

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CLINTON CENTRAL SCHOOL CORPORATION  
CLINTON COUNTY, INDIANA

July 1, 2011 to June 30, 2013



**FILED**  
04/10/2014



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jaclyn Sheets	07-01-11 to 06-30-14
Superintendent of Schools	Dr. Celia Shand	07-01-11 to 06-30-13
	Dr. Jeff Studebaker	07-01-14 to 06-30-14
President of the School Board	Deborah Rawlings	07-01-11 to 12-31-12
	John Crum	01-01-13 to 12-31-14



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**INDEPENDENT AUDITOR'S REPORT**

TO: THE OFFICIALS OF THE CLINTON CENTRAL SCHOOL  
CORPORATION, CLINTON COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of the Clinton Central School Corporation (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 March 17, 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.

*Other Information*

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



Paul D. Joyce, CPA  
State Examiner

March 17, 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 CLINTON CENTRAL SCHOOL  
CORPORATION, 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 Clinton Central School Corporation (School Corporation), which comprise 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 March 17, 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 deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002 to be material weaknesses.



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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the Accompanying Schedule of Findings and Questioned Costs as item 2013-001.

***Clinton Central School Corporation's Response to Findings***

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and 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

March 17, 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.

CLINTON CENTRAL SCHOOL CORPORATION  
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	\$ 629,313	\$ 6,368,745	\$ 6,877,636	\$ 458,051	\$ 578,473	\$ 6,304,909	\$ 6,761,607	\$ 130,172	\$ 251,947
Debt Service	447,917	1,107,836	1,354,900	-	200,853	1,380,907	1,393,920	(31,298)	156,542
Retirement/Severance Bond Debt Service	38,420	47,975	94,711	-	(8,316)	101,471	96,955	31,298	27,498
Capital Projects	265,737	825,748	675,114	-	416,371	813,290	1,154,724	41,040	115,977
Transportation Operating	425,239	662,929	581,959	(150,000)	356,209	684,987	601,458	-	439,738
Transportation Bus Replacement	106,752	112,841	259,338	-	(39,745)	207,587	187,554	-	(19,712)
Rainy Day	791,638	-	183,998	150,000	757,640	-	-	(250,000)	507,640
Retirement/Severance Bond	21,200	-	-	-	21,200	-	-	-	21,200
School Lunch	115,987	554,168	483,816	-	186,339	523,445	524,426	2,672	188,030
Textbook Rental	-	106,026	173,721	(7,076)	(74,771)	104,133	49,453	(575)	(20,666)
Repair and Replacement	14,028	213,656	218,379	-	9,305	14,688	21,943	-	2,050
Self-Insurance	422,854	568,804	991,658	-	-	-	-	-	-
Levy Excess	23,719	-	-	-	23,719	-	-	-	23,719
Educational License Plates	1,294	169	1,366	-	97	206	-	-	303
Early Intervention Grant	-	-	-	-	-	6,535	6,535	-	-
CCE Foundation Grant	-	-	-	-	-	2,829	2,887	-	(58)
CC Education Foundation	596	-	596	-	-	-	-	-	-
CCE Foundation Grant 2011	-	2,562	1,982	-	580	-	580	-	-
Community Foundation-Writers	-	-	-	-	-	4,247	3,464	-	783
NTK Community Donation	-	1,000	-	-	1,000	-	1,000	-	-
Mattix Trust	2,153	366	-	-	2,519	-	-	-	2,519
NIDEC Motor Corp Scholarship	-	1,000	1,000	-	-	-	-	-	-
Extra-Curricular Activities	-	-	-	-	-	15,348	11,340	-	4,008
Falls Scholarship	916	-	125	-	791	-	-	-	791
Julia Davis Pearson Scholarship	26,210	890	1,000	-	26,100	768	1,000	-	25,868
Jenny Butler Scholarship	422	-	-	-	422	-	-	-	422
Everett Davis Estate	582	-	-	-	582	-	-	-	582
CCE Swimming Program	755	398	978	-	175	3,338	2,958	-	555
Clinton Central Recycling Program	3,657	-	2,965	-	692	-	632	-	60
Clinton County Recycling Grant	-	-	-	-	-	16,789	9,159	(322)	7,308
2012-13 Clinton Cty Recycling	-	-	-	-	-	-	482	322	(160)
High Ability Grant 2010-2011	3,219	-	9,778	6,559	-	-	-	-	-
High Ability Grant 2011-2012	-	28,222	23,001	(4,793)	428	-	1,580	1,152	-
High Ability Grant 2012-2013	-	-	-	-	-	28,610	28,156	-	454
High Ability Grant 2008-2009	9,195	-	-	(9,195)	-	-	-	-	-
Medicaid Reimbursement	450	-	-	-	450	-	-	-	450
Non-English Speaking Grant	850	-	-	(850)	-	-	-	-	-

