

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

COMMUNITY SCHOOLS OF FRANKFORT
CLINTON COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED
03/27/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Leslie Michael	07-01-11 to 06-30-14
Superintendent of Schools	Dr. Les Bivens Don DeWeese	07-01-11 to 05-21-12 05-22-12 to 06-30-14
President of the School Board	Joyce Jacobs Denny Cleaver Carol Bartley	07-01-11 to 06-30-12 07-01-12 to 12-31-12 01-01-13 to 12-31-14



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE COMMUNITY SCHOOLS OF FRANKFORT, CLINTON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Community Schools of Frankfort (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance 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, 2011 to June 30, 2013.

Opinion on Regulatory Basis of Accounting

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, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 18, 2014, 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 integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

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 records 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

February 18, 2014



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INDEPENDENT AUDITOR'S 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 COMMUNITY SCHOOLS OF FRANKFORT, CLINTON COUNTY, INDIANA

We have audited, 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, the financial statement of the Community Schools of Frankfort (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated February 18, 2014, 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 to be a material weakness.

INDEPENDENT AUDITOR'S 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

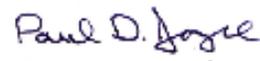
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

Community Schools of Frankfort's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

February 18, 2014

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FINANCIAL STATEMENT

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

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COMMUNITY SCHOOLS OF FRANKFORT
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
General	\$ 1,403,197	\$ 20,657,474	\$ 20,877,733	\$ 83,785	\$ 1,266,723	\$ 21,695,720	\$ 22,326,505	\$ (380,358)	\$ 255,580
Debt Service	986,463	3,898,711	3,845,563	-	1,039,611	3,811,609	3,843,084	-	1,008,136
Pension Bond Debt Service	345,880	288,621	393,947	-	240,554	270,410	394,848	-	116,116
Capital Projects	1,430,901	1,648,970	2,825,709	14,636	268,798	1,793,085	1,077,669	-	984,214
School Transportation	108,453	687,061	775,891	24,916	44,539	757,773	811,924	19,903	10,291
School Bus Replacement	21,748	54,844	30,093	-	46,499	81,140	84,362	-	43,277
Rainy Day	575,954	4,000	239,650	-	340,304	-	-	(252,258)	88,046
Construction	707,399	-	792,399	85,000	-	-	-	-	-
Tennis Court Construction	-	-	-	-	-	-	890,759	901,410	10,651
School Lunch	1,589,367	1,548,690	1,326,978	2,165	1,813,244	1,695,655	1,660,742	2,608	1,850,765
Textbook Rental	136,707	265,408	701,856	1,263	(298,478)	256,999	179,175	508	(220,146)
Joint Services and Supply Special Education Coop	353,042	248,133	786,283	-	(185,108)	-	17,556	-	(202,664)
Preschool Conf	688	-	-	-	688	-	-	-	688
Special Ed Coop Occup Therapy	(96,346)	-	202,796	-	(299,142)	-	78,122	63,335	(313,929)
Building Trades	(66,208)	79,257	74,585	-	(61,536)	159,476	88,886	-	9,054
Auto Body Vocational	14,392	-	-	-	14,392	-	4	-	14,388
Child Care Program	(3,198)	9,028	10,165	(3,198)	(4,335)	14,944	10,847	-	(238)
Alternative Education	16,048	45,000	48,577	-	12,471	40,000	48,503	-	3,968
Donations	5,778	512	3,730	-	2,560	956	-	-	3,516
Kyger Clinic	756	-	-	-	756	-	-	-	756
Therapy Dog Grant	100	-	-	-	100	-	-	-	100
IRA Teacher Research Grant	384	-	384	-	-	-	-	-	-
MAC Grant (Miller)	-	499	-	-	499	-	-	-	499
MAC Grant 2011-12	-	966	-	-	966	-	950	-	16
Fuel Up To Play Grant	-	2,800	2,021	-	779	-	776	-	3
Safe Routes to School Mini Grant	-	1,000	230	-	770	-	666	-	104
Fuel Up To Play Grant 2012-13	-	-	-	-	-	3,080	1,836	-	1,244
Safe Routes to School	-	-	-	-	-	-	3,629	-	(3,629)
FALC	1,721	7,000	15,742	-	(7,021)	-	188	-	(7,209)
Mattix Trust	3,254	-	1,075	-	2,179	-	-	-	2,179
FEF 2009-10	389	-	62	-	327	-	-	-	327
FEF 20010-11	451	-	127	-	324	-	-	-	324
FEF 20011-12	-	5,758	4,625	-	1,133	-	-	-	1,133
FEF 20012-13	-	-	-	-	-	2,879	1,505	-	1,374
PLTW Eng Year3	621	-	-	-	621	-	-	-	621
PLTW Biomed Year2	320	-	-	-	320	-	-	-	320
Biomed Year3	(3,380)	-	-	-	(3,380)	-	-	-	(3,380)
PLTW Biomed	-	9,348	8,729	2,880	3,499	-	-	-	3,499

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

COMMUNITY SCHOOLS OF FRANKFORT
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013
(Continued)

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
Epics	344	-	-	-	344	-	-	-	344
Book Fund	1,698	-	-	-	1,698	-	1,150	-	548
MS Art Fund	14	-	-	-	14	-	14	-	-
PLTW MS	1,500	-	126	-	1,374	-	-	-	1,374
Scholarships and Awards	622,717	5,157	17,438	-	610,436	14,507	19,050	-	605,893
Insurance Refund Agent Change	609	-	-	-	609	-	-	-	609
HS Walmart Grant	2	-	-	-	2	-	-	-	2
E-Rate Grant	64,105	23,522	3,497	-	84,130	34,987	11,289	-	107,828
High Ability 2010-11	22,933	-	9,349	-	13,584	-	-	-	13,584
High Ability 2011-12	-	36,955	33,707	-	3,248	-	3,429	-	(181)
High Ability 2012-13	-	-	-	-	-	38,052	36,460	-	1,592
Adult and Continuing Education	-	-	-	-	-	42,478	42,478	-	-
Extra-Curricular Activities	401	8,092	6,325	-	2,168	5,869	859	-	7,178
Nonenglish 2009-10	12,753	-	-	-	12,753	-	-	-	12,753
Nonenglish 2010-11	21,393	-	49,683	-	(28,290)	-	(29,286)	-	996
Nonenglish 2011-12	-	82,794	40,085	-	42,709	-	44,432	1,723	-
Nonenglish 2012-13	-	-	-	-	-	85,478	66,230	-	19,248
Nonenglish 2006-07	2,920	-	-	-	2,920	-	-	-	2,920
Title-I 2009-10	14,474	-	-	-	14,474	-	-	-	14,474
Title-I 2010-11	55,376	128,973	351,905	-	(167,556)	-	(235)	167,321	-
Title-I 2011-12	-	474,266	401,470	-	72,796	190,906	270,106	6,404	-
Title-I 2012-13	-	-	-	-	-	552,132	589,485	-	(37,353)
Title-V	20	-	-	-	20	-	-	-	20
Migrant 2009-10	1,128	-	-	-	1,128	-	-	-	1,128
Migrant 2010-11	(4,993)	15,752	77,516	-	(66,757)	-	(52,358)	14,399	-
Migrant 2011-12	-	20,363	21,871	-	(1,508)	28,892	29,923	2,539	-
Migrant 2012-13	-	-	-	-	-	12,832	13,230	-	(398)
Special Ed Flow Thru 2009-10	3,933	-	-	-	3,933	-	-	-	3,933
Special Ed Flow Thru 2010-11	(19,527)	640,092	603,429	-	17,136	-	-	-	17,136
Special Ed Flow Thru 2011-12	-	-	352,116	-	(352,116)	-	8,698	88,678	(272,136)
Special Ed Flow Thru CSF 2009-10	1,861	-	2,180	-	(319)	-	-	-	(319)
Special Ed Flow Thru CSF 2010-11	30,057	110,094	123,020	-	17,131	-	-	-	17,131
Special Ed Flow Thru CSF 2011-12	-	576,087	540,930	-	35,157	104,029	51,444	(87,742)	-
Special Ed Flow Thru CSF 2012-13	-	-	-	-	-	329,748	455,014	-	(125,266)
Preschool 2009-10	490	-	-	-	490	-	-	-	490
Preschool 2010-11	(7,850)	34,796	23,384	-	3,562	-	3,249	-	313
Preschool 2011-12	-	28,080	82,283	-	(54,203)	-	15,429	28,080	(41,552)
Adult Ed 2010-11	(1,961)	6,473	5,270	-	(758)	-	-	-	(758)

