185,591	12,508	54,203	316,273	-	1,490,087
Other	-	-	-	-	-	-	2,535,295	2,587,059
Total receipts	39,224	3,442	185,591	12,508	54,203	316,273	2,535,295	18,316,204
Disbursements:								
Current:								
Instruction	-	2,237	188,946	1,305	-	316,273	-	7,093,251
Support services	29,184	-	14,724	10,941	4,000	-	-	4,939,976
Noninstructional services	-	-	-	-	-	-	-	691,265
Facilities acquisition and construction	-	-	-	-	40,204	-	-	698,178
Debt services	-	-	-	-	-	-	-	2,659,666
Nonprogrammed charges	-	-	-	-	-	-	2,533,156	2,533,156
Total disbursements	29,184	2,237	203,670	12,246	44,204	316,273	2,533,156	18,615,492
Excess (deficiency) of receipts over disbursements	10,040	1,205	(18,079)	262	9,999	-	2,139	(299,288)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	394,727
Transfers in	-	-	-	-	-	-	-	100,000
Transfers out	-	-	-	-	-	-	-	(100,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	394,727
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,040	1,205	(18,079)	262	9,999	-	2,139	95,439
Cash and investments - ending	\$ -	\$ 2,070	\$ (18,113)	\$ -	\$ -	\$ -	\$ 105,524	\$ 11,398,029

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

***INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

Due to a small number of employees being assigned financial related duties, the School Corporation has historically not been able to segregate duties related to receipts, disbursements, payroll, and cash and investment balances. The lack of segregation of duties over key financial areas could enable material misstatements or irregularities to occur and remain undetected for an extended period of time. The School Corporation hired a consultant as a means to implement certain compensating controls to address certain risks caused by the lack of segregation of duties.

The School Corporation presented for audit a list of duties the consultant performs. These duties included inspection of certain financial records and review and analysis of certain financial reports. These duties do enhance controls over transaction and financial reporting. However, the consultant's list duties did not include any compensating controls addressing certain fraud risks related to the lack of segregation of duties.

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 objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

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

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

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



Bruce Hartman  
State Examiner

April 9, 2013

(This page intentionally left blank.)

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-11	Total Federal Awards Expended 06-30-12
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 101,638	\$ -
		FY 10-11	-	124,331
		FY 11-12	-	-
National School Lunch Program	10.555		375,243	-
		FY 10-11	-	409,188
		FY 11-12	-	-
Total for cluster			<u>476,881</u>	<u>533,519</u>
Child Nutrition Discretionary Grants Limited Availability	10.579			
		10-1000	2,392	51,104
Total for federal grantor agency			<u>479,273</u>	<u>584,623</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
	84.010		31,901	-
		10-1000	-	80,799
		11-1000	256,747	-
		12-1000	-	163,391
Total for program			<u>288,648</u>	<u>244,190</u>
ARRA Title I Grants to Local Educational Agencies, Recovery Act	84.389			
		11-1000	106,265	12,247
Total for cluster			<u>394,913</u>	<u>256,437</u>
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027			
		10-1000	-	62,936
Pass-Through Greater Clark County Schools				
ARRA Special Education - Grants to States, Recovery Act	84.391			
		33310-022-SN01	117,357	44,204
Total for cluster			<u>117,357</u>	<u>107,140</u>
Pass-Through Indiana Department of Education				
Teacher Incentive Fund Cluster				
Teacher Incentive Fund	84.374			
		FY 11	12,618	9,092
		FY 12	-	176,465
Total for cluster			<u>12,618</u>	<u>185,557</u>
Safe and Drug Free Schools and Communities State Grants	84.186			
		FY 08-09	5,388	-
		FY 09-10	4,929	1,617
Total for program			<u>10,317</u>	<u>1,617</u>
Pass-Through Wilson Education Center				
English Language Acquisition Grants	84.365			
		FY 07-08	404	-
		FY 08-09	580	-
		FY 09-10	86	516
		FY 10-11	-	1,721
Total for program			<u>1,070</u>	<u>2,237</u>
Pass-Through Indiana Department of Education				
Improving Teacher Quality State Grants	84.367			
		07-1000	84	-
		08-1000	29,310	-
		09-1000	64,329	29,183
		10-1000	-	27,917
Total for program			<u>93,723</u>	<u>57,100</u>
Education Jobs Fund	84.410			
		10-1000	-	316,273
Total for federal grantor agency			<u>629,998</u>	<u>926,361</u>
Total federal awards expended			<u>\$ 1,109,271</u>	<u>\$ 1,510,984</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