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

CLINTON CENTRAL SCHOOL CORPORATION  
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
School Technology	-	-	-	-	-	4,056	2,149	5,763	7,670
Greenhouse for Agriculture	-	-	-	-	-	33,352	4,568	-	28,784
Clinton Co. Drug Free	178	-	-	(178)	-	-	-	-	-
School Consolidation Study	1,469	-	211	(1,258)	-	-	-	-	-
Fresh Fruit & Vegetable Grant	4,260	-	507	-	3,753	-	1,114	-	2,639
Moving Forward Grant	1,322	-	1,509	187	-	-	-	-	-
Five-Star Technology Solutions	-	-	-	-	-	30,055	23,460	-	6,595
Title I 2010-2011	-	60,246	96,021	35,775	-	-	-	-	-
Title I (2011-2012)	-	173,402	136,807	(47,292)	(10,697)	14,968	26,520	22,249	-
Title I (2012-2013)	-	-	-	-	-	146,502	148,923	(8,269)	(10,690)
Special Ed Improvement Award	-	-	53,494	-	(53,494)	69,926	16,280	-	152
Spec. Ed Flow-Through 2010-11	-	198,891	99,820	(99,071)	-	-	-	-	-
Spec Ed 2011-2012	-	115,613	88,164	(67,861)	(40,412)	71,156	37,861	7,117	-
Spec Ed 2012-2013	-	-	-	-	-	166,105	164,343	(17,562)	(15,800)
Spec Ed Preschool 2012-2013	-	-	-	-	-	-	52,761	52,761	-
Special Education Preschool	-	-	-	-	-	6,116	987	(6,116)	(987)
Title IV (A) Safe & Drug Free	-	-	3,058	(2,398)	(5,456)	5,238	-	218	-
Carl Perkins-Salary (2004-05)	7,911	-	-	-	7,911	-	-	-	7,911
Carl Perkins 2011-2012	-	25,013	16,124	(9,620)	(731)	5,373	3,615	(1,027)	-
2012-2013 Carl Perkins	-	-	-	-	-	29,490	25,610	-	3,880
Medicaid Reimbursement - Federal	15,744	-	-	-	15,744	-	-	-	15,744
Title II (A) Improving Teacher Quality	50,941	-	669	(50,272)	-	-	-	-	-
Title II Part A Improving Teacher Quality	-	29,512	36,324	(1,000)	(7,812)	15,664	10,639	2,787	-
Title II (2012-2013)	-	-	-	-	-	37,460	34,831	(2,629)	-
Title II 7/1/12 Till 9/30/14	-	-	-	-	-	1,126	2,273	-	(1,147)
Title II-Part D Enhanced Education	7,398	7,398	-	(12,948)	1,848	3,915	-	(5,763)	-
Title II-Part A Improving Teacher	1,128	-	175	(953)	-	-	-	-	-
Title I Stimulus Grant (ARRA)	-	98,333	-	(98,333)	-	-	-	-	-
IDEA - Part B (Stimulus)	-	15,386	-	(15,386)	-	-	-	-	-
Education Jobs	-	159,153	115,908	(62,225)	(18,980)	53,156	59,933	25,757	-
Prepaid Food Account	5,435	317,047	317,227	-	5,255	306,407	306,404	-	5,258
Payroll	42,833	1,764,221	1,770,180	-	36,874	1,759,448	1,771,344	-	24,978
Totals	\$ 3,491,722	\$ 13,567,550	\$ 14,674,219	\$ 9,863	\$ 2,394,916	\$ 12,973,600	\$ 13,555,428	\$ (253)	\$ 1,812,835

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

CLINTON CENTRAL SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

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

**A. Reporting Entity**

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

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

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

**B. Basis of Accounting**

The financial statement is reported on a regulatory basis of accounting prescribed by the 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.

CLINTON CENTRAL SCHOOL CORPORATION  
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.

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:

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.

CLINTON CENTRAL SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

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

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



CLINTON CENTRAL SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

CLINTON CENTRAL SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2012 and 2013. In addition, the Textbook Rental Fund and the Transportation Bus Replacement Fund had a deficit cash balance due to the timing of certain purchases and the receipt of revenues, textbook rental fees, and local property tax disbursements from the County. The Retirement/Severance Bond Debt Service Fund was at deficit at June 30, 2012, due to a posting error. The local property tax disbursement for this debt had been incorrectly posted to another debt service fund. The posting error was corrected in August 2012 eliminating the deficit balance.

CLINTON CENTRAL SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. *Holding Corporation***

The School Corporation has entered into capital leases with Clinton Central 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 years 2012 and 2013 totaled \$1,584,406 and \$1,613,426, respectively.

**Note 9. *Subsequent Events***

In December 2013, the School Corporation refunded its Retirement/Severance Pension Bonds resulting in a savings of \$16,000 in interest.