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

COMMUNITY SCHOOLS OF FRANKFORT
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013
(Continued)

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
Adult Ed 2011-12	-	27,748	23,106	300	4,942	4,023	1,237	-	7,728
Adult Ed 2012-13	-	-	-	-	-	9,166	22,400	-	(13,234)
Adult Ed Title	2,275	975	-	-	3,250	-	-	-	3,250
Drug Free Schools	187	-	-	-	187	-	-	-	187
Drug Free Schools 2009-10	7,294	-	5,187	-	2,107	-	1,545	-	562
Perkins 2009-10	(52)	-	-	-	(52)	-	-	52	-
Perkins 2010-11	(615)	3,974	3,974	-	(615)	-	-	615	-
Perkins 2011-12	-	62,517	43,537	-	18,980	-	5,006	-	13,974
Perkins 2012-13	-	-	-	-	-	58,851	47,783	-	11,068
Medicaid Reimbursement Federal	15,113	809	355	-	15,567	43,406	14,596	-	44,377
RTI BR/SC	9,608	-	3,000	-	6,608	-	-	-	6,608
21st Century Year3	9,058	-	-	-	9,058	-	-	-	9,058
21st Century 2010-11	(112,732)	121,225	13,924	176	(5,255)	-	-	5,255	-
21st Century 2011-12	-	229,798	330,886	-	(101,088)	70,202	(504)	30,382	-
21st Century 2012-13	-	-	-	-	-	309,000	280,213	(30,106)	(1,319)
21st Century 2013-14	-	-	-	-	-	-	26,290	-	(26,290)
Title-IIA 2008-09	5,457	-	-	-	5,457	-	-	-	5,457
Title-IIA 2009-10	17,714	-	-	-	17,714	-	-	-	17,714
Title-IIA 2010-11	(4,681)	52,091	129,483	-	(82,073)	-	(46,467)	35,606	-
Title-IIA	-	-	54,654	-	(54,654)	131,320	109,868	35,966	2,764
Title-IIA 2012-13	-	-	-	-	-	8,206	11,026	-	(2,820)
Title-IID 2009-10	4,480	-	178	-	4,302	-	-	-	4,302
Rural Schools and Low Income Program	-	-	-	-	-	67,721	67,721	-	-
Rural Schools and Low Income Program 2013	-	-	-	-	-	119	119	-	-
Title-III 2009-10	3,561	-	-	-	3,561	-	-	-	3,561
Title-III 2010-11	2,029	11,685	13,835	-	(121)	-	-	121	-
Title-III 2011-12	-	63,218	67,143	-	(3,925)	45,698	41,560	-	213
Title-III 2012-13	-	-	-	-	-	72,447	77,945	-	(5,498)
Math Science Grant 2007-10	40,138	-	-	-	40,138	-	-	-	40,138
Science and Tech Addition	957	-	-	-	957	-	-	-	957
Title-I Stimulus 2009-11	(25,017)	-	11,869	-	(36,886)	-	-	36,886	-
Special Education Stimulus 2009-10	5,619	380,837	518,737	-	(132,281)	-	58,067	190,348	-
Special Education Part-B Preschool Stimulus	1,068	1,638	14,600	-	(11,894)	7,883	4,343	8,354	-
Education Jobs	-	342,953	397,897	-	(54,944)	323,537	333,367	64,774	-
Totals	\$ 8,340,739	\$ 32,954,044	\$ 37,346,899	\$ 215,121	\$ 4,163,005	\$ 33,175,215	\$ 34,158,741	\$ 954,803	\$ 4,134,282

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

COMMUNITY SCHOOLS OF FRANKFORT
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 Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.

COMMUNITY SCHOOLS OF FRANKFORT
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

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

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:

COMMUNITY SCHOOLS OF FRANKFORT
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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.

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

COMMUNITY SCHOOLS OF FRANKFORT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

COMMUNITY SCHOOLS OF FRANKFORT
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Disbursements

The financial statement contains some disbursements which appear as negative entries. This is a result of the correction of errors from prior periods.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. For grant funds, this is a result of expenditures being made prior to the receipt of the reimbursement. For other funds, disbursements exceeded current cash and receipts.

COMMUNITY SCHOOLS OF FRANKFORT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporations*

The School Corporation has entered into a capital lease with the Frankfort High School Elementary 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 2012 and 2013 totaled \$3,260,088 and \$3,273,500, respectively.

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SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

COMMUNITY SCHOOLS OF FRANKFORT
 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	Pension Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	Tennis Court Construction	School Lunch
Cash and investments - beginning	\$ 1,403,197	\$ 986,463	\$ 345,880	\$ 1,430,901	\$ 108,453	\$ 21,748	\$ 575,954	\$ 707,399	\$ -	\$ 1,589,367
Receipts:										
Local sources	534,385	3,898,711	288,621	1,648,970	687,061	54,844	-	-	-	370,592
Intermediate sources	458	-	-	-	-	-	-	-	-	-
State sources	20,121,231	-	-	-	-	-	-	-	-	8,023
Federal sources	-	-	-	-	-	-	-	-	-	1,170,075
Temporary loans	-	-	-	-	-	-	4,000	-	-	-
Other	1,400	-	-	-	-	-	-	-	-	-
Total receipts	20,657,474	3,898,711	288,621	1,648,970	687,061	54,844	4,000	-	-	1,548,690
Disbursements:										
Current:										
Instruction	13,744,636	-	-	-	-	-	-	-	-	-
Support services	6,791,987	-	-	711,852	775,891	30,093	-	-	-	-
Noninstructional services	341,110	-	-	-	-	-	-	-	-	1,276,978
Facilities acquisition and construction	-	-	-	2,113,857	-	-	239,650	792,399	-	-
Debt services	-	3,845,563	393,947	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	50,000
Total disbursements	20,877,733	3,845,563	393,947	2,825,709	775,891	30,093	239,650	792,399	-	1,326,978
Excess (deficiency) of receipts over disbursements	(220,259)	53,148	(105,326)	(1,176,739)	(88,830)	24,751	(235,650)	(792,399)	-	221,712
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	85,000	-	-
Sale of capital assets	83,785	-	-	14,636	24,916	-	-	-	-	2,165
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	83,785	-	-	14,636	24,916	-	-	85,000	-	2,165
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(136,474)	53,148	(105,326)	(1,162,103)	(63,914)	24,751	(235,650)	(707,399)	-	223,877
Cash and investments - ending	\$ 1,266,723	\$ 1,039,611	\$ 240,554	\$ 268,798	\$ 44,539	\$ 46,499	\$ 340,304	\$ -	\$ -	\$ 1,813,244