**Note 1. 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 cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

**Note 2. Noncash Assistance**

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

Program Title	Federal CFDA Number	2011	2012
School Breakfast Program	10.553	\$ 8,390	\$ 11,032
National School Lunch Program	10.555	30,611	36,087

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.410	Child Nutrition Cluster Education Jobs Fund

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

Auditee qualified as low-risk auditee? no

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

***Section II – Financial Statement Findings***

***FINDING 2012 -1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

Due to a small number of employees being assigned financial related duties, the School Corporation has historically not been able to segregate duties related to receipts, disbursements, payroll, and cash and investment balances. The lack of segregation of duties over key financial areas could enable material misstatements or irregularities to occur and remain undetected for an extended period of time. The School Corporation hired a consultant as a means to implement certain compensating controls to address certain risks caused by the lack of segregation of duties.

The School Corporation presented for audit a list of duties the consultant performs. These duties included inspection of certain financial records and review and analysis of certain financial reports. These duties do enhance controls over transaction and financial reporting. However, the consultant's list of duties did not include any compensating controls addressing certain fraud risks related to the lack of segregation of duties.

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 objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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

We recommended the School Corporation identify the potential risks that could arise due to the lack of segregation of duties and design compensating controls that could be reasonably implemented to address those risks. We recommend that any controls implemented be documented properly.

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

No matters are reportable.



## CLARKSVILLE COMMUNITY SCHOOL CORPORATION

Office of the Superintendent • 200 Ettel Lane • Clarksville, IN 47129-1898  
(812) 282-7753 • FAX (812) 282-7754

### CORRECTIVE ACTION PLAN

#### **Finding Number 2012-1, Internal Controls Over Financial Transactions & Reporting**

Contact Person: Kimberly A. Knott, Ed.D.  
Title: Superintendent of Schools  
Phone Number: 812-282-7753  
Expected Completion Date: May, 2013

The purpose of this document is to serve as an attachment and response to the Clarksville Community School Corporation Audit, completed in March of 2012.

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 comments were shared regarding our fiscal operations, and for that, I am grateful.

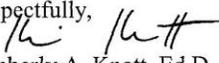
#### **Finding Number 2012-1, Internal Controls Over Financial Transactions and Reporting**

The 2012 audit questioned the duties of the Treasurer and Deputy Treasurer; thereby, creating concern for risk management issues that may arise. The purpose of this response is to provide a plan for addressing this concern.

Clarksville School Corporation has a small administrative staff in central office; therefore, making it difficult to segregate the duties of the Treasurer and Deputy Treasurer. The Corporation has made procedural changes to accounting practices that include, but are not limited to the following areas:

- Utilization of an expenditure report
- Transfer of funds
- Omission of funds and program numbers in the Komputrol program
- Utilization of corporation checks

The Corporation will continue the use of a consultant who will inspect and analyze financial records and provide oversight on transaction controls such as comparing checks cleared to disbursements posted. With these changes and increased examination, the Corporation believes we can improve internal controls and minimize unnecessary risks in financial reporting.

Respectfully,  
  
Kimberly A. Knott, Ed.D.  
Superintendent of Schools

***Our Mission - Maximize each student's achievement!***

CLARKSVILLE COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on April 9, 2013, with Dr. Kimberly Knott, Superintendent of Schools; William P. Wilson, President of the School Board; and Judith N. Sanderson, Treasurer. The Official Response has been made a part of this report and may be found on page 38.

## CLARKSVILLE COMMUNITY SCHOOL CORPORATION

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

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

### Memorandum

**To:** State Board of Accounts

**From:** Kimberly A. Knott 

**Re:** Official Response to 2012 Audit  
Finding No. 2012-1, Internal Controls Segregation of Duties

**Date:** April 9, 2013

The purpose of this document is to serve as an attachment and response to the Clarksville Community School Corporation Audit, completed in March of 2012.

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 comments were shared regarding our fiscal operations, and for that, I am grateful.

As was the case in years past, the 2012 audit questioned the segregation of duties of the Treasurer and Deputy Treasurer; thereby, creating concern for risk management issues that may arise. The purpose of this response is to provide a plan for addressing this concern.

Clarksville School Corporation has a small administrative staff in central office; therefore, making it difficult to segregate the duties of the Treasurer and Deputy Treasurer. The Corporation has made procedural changes to accounting practices that include, but are not limited to the following areas:

- Utilization of an expenditure report
- Transfer of funds
- Omission of funds and program numbers in the Komputrol program
- Utilization of corporation checks

The Corporation will continue the use of a consultant who will inspect and analyze financial records and provide oversight on transaction controls such as comparing checks cleared to disbursements posted. With these changes and increased examination, the Corporation believes we can improve internal controls and minimize unnecessary risks in financial reporting.