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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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	Transportation Operating	Transportation Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 629,313	\$ 447,917	\$ 38,420	\$ 265,737	\$ 425,239	\$ 106,752	\$ 791,638	\$ 21,200	\$ 115,987	\$ -
Receipts:										
Local sources	166,205	1,107,836	47,975	825,748	661,915	112,841	-	-	325,882	74,980
Intermediate sources	1,185	-	-	-	-	-	-	-	-	-
State sources	6,201,355	-	-	-	-	-	-	-	6,035	30,796
Federal sources	-	-	-	-	-	-	-	-	222,251	-
Other	-	-	-	-	1,014	-	-	-	-	250
Total receipts	6,368,745	1,107,836	47,975	825,748	662,929	112,841	-	-	554,168	106,026
Disbursements:										
Current:										
Instruction	4,854,810	-	-	-	-	-	-	-	-	-
Support services	1,820,278	-	-	359,374	581,959	259,338	-	-	501	173,721
Noninstructional services	202,523	-	-	-	-	-	-	-	483,315	-
Facilities acquisition and construction	-	-	-	315,740	-	-	183,998	-	-	-
Debt services	25	1,354,900	94,711	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	6,877,636	1,354,900	94,711	675,114	581,959	259,338	183,998	-	483,816	173,721
Excess (deficiency) of receipts over disbursements	(508,891)	(247,064)	(46,736)	150,634	80,970	(146,497)	(183,998)	-	70,352	(67,695)
Other financing sources (uses):										
Transfers in	148,499	-	-	-	-	-	150,000	-	-	-
Transfers out	309,552	-	-	-	(150,000)	-	-	-	-	(7,076)
Total other financing sources (uses)	458,051	-	-	-	(150,000)	-	150,000	-	-	(7,076)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(50,840)	(247,064)	(46,736)	150,634	(69,030)	(146,497)	(33,998)	-	70,352	(74,771)
Cash and investments - ending	\$ 578,473	\$ 200,853	\$ (8,316)	\$ 416,371	\$ 356,209	\$ (39,745)	\$ 757,640	\$ 21,200	\$ 186,339	\$ (74,771)

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

	Repair and Replacement	Self- Insurance	Levy Excess	Educational License Plates	Early Intervention Grant	CCE Foundation Grant	CC Education Foundation	CCE Foundation Grant 2011	Community Foundation - Writers	NTK Community Donation
Cash and investments - beginning	\$ 14,028	\$ 422,854	\$ 23,719	\$ 1,294	\$ -	\$ -	\$ 596	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	568,804	-	-	-	-	-	2,562	-	1,000
Intermediate sources	-	-	-	169	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	213,656	-	-	-	-	-	-	-	-	-
Total receipts	213,656	568,804	-	169	-	-	-	2,562	-	1,000
Disbursements:										
Current:										
Instruction	5,112	-	-	-	-	-	596	1,982	-	-
Support services	213,267	991,658	-	1,366	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	218,379	991,658	-	1,366	-	-	596	1,982	-	-
Excess (deficiency) of receipts over disbursements	(4,723)	(422,854)	-	(1,197)	-	-	(596)	580	-	1,000
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,723)	(422,854)	-	(1,197)	-	-	(596)	580	-	1,000
Cash and investments - ending	\$ 9,305	\$ -	\$ 23,719	\$ 97	\$ -	\$ -	\$ -	\$ 580	\$ -	\$ 1,000

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

	Mattix Trust	NIDEC Motor Corp Scholarship	Extra- Curricular Activities	Falls Scholarship	Julia Davis Pearson Scholarship	Jenny Butler Scholarship	Everett Davis Estate	CCE Swimming Program	Clinton Central Recycling Program	Clinton County Recycling Grant
Cash and investments - beginning	\$ 2,153	\$ -	\$ -	\$ 916	\$ 26,210	\$ 422	\$ 582	\$ 755	\$ 3,657	\$ -
Receipts:										
Local sources	366	1,000	-	-	890	-	-	398	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	366	1,000	-	-	890	-	-	398	-	-
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	978	-	-
Support services	-	-	-	-	-	-	-	-	2,965	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,000	-	125	1,000	-	-	-	-	-
Total disbursements	-	1,000	-	125	1,000	-	-	978	2,965	-
Excess (deficiency) of receipts over disbursements	366	-	-	(125)	(110)	-	-	(580)	(2,965)	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	366	-	-	(125)	(110)	-	-	(580)	(2,965)	-
Cash and investments - ending	\$ 2,519	\$ -	\$ -	\$ 791	\$ 26,100	\$ 422	\$ 582	\$ 175	\$ 692	\$ -



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

	2012-13 Clinton Cty Recycling	High Ability Grant 2010-2011	High Ability Grant 2011-2012	High Ability Grant 2012-2013	High Ability Grant 2008-2009	Medicaid Reimbursement	Non-English Speaking Grant	School Technology	Greenhouse For Agriculture	Clinton Co. Drug Free
Cash and investments - beginning	\$ -	\$ 3,219	\$ -	\$ -	\$ 9,195	\$ 450	\$ 850	\$ -	\$ -	\$ 178
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	28,222	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	28,222	-	-	-	-	-	-	-
Disbursements:										
Current:										
Instruction	-	9,778	23,001	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	9,778	23,001	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	(9,778)	5,221	-	-	-	-	-	-	-
Other financing sources (uses):										
Transfers in	-	6,559	-	-	-	-	-	-	-	-
Transfers out	-	-	(4,793)	-	(9,195)	-	(850)	-	-	(178)
Total other financing sources (uses)	-	6,559	(4,793)	-	(9,195)	-	(850)	-	-	(178)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,219)	428	-	(9,195)	-	(850)	-	-	(178)
Cash and investments - ending	\$ -	\$ -	\$ 428	\$ -	\$ -	\$ 450	\$ -	\$ -	\$ -	\$ -