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

	Textbook Rental	Joint Services and Supply Special Education Coop	Preschool Conf	Special Ed Coop Occup Therapy	Building Trades	Auto Body Vocational	Child Care Program	Alternative Education	Donations	Kyger Clinic
Cash and investments - beginning	\$ 136,707	\$ 353,042	\$ 688	\$ (96,346)	\$ (66,208)	\$ 14,392	\$ (3,198)	\$ 16,048	\$ 5,778	\$ 756
Receipts:										
Local sources	92,688	248,133	-	-	79,257	-	-	-	512	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	172,720	-	-	-	-	-	-	45,000	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	9,028	-	-	-
Total receipts	265,408	248,133	-	-	79,257	-	9,028	45,000	512	-
Disbursements:										
Current:										
Instruction	-	-	-	-	74,585	-	10,165	48,577	3,730	-
Support services	701,856	786,283	-	202,796	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	701,856	786,283	-	202,796	74,585	-	10,165	48,577	3,730	-
Excess (deficiency) of receipts over disbursements	(436,448)	(538,150)	-	(202,796)	4,672	-	(1,137)	(3,577)	(3,218)	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	1,263	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,263	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(435,185)	(538,150)	-	(202,796)	4,672	-	(1,137)	(3,577)	(3,218)	-
Cash and investments - ending	\$ (298,478)	\$ (185,108)	\$ 688	\$ (299,142)	\$ (61,536)	\$ 14,392	\$ (4,335)	\$ 12,471	\$ 2,560	\$ 756

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

	Therapy Dog Grant	IRA Teacher Research Grant	MAC Grant (Miller)	MAC Grant 2011-12	Fuel Up To Play Grant	Safe Routes to School Mini Grant	Fuel Up To Play Grant 2012-13	Safe Routes to School	FALC	Mattix Trust
Cash and investments - beginning	\$ 100	\$ 384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,721	\$ 3,254
Receipts:										
Local sources	-	-	499	966	2,800	1,000	-	-	7,000	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	499	966	2,800	1,000	-	-	7,000	-
Disbursements:										
Current:										
Instruction	-	384	-	-	2,021	-	-	-	15,742	1,075
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	230	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	384	-	-	2,021	230	-	-	15,742	1,075
Excess (deficiency) of receipts over disbursements	-	(384)	499	966	779	770	-	-	(8,742)	(1,075)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	-	(384)	499	966	779	770	-	-	(8,742)	(1,075)
Cash and investments - ending	\$ 100	\$ -	\$ 499	\$ 966	\$ 779	\$ 770	\$ -	\$ -	\$ (7,021)	\$ 2,179

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

	FEF 2009-10	FEF 20010-11	FEF 20011-12	FEF 20012-13	PLTW Eng Year3	PLTW Biomed Year2	Biomed Year3	PLTW Biomed	Epics
Cash and investments - beginning	\$ 389	\$ 451	\$ -	\$ -	\$ 621	\$ 320	\$ (3,380)	\$ -	\$ 344
Receipts:									
Local sources	-	-	5,758	-	-	-	-	9,348	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	5,758	-	-	-	-	9,348	-
Disbursements:									
Current:									
Instruction	62	127	4,625	-	-	-	-	8,729	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	62	127	4,625	-	-	-	-	8,729	-
Excess (deficiency) of receipts over disbursements	(62)	(127)	1,133	-	-	-	-	619	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	2,880	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	2,880	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(62)	(127)	1,133	-	-	-	-	3,499	-
Cash and investments - ending	\$ 327	\$ 324	\$ 1,133	\$ -	\$ 621	\$ 320	\$ (3,380)	\$ 3,499	\$ 344

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

	Book Fund	MS Art Fund	PLTW MS	Scholarships and Awards	Insurance Refund Agent Change	HS Walmart Grant	E-Rate Grant	High Ability 2010-11	High Ability 2011-12
Cash and investments - beginning	\$ 1,698	\$ 14	\$ 1,500	\$ 622,717	\$ 609	\$ 2	\$ 64,105	\$ 22,933	\$ -
Receipts:									
Local sources	-	-	-	5,157	-	-	23,522	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	36,955
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	5,157	-	-	23,522	-	36,955
Disbursements:									
Current:									
Instruction	-	-	126	-	-	-	-	9,349	31,424
Support services	-	-	-	-	-	-	-	-	2,283
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	3,497	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	17,438	-	-	-	-	-
Total disbursements	-	-	126	17,438	-	-	3,497	9,349	33,707
Excess (deficiency) of receipts over disbursements	-	-	(126)	(12,281)	-	-	20,025	(9,349)	3,248
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	-	(126)	(12,281)	-	-	20,025	(9,349)	3,248
Cash and investments - ending	\$ 1,698	\$ 14	\$ 1,374	\$ 610,436	\$ 609	\$ 2	\$ 84,130	\$ 13,584	\$ 3,248

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

	High Ability 2012-13	Adult and Continuing Education	Extra-Curricular Activities	Nonenglish 2009-10	Nonenglish 2010-11	Nonenglish 2011-12	Nonenglish 2012-13	Nonenglish 2006-07	Title-I 2009-10
Cash and investments - beginning	\$ -	\$ -	\$ 401	\$ 12,753	\$ 21,393	\$ -	\$ -	\$ 2,920	\$ 14,474
Receipts:									
Local sources	-	-	8,092	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	82,794	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	8,092	-	-	82,794	-	-	-
Disbursements:									
Current:									
Instruction	-	-	6,325	-	49,683	40,085	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	6,325	-	49,683	40,085	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	1,767	-	(49,683)	42,709	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	-	1,767	-	(49,683)	42,709	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ 2,168	\$ 12,753	\$ (28,290)	\$ 42,709	\$ -	\$ 2,920	\$ 14,474

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

	Title-I 2010-11	Title-I 2011-12	Title-I 2012-13	Title-V	Migrant 2009-10	Migrant 2010-11	Migrant 2011-12	Migrant 2012-13	Special Ed Flow Thru 2009-10
Cash and investments - beginning	\$ 55,376	\$ -	\$ -	\$ 20	\$ 1,128	\$ (4,993)	\$ -	\$ -	\$ 3,933
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	128,973	474,266	-	-	-	15,752	20,363	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>128,973</u>	<u>474,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,752</u>	<u>20,363</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	256,043	285,513	-	-	-	77,305	13,949	-	-
Support services	93,155	110,329	-	-	-	183	9	-	-
Noninstructional services	2,707	5,628	-	-	-	28	7,913	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>351,905</u>	<u>401,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,516</u>	<u>21,871</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(222,932)</u>	<u>72,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,764)</u>	<u>(1,508)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(222,932)</u>	<u>72,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,764)</u>	<u>(1,508)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ (167,556)</u>	<u>\$ 72,796</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 1,128</u>	<u>\$ (66,757)</u>	<u>\$ (1,508)</u>	<u>\$ -</u>	<u>\$ 3,933</u>

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

	Special Ed Flow Thru 2010-11	Special Ed Flow Thru 2011-12	Special Ed Flow Thru CSF 2009-10	Special Ed Flow Thru CSF 2010-11	Special Ed Flow Thru CSF 2011-12	Special Ed Flow Thru CSF 2012-13	Preschool 2009-10	Preschool 2010-11	Preschool 2011-12
Cash and investments - beginning	\$ (19,527)	\$ -	\$ 1,861	\$ 30,057	\$ -	\$ -	\$ 490	\$ (7,850)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	640,092	-	-	110,094	576,087	-	-	34,796	28,080
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>640,092</u>	<u>-</u>	<u>-</u>	<u>110,094</u>	<u>576,087</u>	<u>-</u>	<u>-</u>	<u>34,796</u>	<u>28,080</u>
Disbursements:									
Current:									
Instruction	-	500	2,180	129,655	534,569	-	-	23,384	82,283
Support services	603,429	351,616	-	(6,635)	6,361	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>603,429</u>	<u>352,116</u>	<u>2,180</u>	<u>123,020</u>	<u>540,930</u>	<u>-</u>	<u>-</u>	<u>23,384</u>	<u>82,283</u>
Excess (deficiency) of receipts over disbursements	<u>36,663</u>	<u>(352,116)</u>	<u>(2,180)</u>	<u>(12,926)</u>	<u>35,157</u>	<u>-</u>	<u>-</u>	<u>11,412</u>	<u>(54,203)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>36,663</u>	<u>(352,116)</u>	<u>(2,180)</u>	<u>(12,926)</u>	<u>35,157</u>	<u>-</u>	<u>-</u>	<u>11,412</u>	<u>(54,203)</u>
Cash and investments - ending	<u>\$ 17,136</u>	<u>\$ (352,116)</u>	<u>\$ (319)</u>	<u>\$ 17,131</u>	<u>\$ 35,157</u>	<u>\$ -</u>	<u>\$ 490</u>	<u>\$ 3,562</u>	<u>\$ (54,203)</u>