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

	School Consolidation Study	Fresh Fruit & Vegetable Grant	Moving Forward Grant	Five-Star Technology Solutions	Title I 2010-2011	Title I (2011-2012)	Title I (2012-2013)	Special Ed. Improvement Award	Spec. Ed Flow Through 2010-11	Spec Ed 2011-2012
Cash and investments - beginning	\$ 1,469	\$ 4,260	\$ 1,322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	60,246	173,402	-	-	198,891	115,613
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	60,246	173,402	-	-	198,891	115,613
Disbursements:										
Current:										
Instruction	211	-	1,509	-	96,021	135,307	-	53,494	99,820	88,164
Support services	-	507	-	-	-	1,500	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	211	507	1,509	-	96,021	136,807	-	53,494	99,820	88,164
Excess (deficiency) of receipts over disbursements	(211)	(507)	(1,509)	-	(35,775)	36,595	-	(53,494)	99,071	27,449
Other financing sources (uses):										
Transfers in	-	-	187	-	111,546	64,254	-	-	67,861	-
Transfers out	(1,258)	-	-	-	(75,771)	(111,546)	-	-	(166,932)	(67,861)
Total other financing sources (uses)	(1,258)	-	187	-	35,775	(47,292)	-	-	(99,071)	(67,861)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,469)	(507)	(1,322)	-	-	(10,697)	-	(53,494)	-	(40,412)
Cash and investments - ending	\$ -	\$ 3,753	\$ -	\$ -	\$ -	\$ (10,697)	\$ -	\$ (53,494)	\$ -	\$ (40,412)

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

	Spec Ed 2012-2013	Spec Ed Preschool 2012-2013	Special Education Preschool	Title IV (A) Safe & Drug Free	Carl Perkins- Salary (2004-05)	Carl Perkins 2011-2012	2012-2013 Carl Perkins	Medicaid Reimbursement Federal	Title II (A) Improving Teacher Quality	Title II Part A Improving Teacher Quality
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 7,911	\$ -	\$ -	\$ 15,744	\$ 50,941	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	25,013	-	-	-	29,512
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	25,013	-	-	-	29,512
Disbursements:										
Current:										
Instruction	-	-	-	3,058	-	-	-	-	-	14,503
Support services	-	-	-	-	-	16,124	-	-	669	21,821
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	3,058	-	16,124	-	-	669	36,324
Excess (deficiency) of receipts over disbursements	-	-	-	(3,058)	-	8,889	-	-	(669)	(6,812)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(2,398)	-	(9,620)	-	-	(50,272)	(1,000)
Total other financing sources (uses)	-	-	-	(2,398)	-	(9,620)	-	-	(50,272)	(1,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(5,456)	-	(731)	-	-	(50,941)	(7,812)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (5,456)	\$ 7,911	\$ (731)	\$ -	\$ 15,744	\$ -	\$ (7,812)

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

	Title II (2012-2013)	Title II 7/1/12 Till 9/30/14	Title II-Part D Enhanced Education	Title II-Part A Improving Teacher	Title I Stimulus Grant (ARRA)	IDEA - Part B (Stimulus)	Education Jobs	Prepaid Food Account	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 7,398	\$ 1,128	\$ -	\$ -	\$ -	\$ 5,435	\$ 42,833	\$ 3,491,722
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	3,898,402
Intermediate sources	-	-	-	-	-	-	-	-	-	1,354
State sources	-	-	-	-	-	-	-	-	-	6,266,408
Federal sources	-	-	7,398	-	98,333	15,386	159,153	-	-	1,105,198
Other	-	-	-	-	-	-	-	317,047	1,764,221	2,296,188
Total receipts	-	-	7,398	-	98,333	15,386	159,153	317,047	1,764,221	13,567,550
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	48,088	-	-	5,436,432
Support services	-	-	-	175	-	-	67,820	-	-	4,513,043
Noninstructional services	-	-	-	-	-	-	-	-	-	685,838
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	499,738
Debt services	-	-	-	-	-	-	-	-	-	1,449,636
Nonprogrammed charges	-	-	-	-	-	-	-	317,227	1,770,180	2,089,532
Total disbursements	-	-	-	175	-	-	115,908	317,227	1,770,180	14,674,219
Excess (deficiency) of receipts over disbursements	-	-	7,398	(175)	98,333	15,386	43,245	(180)	(5,959)	(1,106,669)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	548,906
Transfers out	-	-	(12,948)	(953)	(98,333)	(15,386)	(62,225)	-	-	(539,043)
Total other financing sources (uses)	-	-	(12,948)	(953)	(98,333)	(15,386)	(62,225)	-	-	9,863
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(5,550)	(1,128)	-	-	(18,980)	(180)	(5,959)	(1,096,806)
Cash and investments - ending	\$ -	\$ -	\$ 1,848	\$ -	\$ -	\$ -	\$ (18,980)	\$ 5,255	\$ 36,874	\$ 2,394,916

CLINTON CENTRAL SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	Transportation Operating	Transportation Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 578,473	\$ 200,853	\$ (8,316)	\$ 416,371	\$ 356,209	\$ (39,745)	\$ 757,640	\$ 21,200	\$ 186,339	\$ (74,771)
Receipts:										
Local sources	164,645	1,380,907	101,471	813,290	681,864	207,587	-	-	314,137	72,353
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	6,140,264	-	-	-	-	-	-	-	5,909	31,530
Federal sources	-	-	-	-	-	-	-	-	203,399	-
Other	-	-	-	-	3,123	-	-	-	-	250
Total receipts	6,304,909	1,380,907	101,471	813,290	684,987	207,587	-	-	523,445	104,133
Disbursements:										
Current:										
Instruction	4,679,756	-	-	-	-	-	-	-	-	-
Support services	1,878,128	-	-	505,190	601,458	187,554	-	-	1,611	49,453
Noninstructional services	203,723	-	-	-	-	-	-	-	522,815	-
Facilities acquisition and construction	-	-	-	649,534	-	-	-	-	-	-
Debt services	-	1,393,920	96,955	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	6,761,607	1,393,920	96,955	1,154,724	601,458	187,554	-	-	524,426	49,453
Excess (deficiency) of receipts over disbursements	(456,698)	(13,013)	4,516	(341,434)	83,529	20,033	-	-	(981)	54,680
Other financing sources (uses):										
Transfers in	250,962	-	31,298	41,040	-	-	-	-	2,682	120
Transfers out	(120,790)	(31,298)	-	-	-	-	(250,000)	-	(10)	(695)
Total other financing sources (uses)	130,172	(31,298)	31,298	41,040	-	-	(250,000)	-	2,672	(575)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(326,526)	(44,311)	35,814	(300,394)	83,529	20,033	(250,000)	-	1,691	54,105
Cash and investments - ending	\$ 251,947	\$ 156,542	\$ 27,498	\$ 115,977	\$ 439,738	\$ (19,712)	\$ 507,640	\$ 21,200	\$ 188,030	\$ (20,666)

CLINTON CENTRAL SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Repair and Replacement	Self- Insurance	Levy Excess	Educational License Plates	Early Intervention Grant	CCE Foundation Grant	CC Education Foundation	CCE Foundation Grant 2011	Community Foundation - Writers	NTK Community Donation
Cash and investments - beginning	\$ 9,305	\$ -	\$ 23,719	\$ 97	\$ -	\$ -	\$ -	\$ 580	\$ -	\$ 1,000
Receipts:										
Local sources	-	-	-	-	-	2,829	-	-	4,247	-
Intermediate sources	-	-	-	206	-	-	-	-	-	-
State sources	-	-	-	-	6,535	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	14,688	-	-	-	-	-	-	-	-	-
Total receipts	14,688	-	-	206	6,535	2,829	-	-	4,247	-
Disbursements:										
Current:										
Instruction	1,341	-	-	-	6,535	2,887	-	580	3,464	-
Support services	914	-	-	-	-	-	-	-	-	1,000
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	19,688	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	21,943	-	-	-	6,535	2,887	-	580	3,464	1,000
Excess (deficiency) of receipts over disbursements	(7,255)	-	-	206	-	(58)	-	(580)	783	(1,000)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,255)	-	-	206	-	(58)	-	(580)	783	(1,000)
Cash and investments - ending	\$ 2,050	\$ -	\$ 23,719	\$ 303	\$ -	\$ (58)	\$ -	\$ -	\$ 783	\$ -

CLINTON CENTRAL SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Mattix Trust	NIDEC Motor Corp Scholarship	Extra- Curricular Activities	Falls Scholarship	Julia Davis Pearson Scholarship	Jenny Butler Scholarship	Everett Davis Estate	CCE Swimming Program	Clinton Central Recycling Program	Clinton County Recycling Grant
Cash and investments - beginning	\$ 2,519	\$ -	\$ -	\$ 791	\$ 26,100	\$ 422	\$ 582	\$ 175	\$ 692	\$ -
Receipts:										
Local sources	-	-	15,348	-	768	-	-	3,338	-	2,789
Intermediate sources	-	-	-	-	-	-	-	-	-	14,000
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	15,348	-	768	-	-	3,338	-	16,789
Disbursements:										
Current:										
Instruction	-	-	11,137	-	-	-	-	2,958	-	-
Support services	-	-	203	-	-	-	-	-	632	9,159
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,000	-	-	-	-	-
Total disbursements	-	-	11,340	-	1,000	-	-	2,958	632	9,159
Excess (deficiency) of receipts over disbursements	-	-	4,008	-	(232)	-	-	380	(632)	7,630
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(322)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(322)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	4,008	-	(232)	-	-	380	(632)	7,308
Cash and investments - ending	\$ 2,519	\$ -	\$ 4,008	\$ 791	\$ 25,868	\$ 422	\$ 582	\$ 555	\$ 60	\$ 7,308