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

	Adult Ed 2010-11	Adult Ed 2011-12	Adult Ed 2012-13	Adult Ed Title	Drug Free Schools	Drug Free Schools 2009-10	Perkins 2009-10	Perkins 2010-11	Perkins 2011-12
Cash and investments - beginning	\$ (1,961)	\$ -	\$ -	\$ 2,275	\$ 187	\$ 7,294	\$ (52)	\$ (615)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	6,473	27,748	-	975	-	-	-	3,974	62,517
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>6,473</u>	<u>27,748</u>	<u>-</u>	<u>975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,974</u>	<u>62,517</u>
Disbursements:									
Current:									
Instruction	5,270	23,106	-	-	-	-	-	3,974	43,537
Support services	-	-	-	-	-	5,187	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>5,270</u>	<u>23,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,187</u>	<u>-</u>	<u>3,974</u>	<u>43,537</u>
Excess (deficiency) of receipts over disbursements	<u>1,203</u>	<u>4,642</u>	<u>-</u>	<u>975</u>	<u>-</u>	<u>(5,187)</u>	<u>-</u>	<u>-</u>	<u>18,980</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	300	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,203</u>	<u>4,942</u>	<u>-</u>	<u>975</u>	<u>-</u>	<u>(5,187)</u>	<u>-</u>	<u>-</u>	<u>18,980</u>
Cash and investments - ending	<u>\$ (758)</u>	<u>\$ 4,942</u>	<u>\$ -</u>	<u>\$ 3,250</u>	<u>\$ 187</u>	<u>\$ 2,107</u>	<u>\$ (52)</u>	<u>\$ (615)</u>	<u>\$ 18,980</u>

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

	Perkins 2012-13	Medicaid Reimbursement Federal	RTI BR/SC	21st Century Year3	21st Century 2010-11	21st Century 2011-12	21st Century 2012-13	21st Century 2013-14	Title-IIA 2008-09
Cash and investments - beginning	\$ -	\$ 15,113	\$ 9,608	\$ 9,058	\$ (112,732)	\$ -	\$ -	\$ -	\$ 5,457
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	809	-	-	121,225	229,798	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	809	-	-	121,225	229,798	-	-	-
Disbursements:									
Current:									
Instruction	-	209	-	-	-	263,097	-	-	-
Support services	-	-	3,000	-	9,924	66,508	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	146	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	4,000	1,281	-	-	-
Total disbursements	-	355	3,000	-	13,924	330,886	-	-	-
Excess (deficiency) of receipts over disbursements	-	454	(3,000)	-	107,301	(101,088)	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	176	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	176	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	454	(3,000)	-	107,477	(101,088)	-	-	-
Cash and investments - ending	\$ -	\$ 15,567	\$ 6,608	\$ 9,058	\$ (5,255)	\$ (101,088)	\$ -	\$ -	\$ 5,457

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

	Title-IIA 2009-10	Title-IIA 2010-11	Title-IIA	Title-IIA 2012-13	Title-IID 2009-10	Rural Schools and Low Income Program	Rural Schools and Low Income Program 2013	Title-III 2009-10	Title-III 2010-11
Cash and investments - beginning	\$ 17,714	\$ (4,681)	\$ -	\$ -	\$ 4,480	\$ -	\$ -	\$ 3,561	\$ 2,029
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	52,091	-	-	-	-	-	-	11,685
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	52,091	-	-	-	-	-	-	11,685
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	8,903
Support services	-	129,483	54,654	-	178	-	-	-	4,932
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	129,483	54,654	-	178	-	-	-	13,835
Excess (deficiency) of receipts over disbursements	-	(77,392)	(54,654)	-	(178)	-	-	-	(2,150)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	(77,392)	(54,654)	-	(178)	-	-	-	(2,150)
Cash and investments - ending	\$ 17,714	\$ (82,073)	\$ (54,654)	\$ -	\$ 4,302	\$ -	\$ -	\$ 3,561	\$ (121)

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

	Title-III 2011-12	Title-III 2012-13	Math Science Grant 2007-10	Science and Tech Addition	Title-I Stimulus 2009-11	Special Education Stimulus 2009-10	Special Education Part-B Preschool Stimulus	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 40,138	\$ 957	\$ (25,017)	\$ 5,619	\$ 1,068	\$ -	\$ 8,340,739
Receipts:									
Local sources	-	-	-	-	-	-	-	-	7,967,916
Intermediate sources	-	-	-	-	-	-	-	-	458
State sources	-	-	-	-	-	-	-	-	20,466,723
Federal sources	63,218	-	-	-	-	380,837	1,638	342,953	4,504,519
Temporary loans	-	-	-	-	-	-	-	-	4,000
Other	-	-	-	-	-	-	-	-	10,428
Total receipts	63,218	-	-	-	-	380,837	1,638	342,953	32,954,044
Disbursements:									
Current:									
Instruction	53,234	-	-	-	3,197	516,584	14,600	240,439	16,632,981
Support services	13,841	-	-	-	8,672	2,153	-	157,458	11,617,478
Noninstructional services	68	-	-	-	-	-	-	-	1,634,662
Facilities acquisition and construction	-	-	-	-	-	-	-	-	3,149,549
Debt services	-	-	-	-	-	-	-	-	4,239,510
Nonprogrammed charges	-	-	-	-	-	-	-	-	72,719
Total disbursements	67,143	-	-	-	11,869	518,737	14,600	397,897	37,346,899
Excess (deficiency) of receipts over disbursements	(3,925)	-	-	-	(11,869)	(137,900)	(12,962)	(54,944)	(4,392,855)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	85,000
Sale of capital assets	-	-	-	-	-	-	-	-	130,121
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	215,121
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,925)	-	-	-	(11,869)	(137,900)	(12,962)	(54,944)	(4,177,734)
Cash and investments - ending	\$ (3,925)	\$ -	\$ 40,138	\$ 957	\$ (36,886)	\$ (132,281)	\$ (11,894)	\$ (54,944)	\$ 4,163,005

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	General	Debt Service	Pension Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	Tennis Court Construction	School Lunch
Cash and investments - beginning	\$ 1,266,723	\$ 1,039,611	\$ 240,554	\$ 268,798	\$ 44,539	\$ 46,499	\$ 340,304	\$ -	\$ -	\$ 1,813,244
Receipts:										
Local sources	688,461	3,811,609	270,410	1,793,085	757,773	81,140	-	-	-	355,112
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	21,005,172	-	-	-	-	-	-	-	-	8,131
Federal sources	-	-	-	-	-	-	-	-	-	1,332,412
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	2,087	-	-	-	-	-	-	-	-	-
Total receipts	21,695,720	3,811,609	270,410	1,793,085	757,773	81,140	-	-	-	1,695,655
Disbursements:										
Current:										
Instruction	14,848,199	-	-	-	-	-	-	-	-	-
Support services	7,136,584	-	-	521,698	811,924	84,362	-	-	-	-
Noninstructional services	341,722	-	-	-	-	-	-	-	-	1,461,422
Facilities acquisition and construction	-	-	-	555,971	-	-	-	-	890,759	-
Debt services	-	3,843,084	394,848	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	199,320
Total disbursements	22,326,505	3,843,084	394,848	1,077,669	811,924	84,362	-	-	890,759	1,660,742
Excess (deficiency) of receipts over disbursements	(630,785)	(31,475)	(124,438)	715,416	(54,151)	(3,222)	-	-	(890,759)	34,913
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	20,706	-	-	-	19,903	-	-	-	901,410	2,608
Transfers in	-	-	-	-	-	-	87,742	-	-	-
Transfers out	(401,064)	-	-	-	-	-	(340,000)	-	-	-
Total other financing sources (uses)	(380,358)	-	-	-	19,903	-	(252,258)	-	901,410	2,608
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,011,143)	(31,475)	(124,438)	715,416	(34,248)	(3,222)	(252,258)	-	10,651	37,521
Cash and investments - ending	\$ 255,580	\$ 1,008,136	\$ 116,116	\$ 984,214	\$ 10,291	\$ 43,277	\$ 88,046	\$ -	\$ 10,651	\$ 1,850,765

COMMUNITY SCHOOLS OF FRANKFORT
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 REGULATORY BASIS
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 (Continued)

	Textbook Rental	Joint Services and Supply Special Education Coop	Preschool Conf	Special Ed Coop Occup Therapy	Building Trades	Auto Body Vocational	Child Care Program	Alternative Education	Donations	Kyger Clinic
Cash and investments - beginning	\$ (298,478)	\$ (185,108)	\$ 688	\$ (299,142)	\$ (61,536)	\$ 14,392	\$ (4,335)	\$ 12,471	\$ 2,560	\$ 756
Receipts:										
Local sources	79,927	-	-	-	159,476	-	-	-	956	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	177,072	-	-	-	-	-	-	40,000	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	14,944	-	-	-
Total receipts	256,999	-	-	-	159,476	-	14,944	40,000	956	-
Disbursements:										
Current:										
Instruction	-	-	-	-	88,886	4	10,847	48,503	-	-
Support services	179,175	17,556	-	78,122	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	179,175	17,556	-	78,122	88,886	4	10,847	48,503	-	-
Excess (deficiency) of receipts over disbursements	77,824	(17,556)	-	(78,122)	70,590	(4)	4,097	(8,503)	956	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	508	-	-	9,668	-	-	-	-	-	-
Transfers in	-	-	-	53,667	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	508	-	-	63,335	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	78,332	(17,556)	-	(14,787)	70,590	(4)	4,097	(8,503)	956	-
Cash and investments - ending	\$ (220,146)	\$ (202,664)	\$ 688	\$ (313,929)	\$ 9,054	\$ 14,388	\$ (238)	\$ 3,968	\$ 3,516	\$ 756

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 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
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 (Continued)

	Therapy Dog Grant	IRA Teacher Research Grant	MAC Grant (Miller)	MAC Grant 2011-12	Fuel Up To Play Grant	Safe Routes to School Mini Grant	Fuel Up To Play Grant 2012-13	Safe Routes to School	FALC	Mattix Trust
Cash and investments - beginning	\$ 100	\$ -	\$ 499	\$ 966	\$ 779	\$ 770	\$ -	\$ -	\$ (7,021)	\$ 2,179
Receipts:										
Local sources	-	-	-	-	-	-	3,080	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	3,080	-	-	-
Disbursements:										
Current:										
Instruction	-	-	-	950	776	-	1,836	3,629	188	-
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	666	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	950	776	666	1,836	3,629	188	-
Excess (deficiency) of receipts over disbursements	-	-	-	(950)	(776)	(666)	1,244	(3,629)	(188)	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	-	-	-	(950)	(776)	(666)	1,244	(3,629)	(188)	-
Cash and investments - ending	\$ 100	\$ -	\$ 499	\$ 16	\$ 3	\$ 104	\$ 1,244	\$ (3,629)	\$ (7,209)	\$ 2,179

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	FEF 2009-10	FEF 20010-11	FEF 20011-12	FEF 20012-13	PLTW Eng Year3	PLTW Biomed Year2	Biomed Year3	PLTW Biomed	Epics
Cash and investments - beginning	\$ 327	\$ 324	\$ 1,133	\$ -	\$ 621	\$ 320	\$ (3,380)	\$ 3,499	\$ 344
Receipts:									
Local sources	-	-	-	2,879	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	2,879	-	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	1,505	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	1,505	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	1,374	-	-	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	-	-	1,374	-	-	-	-	-
Cash and investments - ending	\$ 327	\$ 324	\$ 1,133	\$ 1,374	\$ 621	\$ 320	\$ (3,380)	\$ 3,499	\$ 344

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Book Fund	MS Art Fund	PLTW MS	Scholarships and Awards	Insurance Refund Agent Change	HS Walmart Grant	E-Rate Grant	High Ability 2010-11	High Ability 2011-12
Cash and investments - beginning	\$ 1,698	\$ 14	\$ 1,374	\$ 610,436	\$ 609	\$ 2	\$ 84,130	\$ 13,584	\$ 3,248
Receipts:									
Local sources	-	-	-	14,507	-	-	34,987	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	14,507	-	-	34,987	-	-
Disbursements:									
Current:									
Instruction	1,150	14	-	-	-	-	-	-	3,429
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	11,289	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	19,050	-	-	-	-	-
Total disbursements	1,150	14	-	19,050	-	-	11,289	-	3,429
Excess (deficiency) of receipts over disbursements	(1,150)	(14)	-	(4,543)	-	-	23,698	-	(3,429)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	(1,150)	(14)	-	(4,543)	-	-	23,698	-	(3,429)
Cash and investments - ending	\$ 548	\$ -	\$ 1,374	\$ 605,893	\$ 609	\$ 2	\$ 107,828	\$ 13,584	\$ (181)

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	High Ability 2012-13	Adult and Continuing Education	Extra-Curricular Activities	Nonenglish 2009-10	Nonenglish 2010-11	Nonenglish 2011-12	Nonenglish 2012-13	Nonenglish 2006-07	Title-I 2009-10
Cash and investments - beginning	\$ -	\$ -	\$ 2,168	\$ 12,753	\$ (28,290)	\$ 42,709	\$ -	\$ 2,920	\$ 14,474
Receipts:									
Local sources	-	-	5,869	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	38,052	42,478	-	-	-	-	85,478	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>38,052</u>	<u>42,478</u>	<u>5,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,478</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	33,954	42,478	859	-	(29,286)	44,432	66,230	-	-
Support services	2,506	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>36,460</u>	<u>42,478</u>	<u>859</u>	<u>-</u>	<u>(29,286)</u>	<u>44,432</u>	<u>66,230</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,592</u>	<u>-</u>	<u>5,010</u>	<u>-</u>	<u>29,286</u>	<u>(44,432)</u>	<u>19,248</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	1,723	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,723</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,592</u>	<u>-</u>	<u>5,010</u>	<u>-</u>	<u>29,286</u>	<u>(42,709)</u>	<u>19,248</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,592</u>	<u>\$ -</u>	<u>\$ 7,178</u>	<u>\$ 12,753</u>	<u>\$ 996</u>	<u>\$ -</u>	<u>\$ 19,248</u>	<u>\$ 2,920</u>	<u>\$ 14,474</u>