CLINTON CENTRAL SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	2012-13 Clinton Cty Recycling	High Ability Grant 2010-2011	High Ability Grant 2011-2012	High Ability Grant 2012-2013	High Ability Grant 2008-2009	Medicaid Reimbursement	Non-English Speaking Grant	School Technology	Greenhouse For Agriculture	Clinton Co. Drug Free
Cash and investments - beginning	\$ -	\$ -	\$ 428	\$ -	\$ -	\$ 450	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	33,352	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	28,610	-	-	-	4,056	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	28,610	-	-	-	4,056	33,352	-
Disbursements:										
Current:										
Instruction	-	-	1,580	28,156	-	-	-	-	4,568	-
Support services	482	-	-	-	-	-	-	2,149	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	482	-	1,580	28,156	-	-	-	2,149	4,568	-
Excess (deficiency) of receipts over disbursements	(482)	-	(1,580)	454	-	-	-	1,907	28,784	-
Other financing sources (uses):										
Transfers in	322	-	1,152	-	-	-	-	5,763	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	322	-	1,152	-	-	-	-	5,763	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(160)	-	(428)	454	-	-	-	7,670	28,784	-
Cash and investments - ending	\$ (160)	\$ -	\$ -	\$ 454	\$ -	\$ 450	\$ -	\$ 7,670	\$ 28,784	\$ -



CLINTON CENTRAL SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	School Consolidation Study	Fresh Fruit & Vegetable Grant	Moving Forward Grant	Five-Star Technology Solutions	Title I 2010-2011	Title I (2011-2012)	Title I (2012-2013)	Special Ed. Improvement Award	Spec. Ed Flow Through 2010-11	Spec Ed 2011-2012
Cash and investments - beginning	\$ -	\$ 3,753	\$ -	\$ -	\$ -	\$ (10,697)	\$ -	\$ (53,494)	\$ -	\$ (40,412)
Receipts:										
Local sources	-	-	-	55	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	30,000	-	-	-	-	-	-
Federal sources	-	-	-	-	-	14,968	146,502	69,926	-	71,156
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	30,055	-	14,968	146,502	69,926	-	71,156
Disbursements:										
Current:										
Instruction	-	-	-	-	-	26,520	148,923	16,280	-	37,861
Support services	-	1,114	-	23,460	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,114	-	23,460	-	26,520	148,923	16,280	-	37,861
Excess (deficiency) of receipts over disbursements	-	(1,114)	-	6,595	-	(11,552)	(2,421)	53,646	-	33,295
Other financing sources (uses):										
Transfers in	-	-	-	-	-	22,249	-	-	-	7,117
Transfers out	-	-	-	-	-	-	(8,269)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	22,249	(8,269)	-	-	7,117
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,114)	-	6,595	-	10,697	(10,690)	53,646	-	40,412
Cash and investments - ending	\$ -	\$ 2,639	\$ -	\$ 6,595	\$ -	\$ -	\$ (10,690)	\$ 152	\$ -	\$ -

CLINTON CENTRAL SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Spec Ed 2012-2013	Spec Ed Preschool 2012-2013	Special Education Preschool	Title IV (A) Safe & Drug Free	Carl Perkins- Salary (2004-05)	Carl Perkins 2011-2012	2012-2013 Carl Perkins	Medicaid Reimbursement Federal	Title II (A) Improving Teacher Quality	Title II Part A Improving Teacher Quality
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (5,456)	\$ 7,911	\$ (731)	\$ -	\$ 15,744	\$ -	\$ (7,812)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	166,105	-	6,116	5,238	-	5,373	29,490	-	-	15,664
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	166,105	-	6,116	5,238	-	5,373	29,490	-	-	15,664
Disbursements:										
Current:										
Instruction	164,343	52,761	987	-	-	729	5,637	-	-	-
Support services	-	-	-	-	-	2,886	19,973	-	-	10,639
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	164,343	52,761	987	-	-	3,615	25,610	-	-	10,639
Excess (deficiency) of receipts over disbursements	1,762	(52,761)	5,129	5,238	-	1,758	3,880	-	-	5,025
Other financing sources (uses):										
Transfers in	-	52,761	-	218	-	93	-	-	-	2,787
Transfers out	(17,562)	-	(6,116)	-	-	(1,120)	-	-	-	-
Total other financing sources (uses)	(17,562)	52,761	(6,116)	218	-	(1,027)	-	-	-	2,787
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,800)	-	(987)	5,456	-	731	3,880	-	-	7,812
Cash and investments - ending	\$ (15,800)	\$ -	\$ (987)	\$ -	\$ 7,911	\$ -	\$ 3,880	\$ 15,744	\$ -	\$ -