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Title-I 2010-11	Title-I 2011-12	Title-I 2012-13	Title-V	Migrant 2009-10	Migrant 2010-11	Migrant 2011-12	Migrant 2012-13	Special Ed Flow Thru 2009-10
Cash and investments - beginning	\$ (167,556)	\$ 72,796	\$ -	\$ 20	\$ 1,128	\$ (66,757)	\$ (1,508)	\$ -	\$ 3,933
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	190,906	552,132	-	-	-	28,892	12,832	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>190,906</u>	<u>552,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,892</u>	<u>12,832</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	2,871	204,237	316,238	-	-	(52,358)	23,351	4,252	-
Support services	(3,106)	61,859	269,341	-	-	-	677	21	-
Noninstructional services	-	4,010	3,906	-	-	-	5,895	8,957	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>(235)</u>	<u>270,106</u>	<u>589,485</u>	<u>-</u>	<u>-</u>	<u>(52,358)</u>	<u>29,923</u>	<u>13,230</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>235</u>	<u>(79,200)</u>	<u>(37,353)</u>	<u>-</u>	<u>-</u>	<u>52,358</u>	<u>(1,031)</u>	<u>(398)</u>	<u>-</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	167,321	6,404	-	-	-	14,399	2,539	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>167,321</u>	<u>6,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,399</u>	<u>2,539</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>167,556</u>	<u>(72,796)</u>	<u>(37,353)</u>	<u>-</u>	<u>-</u>	<u>66,757</u>	<u>1,508</u>	<u>(398)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,353)</u>	<u>\$ 20</u>	<u>\$ 1,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (398)</u>	<u>\$ 3,933</u>

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Special Ed Flow Thru 2010-11	Special Ed Flow Thru 2011-12	Special Ed Flow Thru CSF 2009-10	Special Ed Flow Thru CSF 2010-11	Special Ed Flow Thru CSF 2011-12	Special Ed Flow Thru CSF 2012-13	Preschool 2009-10	Preschool 2010-11	Preschool 2011-12
Cash and investments - beginning	\$ 17,136	\$ (352,116)	\$ (319)	\$ 17,131	\$ 35,157	\$ -	\$ 490	\$ 3,562	\$ (54,203)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	104,029	329,748	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	104,029	329,748	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	32,169	328,094	-	3,249	15,429
Support services	-	8,698	-	-	19,275	126,920	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	8,698	-	-	51,444	455,014	-	3,249	15,429
Excess (deficiency) of receipts over disbursements	-	(8,698)	-	-	52,585	(125,266)	-	(3,249)	(15,429)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	88,678	-	-	-	-	-	-	28,080
Transfers out	-	-	-	-	(87,742)	-	-	-	-
Total other financing sources (uses)	-	88,678	-	-	(87,742)	-	-	-	28,080
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	79,980	-	-	(35,157)	(125,266)	-	(3,249)	12,651
Cash and investments - ending	\$ 17,136	\$ (272,136)	\$ (319)	\$ 17,131	\$ -	\$ (125,266)	\$ 490	\$ 313	\$ (41,552)

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Adult Ed 2010-11	Adult Ed 2011-12	Adult Ed 2012-13	Adult Ed Title	Drug Free Schools	Drug Free Schools 2009-10	Perkins 2009-10	Perkins 2010-11	Perkins 2011-12
Cash and investments - beginning	\$ (758)	\$ 4,942	\$ -	\$ 3,250	\$ 187	\$ 2,107	\$ (52)	\$ (615)	\$ 18,980
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	4,023	9,166	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	4,023	9,166	-	-	-	-	-	-
Disbursements:									
Current:									
Instruction	-	1,237	22,400	-	-	-	-	-	5,006
Support services	-	-	-	-	-	1,545	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,237	22,400	-	-	1,545	-	-	5,006
Excess (deficiency) of receipts over disbursements	-	2,786	(13,234)	-	-	(1,545)	-	-	(5,006)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	52	615	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	52	615	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,786	(13,234)	-	-	(1,545)	52	615	(5,006)
Cash and investments - ending	\$ (758)	\$ 7,728	\$ (13,234)	\$ 3,250	\$ 187	\$ 562	\$ -	\$ -	\$ 13,974

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Perkins 2012-13	Medicaid Reimbursement Federal	RTI BR/SC	21st Century Year3	21st Century 2010-11	21st Century 2011-12	21st Century 2012-13	21st Century 2013-14	Title-IIA 2008-09
Cash and investments - beginning	\$ -	\$ 15,567	\$ 6,608	\$ 9,058	\$ (5,255)	\$ (101,088)	\$ -	\$ -	\$ 5,457
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	58,851	43,406	-	-	-	70,202	309,000	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	58,851	43,406	-	-	-	70,202	309,000	-	-
Disbursements:									
Current:									
Instruction	47,783	5,582	-	-	-	(504)	205,113	26,290	-
Support services	-	-	-	-	-	-	73,819	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	9,014	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	1,281	-	-
Total disbursements	47,783	14,596	-	-	-	(504)	280,213	26,290	-
Excess (deficiency) of receipts over disbursements	11,068	28,810	-	-	-	70,706	28,787	(26,290)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	5,255	30,382	-	-	-
Transfers out	-	-	-	-	-	-	(30,106)	-	-
Total other financing sources (uses)	-	-	-	-	5,255	30,382	(30,106)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,068	28,810	-	-	5,255	101,088	(1,319)	(26,290)	-
Cash and investments - ending	\$ 11,068	\$ 44,377	\$ 6,608	\$ 9,058	\$ -	\$ -	\$ (1,319)	\$ (26,290)	\$ 5,457

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Title-IIA 2009-10	Title-IIA 2010-11	Title-IIA	Title-IIA 2012-13	Title-IIID 2009-10	Rural Schools and Low Income Program	Rural Schools and Low Income Program 2013	Title-III 2009-10	Title-III 2010-11
Cash and investments - beginning	\$ 17,714	\$ (82,073)	\$ (54,654)	\$ -	\$ 4,302	\$ -	\$ -	\$ 3,561	\$ (121)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	131,320	8,206	-	67,721	119	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	131,320	8,206	-	67,721	119	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	(46,467)	109,868	11,026	-	67,721	119	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	(46,467)	109,868	11,026	-	67,721	119	-	-
Excess (deficiency) of receipts over disbursements	-	46,467	21,452	(2,820)	-	-	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	35,606	35,966	-	-	-	-	-	121
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	35,606	35,966	-	-	-	-	-	121
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	82,073	57,418	(2,820)	-	-	-	-	121
Cash and investments - ending	\$ 17,714	\$ -	\$ 2,764	\$ (2,820)	\$ 4,302	\$ -	\$ -	\$ 3,561	\$ -

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Title-III 2011-12	Title-III 2012-13	Math Science Grant 2007-10	Science and Tech Addition	Title-I Stimulus 2009-11	Special Education Stimulus 2009-10	Special Education Part-B Preschool Stimulus	Education Jobs	Totals
Cash and investments - beginning	\$ (3,925)	\$ -	\$ 40,138	\$ 957	\$ (36,886)	\$ (132,281)	\$ (11,894)	\$ (54,944)	\$ 4,163,005
Receipts:									
Local sources	-	-	-	-	-	-	-	-	8,059,271
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	21,396,383
Federal sources	45,698	72,447	-	-	-	-	7,883	323,537	3,702,530
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	17,031
Total receipts	45,698	72,447	-	-	-	-	7,883	323,537	33,175,215
Disbursements:									
Current:									
Instruction	46,094	51,407	-	-	-	58,067	4,343	209,709	16,728,642
Support services	(5,103)	25,322	-	-	-	-	-	123,658	9,677,120
Noninstructional services	569	1,216	-	-	-	-	-	-	1,828,363
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,467,033
Debt services	-	-	-	-	-	-	-	-	4,237,932
Nonprogrammed charges	-	-	-	-	-	-	-	-	219,651
Total disbursements	41,560	77,945	-	-	-	58,067	4,343	333,367	34,158,741
Excess (deficiency) of receipts over disbursements	4,138	(5,498)	-	-	-	(58,067)	3,540	(9,830)	(983,526)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	954,803
Transfers in	-	-	-	-	36,886	190,348	8,354	64,774	858,912
Transfers out	-	-	-	-	-	-	-	-	(858,912)
Total other financing sources (uses)	-	-	-	-	36,886	190,348	8,354	64,774	954,803
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,138	(5,498)	-	-	36,886	132,281	11,894	54,944	(28,723)
Cash and investments - ending	\$ 213	\$ (5,498)	\$ 40,138	\$ 957	\$ -	\$ -	\$ -	\$ -	\$ 4,134,282

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COMMUNITY SCHOOLS OF FRANKFORT
SCHEDULE OF LEASES AND DEBT
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Frankfort High School Elementary School Building Corporation	HS/ELEM Capital Lease	\$ 3,289,500	01-15-07	12-31-25
Apple Financial Services	Ipad Lease	<u>40,407</u>	08-01-12	08-01-14
Total of annual lease payments		<u>\$ 3,329,907</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Notes and loans payable:			
COMMON SCHOOL LOAN SC	SC LOAN	\$ 3,240,000	\$ 493,875
COMMON SCHOOL LOAN TECH	TECHNOLOGY LOAN	88,620	59,819
TENNIS COURT INSTALLMENT LOAN	TENNIS COURT CONSTRUCTION	761,905	322,391
General obligation bonds:			
RETIREMENT VEBA	VEBA BOND	<u>3,355,000</u>	<u>394,991</u>
Totals		<u>\$ 7,445,525</u>	<u>\$ 1,271,075</u>

COMMUNITY SCHOOLS OF FRANKFORT
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The financial statement presented in this report included the following funds with overdrawn cash balances at June 30, 2013:

Fund	Overdrawn
Textbook Rental	\$ (220,146)
Joint Services and Supply Special Education Coop	(202,664)
Special Ed Coop Occup Therapy	(313,929)
Child Care Program	(238)
FALC	(7,209)
Biomed Year3	(3,380)
Special Ed Flow Thru CSF 2009-10	(319)
Adult Ed 2010-11	(758)
Total	\$ (748,643)

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)

SUPPORTING DOCUMENTATION

We noted several disbursements to the vendors Amazon and VISA that did not include proper supporting documentation to validate the purchase. Purchases totaling \$12,962.50 were noted as being paid without an adequately itemized invoice. Due to the lack of supporting information, we could not determine the validity of the disbursement.

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

ADVANCE PAYMENTS

The School Corporation paid portions of salaried employees' compensation in advance of the actual date the services were provided.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE COMMUNITY SCHOOLS OF FRANKFORT, CLINTON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Community Schools of Frankfort'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, 2011 to June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance 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, 2011 to June 30, 2013.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-005. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-002, 2013-003, 2013-004, and 2013-006 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

February 18, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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COMMUNITY SCHOOLS OF FRANKFORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	2011/2012 2012/2013	\$ 255,939 -	\$ - 269,813
Total - School Breakfast Program				<u>255,939</u>	<u>269,813</u>
National School Lunch Program	Indiana Department of Education	10.555	2011/2012 2012/2013	1,007,952 -	- 1,165,805
Total - National School Lunch Program				<u>1,007,952</u>	<u>1,165,805</u>
Summer Food Service Program for Children	Indiana Department of Education	10.559	2011/2012 2012/2013	6,548 -	- 10,068
Total - Summer Food Service Program for Children				<u>6,548</u>	<u>10,068</u>
Total federal grantor agency				<u>1,270,439</u>	<u>1,445,686</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Adult Education - Basic Grants to States	Lafayette School Corporation	84.002	2010/2011 2011/2012 2012/2013	6,473 12,361 -	- 19,410 9,166
Adult Education	Community Action Program		1170	975	-
Total - Adult Education				<u>19,809</u>	<u>28,576</u>
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	2010/2011 2011/2012 2012/2013	128,973 474,266 -	- 190,903 552,132
Total - Title I Grants to Local Educational Agencies				<u>603,239</u>	<u>743,035</u>
Total - Title I, Part A Cluster				<u>603,239</u>	<u>743,035</u>

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

COMMUNITY SCHOOLS OF FRANKFORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>					
Migrant Education - State Grant Program	Indiana Department of Education	84.011A	2010/2011	15,752	-
			2011/2012	20,363	28,892
			2010/2011	-	12,832
Total - Migrant Education - State Grant Program				<u>36,115</u>	<u>41,724</u>
Special Education Cluster					
Special Education - Grants to States	Indiana Department of Education	84.027	2010/2011	640,092	-
			2011/2012	576,087	104,029
			2012/2013	-	329,748
Total - Special Education - Grants to States				<u>1,216,179</u>	<u>433,777</u>
Special Education - Preschool Grants	Indiana Department of Education	84.173	2010/2011	34,796	-
			2011/2012	28,080	-
Total - Special Education - Preschool Grants				<u>62,876</u>	<u>-</u>
ARRA - Special Education - Grants to States, Recovery Act	Indiana Department of Education	84.391	1170	380,837	-
ARRA - Special Education - Preschool Grants, Recovery Act	Indiana Department of Education	84.392	1170	1,638	-
Total - Special Education Cluster				<u>1,661,530</u>	<u>433,777</u>
Career and Technical Education - Basic Grants to States	Tippecanoe School Corporation	84.048	2010/2011	3,974	-
Perkins			2011/2012	62,517	-
Perkins			2012/2013	-	58,851
Total - Career and Technical Education - Basic Grants to States				<u>66,491</u>	<u>58,851</u>
Projects With Industry	Indiana Department of Education	84.234	FY11	2,085	-

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

COMMUNITY SCHOOLS OF FRANKFORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>					
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287	2010/2011 2011/2012 2012/2013	121,225 229,798 -	- 70,202 309,000
Total - Twenty-First Century Community Learning Centers				<u>351,023</u>	<u>379,202</u>
Rural Education Rural Education	Indiana Department of Education	84.358B	FY11 FY12	- -	67,721 119
Total - Rural Education				<u>-</u>	<u>67,840</u>
English Language Acquisition State Grants Title III	Indiana Department of Education	84.365A	2010/2011 2011/2012 2012/2013	11,685 63,218 -	- 45,698 72,447
Total - English Language Acquisition State Grants				<u>74,903</u>	<u>118,145</u>
Improving Teacher Quality State Grants Title III	Indiana Department of Education	84.367	2010/2011 2011/2012 2012/2013	52,091 - -	- 131,320 8,206
Total - Improving Teacher Quality State Grants				<u>52,091</u>	<u>139,526</u>
Education Jobs Fund	Indiana Department of Education	84.410	2011-2012	<u>342,953</u>	<u>323,537</u>
Total federal grantor agency				<u>3,210,239</u>	<u>2,334,213</u>
<u>SOCIAL SECURITY ADMINISTRATION</u>					
Disability Insurance/SSI Cluster Social Security - Disability Insurance	Indiana Department of Education	96.001	1170	<u>809</u>	<u>43,406</u>
Total federal awards expended				<u>\$ 4,481,487</u>	<u>\$ 3,823,305</u>

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

COMMUNITY SCHOOLS OF FRANKFORT
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 Community Schools of Frankfort (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2012 and 2013:

Program Title	Federal CFDA Number	2012	2013
Special Education - Grants to States	84.027	\$ 584,483	\$ -
ARRA - Special Education - Grants to States, Recovery Act	84.391	314,318	-
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	1,638	-

Note 3. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2012	2013
School Breakfast Program	10.553	\$ 21,540	\$ 22,095
National School Lunch Program	10.555	82,300	91,179

COMMUNITY SCHOOLS OF FRANKFORT
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; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
	Title I, Part A Cluster
84.287	Twenty-First Century Community Learning Centers
84.410	Education Jobs Fund

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 2013-001 - INTERNAL CONTROL OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

COMMUNITY SCHOOLS OF FRANKFORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2013-002 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE CHILD NUTRITION CLUSTER

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Number: 10.553, 10.555, 10.559

Federal Award Number and Year (or Other Identifying Number): 2011/2012, 2012/2013

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the grant agreement and certain compliance requirements that have a direct and material effect to the program. This includes the compliance requirements for procurement, suspension and debarment. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

COMMUNITY SCHOOLS OF FRANKFORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the school corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement noted above that has a direct and material effect to the program.

FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS

Federal Agency: U.S. Department of Education

Federal Program: Twenty-First Century Community Learning Centers

CFDA Number: 84.287

Federal Award Number and Year (or Other Identifying Number): 2010-2011, 2011-2012, 2012-2013

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and certain compliance requirements that have a direct and material effect to the program. This includes the compliance requirements for cash management and reporting. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements noted above that have a direct and material effect to the program.

COMMUNITY SCHOOLS OF FRANKFORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

***FINDING 2013-004 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS
THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE EDUCATION JOBS FUND***

Federal Agency: U.S. Department of Education
Federal Program: Education Jobs Fund
CFDA Number: 84.410
Federal Award Number and Year (or Other Identifying Number): 2011-2012
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and certain compliance requirements that have a direct and material effect to the program. This includes the compliance requirements for cash management and reporting. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements noted above that have a direct and material effect to the program.

***FINDING 2013-005 - NON-COMPLIANCE OVER CASH MANAGEMENT
AND REPORTING - EDUCATION JOBS FUND***

Federal Agency: U.S. Department of Education
Federal Program: Education Jobs Fund
CFDA Number: 84.410
Federal Award Number and Year (or Other Identifying Number): 2011-2012
Pass-Through Entity: Indiana Department of Education

COMMUNITY SCHOOLS OF FRANKFORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation was not in compliance with the cash management and reporting requirements. The School Corporation filed two requests for reimbursement for the Education Jobs Fund, but these requests did not agree with the records of the School Corporation. The first request included expenses not yet posted to the Education Jobs Fund, although these expenses had been posted to other funds. The expenses claimed on the second request totaled the remaining grant balance, not actual grant expenses. The School Corporation also filed two quarterly summary expenditure reports that disclosed the cash balances and a summary of expenditure amounts for this federal program; these quarterly summary reports did not agree with the records of the School Corporation for two of the three cash balances reported and neither summary of expenditure totals agreed to the records. The two quarterly summary reports were filed 10 days and 19 days late.

34 CFR 80.21(b) states: "Basic standard. Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205."

31 CFR 205.12(b)(5) states: "Reimbursable funding means that a Federal Program Agency transfers Federal funds to a State after that State has already paid out the funds for Federal assistance program purposes."

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) Financial Reporting. Accurate, current and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

34 CFR 80.41(b)(2) states in part: "Each grantee will report program outlays and program income on a cash or accrual basis as prescribed by the awarding agency."

Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation personnel prepare and submit accurate, complete, and timely reports in accordance with Education's guidelines.

COMMUNITY SCHOOLS OF FRANKFORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2013-006 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

Federal Agency: U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 2010/2011, 2011/2012 and 2012/2013

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and certain compliance requirements that have a direct and material effect to the program. This includes the compliance requirements for cash management, eligibility, matching, level of effort, earmarking, reporting and special tests and provisions. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements noted above that have a direct and material effect to the program.



Don DeWeese, Ed. S., *Superintendent of Schools*
Joel McKinney, *Assistant Superintendent*

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2011-1

Original SBA Audit Report Number: B40158

Fiscal Year July 1, 2009 to June 30, 2011

Auditee Contact Person Leslie Michael

Title of Contact Person Business Manager/Treasurer

Phone Number 765-654-5585

Status of Finding: Title I Grants are no longer on a draw down basis and are on a reimbursement from the state. Reimbursements are submitted monthly based on expenditures.

Prepared by: Leslie Michael

Signature: *Leslie Michael*

Date: 12/23/2013



Don DeWeese, Ed. S., Superintendent of Schools
Joel McKinney, Assistant Superintendent

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Corrective Action Plan

Section II – Financial Statement Findings

Finding Number 2013-001 – Internal Control Over the Schedule of Expenditures of Federal Awards

Auditee Contact Person: Leslie Michael
Title of Contact Person: Treasurer
Phone Number: 765-654-5585
Corrective Action Planned:

The Treasurer will review and sign and date all documents regarding revenue and expenditures for all federal and state money. Directors of the federal grants will review the expenditure requests for accuracy of the expenses being claimed and sign before the request is submitted. Directors and Treasurer will work together to make sure all expenses are being paid out of the correct fund.

Section III – Federal Award Findings and Questioned Costs

Finding Number 2013-002 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE CHILD NUTRITION CLUSTER

Federal Agency: U.S. Department of Agriculture
Federal Program: Child Nutrition Cluster
CFDA Number: 10.553, 10.555, 10.559
Federal Award Number and Year: 2011/2012, 2012/2013
Pass-Through Entity: Indiana Department of Education
Corrective Action Planned:

The Foodservice Director shall keep on file proof of procurement, suspension and debarment documentation for vendors with whom we accept bids and do service with.

Finding Number 2013-003 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE TWNETY-FIRST CENTURY COMMUNITY LEARNING CENTERS

Federal Agency: Education -66-
Carol Bartley President Sandy Miller Vice President Dean Huddleston Secretary Stephanie Barnacle Board Member Chuck Herndon Board Member James McQuade Board Member Denny Cleaver Board Member

Federal Program: Twenty-first Century Community Learning Centers
CFDA Number: 84.287
Federal Award Number and Year: 2010/2011, 2011/2012, 2012/2013
Pass-Through Entity: Indiana Department of Education
Corrective Action Planned:

The Treasurer will review and sign and date all documents regarding revenue and expenditures and receive signatures of the Director for all reimbursements claimed. The Treasurer and Director shall work together to make sure that all expenditures are paid from correct account and that all supporting documentation for expenses is attached to the pay voucher. The Director shall sign all timesheets and assign the proper payroll account to such.

Finding Number 2013-004 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE EDUCATION JOBS FUND

Federal Agency: Education
Federal Program: Education Jobs Fund
CFDA Number: 84.410
Federal Award Number and Year: 2011-2012
Pass-Through Entity: Indiana Department of Education
Corrective Action Planned:

The Superintendent or his designee and the Treasurer shall make sure that there is more than one level of oversight and review of the funds. There shall be the director's approval and the Treasurers review and signature on all payments.

Finding Number 2013-005 – NON-COMPLIANCE OVER CASH MANAGEMENT AND REPORTING - EDUCATION JOBS FUND

Federal Agency: Education
Federal Program: Education Jobs Fund
CFDA Number: 84.410
Federal Award Number and Year: 2011-2012
Pass-Through Entity: Indiana Department of Education
Corrective Action Planned:

The Treasurer shall make sure that all claims for reimbursement match the expenditure for the time period requested. That all expenditures are posted in a timely fashion so that the expenditures match the request.

Finding Number 2013-006 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

Federal Agency: Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year: 2010/2011, 2011/2012 and 2012/2013
Pass-Through Entity: Indiana Department of Education
Corrective Action Planned:

The Treasurer and Title I Director and Title Assistant are working closely together to make sure that there are at least 3 levels of control over the grant funds. All requisitions are to have the person placing the order, Director and Treasurer approval signatures.

The Treasurer will provide budgetary documents to the Director for the reimbursement approval on a monthly basis.

The Director will make sure that all documentation pertaining to level of effort are on file and match what is being submitted.

Signature Leslie L. Michael
Date February 28, 2014

COMMUNITY SCHOOLS OF FRANKFORT
EXIT CONFERENCE

The contents of this report were discussed on February 26, 2014, with Carol Bartley, President of the School Board; Don DeWeese, Superintendent of Schools; and Leslie Michael, Treasurer. The officials concurred with our audit findings.