CLINTON CENTRAL SCHOOL CORPORATION  
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 II (2012-2013)	Title II 7/1/12 Till 9/30/14	Title II-Part D Enhanced Education	Title II-Part A Improving Teacher	Title I Stimulus Grant (ARRA)	IDEA - Part B (Stimulus)	Education Jobs	Prepaid Food Account	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 1,848	\$ -	\$ -	\$ -	\$ (18,980)	\$ 5,255	\$ 36,874	\$ 2,394,916
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	3,798,980
Intermediate sources	-	-	-	-	-	-	-	-	-	14,206
State sources	-	-	-	-	-	-	-	-	-	6,246,904
Federal sources	37,460	1,126	3,915	-	-	-	53,156	-	-	829,594
Other	-	-	-	-	-	-	-	306,407	1,759,448	2,083,916
Total receipts	37,460	1,126	3,915	-	-	-	53,156	306,407	1,759,448	12,973,600
Disbursements:										
Current:										
Instruction	9,230	484	-	-	-	-	19,011	-	-	5,225,728
Support services	25,601	1,789	-	-	-	-	40,922	-	-	3,364,317
Noninstructional services	-	-	-	-	-	-	-	-	-	726,538
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	669,222
Debt services	-	-	-	-	-	-	-	-	-	1,490,875
Nonprogrammed charges	-	-	-	-	-	-	-	306,404	1,771,344	2,078,748
Total disbursements	34,831	2,273	-	-	-	-	59,933	306,404	1,771,344	13,555,428
Excess (deficiency) of receipts over disbursements	2,629	(1,147)	3,915	-	-	-	(6,777)	3	(11,896)	(581,828)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	25,757	-	-	444,321
Transfers out	(2,629)	-	(5,763)	-	-	-	-	-	-	(444,574)
Total other financing sources (uses)	(2,629)	-	(5,763)	-	-	-	25,757	-	-	(253)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,147)	(1,848)	-	-	-	18,980	3	(11,896)	(582,081)
Cash and investments - ending	\$ -	\$ (1,147)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,258	\$ 24,978	\$ 1,812,835

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CLINTON CENTRAL SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Clinton Central School Building Corporation:				
2000 Energy Savings Contract	New Heating System	\$ 230,506	06-01-00	07-15-16
2009 QSCB Bonds	Junior-Senior High Renovations	171,000	06-01-10	12-31-24
2010 QSCB Bonds	Junior-Senior High Renovations	870,000	12-31-10	07-01-14
2010 Refunding Bonds	Refund 2000 Bonds	<u>324,000</u>	01-01-11	01-01-19
Total of annual lease payments		<u>\$ 1,595,506</u>		
Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year	
Type	Purpose			
Governmental activities:				
2004 General obligation bonds	Retirement/Severance Bonds	<u>\$ 630,000</u>	<u>\$ 94,006</u>	
Totals		<u>\$ 630,000</u>	<u>\$ 94,006</u>	

CLINTON CENTRAL SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**OVERDRAWN CASH BALANCES**

The financial statement presented in this report included the following funds with overdrawn cash balances:

Fund	Amount Overdrawn	
	06-30-12	06-30-13
Retirement/Severance Bond Debt Service	\$ 8,316	\$ -
Transportation Bus Replacement	39,745	19,712
Textbook Rental	74,771	20,666

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)

**APPROPRIATIONS**

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
General	2012-2013	<u>\$ 213,102.05</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CLINTON CENTRAL SCHOOL  
CORPORATION, CLINTON COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited the Clinton Central School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 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 items 2013-005 and 2013-006. 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 Official Response and 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 2013-003, 2013-004, and 2013-007 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 Official Response and 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.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

March 17, 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.

CLINTON CENTRAL SCHOOL CORPORATION  
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	Indiana Department of Education				
School Breakfast Program		10.553	FY 2011-12 FY 2012-13	\$ 42,337 -	\$ - 38,807
Total - School Breakfast Program				42,337	38,807
National School Lunch Program		10.555	FY 2011-12 FY 2012-13	216,400 -	- 200,412
Total - School Lunch Program				216,400	200,412
Total - Child Nutrition Cluster				258,737	239,219
Total - U.S. Department of Agriculture				258,737	239,219
<u>U.S. Department of Education</u>					
Title I, Part A Cluster	Indiana Department of Education				
Title I Grants to Local Educational Agencies		84.010	12-1150 13-1150	233,648 -	10,651 150,817
Total - Title I Grants to Local Educational Agencies				233,648	161,468
ARRA - Title I Grants to Local Educational Agencies, Recovery Act		84.389	ARRA-1150	4,008	-
Total - Title I, Part A Cluster				237,656	161,468
Special Education Cluster (IDEA)		84.027			
Special Education - Grants to States	Community Schools of Frankfort		14211-099-PN01	198,890	-
	Lebanon Community School Corporation		14212-099-PN01	115,613	71,158
			14213-099-PN01	-	166,105
	Indiana Department of Education		A58-3-13DL-0045	-	69,926
Total - Special Education - Grants to States				314,503	307,189

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

CLINTON CENTRAL SCHOOL CORPORATION  
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>					
Special Education Cluster (IDEA) (continued)					
Special Education - Preschool Grants	Lebanon Community School Corporation	84.173	45713-234-PN01	-	6,116
ARRA - Special Education - Grants to States, Recovery Act	Community Schools of Frankfort	84.391	33310-006-SN01	15,386	-
Total - Special Education Cluster (IDEA)				329,889	313,305
Career and Technical Education - Basic Grants to States	Tippecanoe School Corporation	84.048	12-4700-7865 13-4700-7865	25,213 -	5,374 29,490
Total - Career and Technical Education - Basic Grants to States				25,213	34,864
Safe and Drug-Free Schools and Communities - State Grants	Indiana Department of Education	84.186	FY 2011-12	5,238	-
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	FY 2010-11 FY 2011-12 FY 2012-13	29,512 - -	15,663 37,459 1,126
Total - Improving Teacher Quality State Grants				29,512	54,248
Education Jobs Fund	Indiana Department of Education	84.410	2010-2011	159,153	53,154
Total - U.S. Department of Education				786,661	617,039
Total federal awards expended				\$ 1,045,398	\$ 856,258

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

CLINTON CENTRAL SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

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

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

**Note 2. 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	\$ 5,975	\$ 5,813
National School Lunch Program	10.555	30,547	30,022

CLINTON CENTRAL SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; 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?	yes

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:

<u>Name of Federal Program or Cluster</u>
Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

**FINDING 2013-001 - INTERNAL CONTROLS OVER SEFA**

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.

CLINTON CENTRAL SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

During the audit of the SEFA, we noted the following errors: A Special Education Improvement Award was received from Indiana Department of Education from the Special Education - Grants to States funding. This was incorrectly determined by the School Corporation to be state funding and the award was not presented on the SEFA. An audit adjustment was proposed, accepted by the School Corporation, and made to the SEFA presented in this report. This adjustment resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.



CLINTON CENTRAL SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

***FINDING 2013-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the School Corporation's audited financial statement and then determining how those identified risks should be managed. The School Corporation has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.
3. Monitoring of Controls: Effective internal control over financial reporting requires the School Board to monitor and assess the quality of the School Corporation's system of internal control. The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls.

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)

CLINTON CENTRAL SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

***FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS  
THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE CHILD NUTRITION CLUSTER***

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program

National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY 2011-2012, FY 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 the compliance requirements that have a direct and material effect to the programs. This includes the following compliance requirements: Cash Management, Eligibility, Equipment and Real Property Management, Reporting, and Special Tests and Provisions-Verification. 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 programs.

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 all compliance requirements that have a direct and material effect to the programs.

CLINTON CENTRAL SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

Federal Agency: U.S. Department of Education

Federal Program: Special Education - Grants to States; Special Education - Preschool Grants,  
ARRA - Special Education - Grants to States, Recovery Act

CFDA Number: 84.027; 84.173; 84.391

Federal Award Number and Year (or Other Identifying Number): 14211-099-PN01; 14212-099-PN01;  
14213-099-PN01; A58-3-13DL-0045;  
45713-234-PN01; 33310-006-SN01

Pass-Through Entity: Community Schools of Frankfort; Lebanon Community Schools,  
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 the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Cash Management, Equipment and Real Property Management, Maintenance of Effort, Period of Availability, and Reporting. The failure to establish an effective internal control system places the school 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 program.

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 all compliance requirements that have a direct and material effect to the program.

CLINTON CENTRAL SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2013-005 - SPECIAL EDUCATION CASH MANAGEMENT AND REPORTING**

Federal Agency: U.S. Department of Education  
Federal Program: Special Education - Grants to States  
CFDA Number: 84.027  
Federal Award Number and Year (or Other Identifying Number): A58-3-13DL-0045  
Pass-Through Entity: Indiana Department of Education

The School Corporation was awarded a Special Education Improvement Grant by the Indiana Department of Education from the Special Education - Grants to States funding on May 30, 2012. As part of the requirements of the Special Education Improvement Grant, the School Corporation was required to submit claims for reimbursement to the Indiana Department of Education. The reports submitted by the School Corporation were to be for disbursements which were incurred prior to the date of the reimbursement request. The School Corporation submitted a claim for reimbursement report to the Indiana Department of Education on December 14, 2012, for \$12,449.84. School Corporation records indicated that only \$12,144.84 was disbursed prior to the submission of the claim for reimbursement. Therefore, the School Corporation requested \$305 more than it was entitled to under the Cash Management requirements of the Special Education - Grants to States. On December 12, 2012, \$152.50 was disbursed from the Special Education Improvement Grant Fund. The remaining \$152.50 of the federal funds received was not disbursed and remains in the June 30, 2013 fund balance.

34 CFR 80.21 states in part:

"(b) *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.

(c) *Advances.* Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee.

(d) *Reimbursement.* Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. Grantees and subgrantees may also be paid by reimbursement for any construction grant. Except as otherwise specified in regulation, Federal agencies shall not use the percentage of completion method to pay construction grants. The grantee or subgrantee may use that method to pay its construction contractor, and if it does, the awarding agency's payments to the grantee or subgrantee will be based on the grantee's or subgrantee's actual rate of disbursement."

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."

The School Corporation is not in compliance with the cash management and reporting requirements for this program. Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal awards.

We recommended that the School Corporation establish internal controls over the preparation and filing of all reimbursement claim reports including management review and approval prior to submission. In addition, the information submitted should be supported by the fund ledger or other supporting record for the applicable time period.

CLINTON CENTRAL SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2013-006 - TITLE I REPORTING***

Federal Agency: U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies,

ARRA - Title I Grants to Local Educational Agencies, Recovery Act

CFDA Number: 84.010; 84.389

Federal Award Number and Year (or Other Identifying Number): 12-1150; 13-1150; ARRA-1150

Pass-Through Entity: Indiana Department of Education

The School Corporation is required to file a Title I Annual Expenditure report by October 30, for the prior fiscal year. The Title I Annual Expenditure Report for the fiscal year 2011-2012 was filed after the required due date. In addition, the information reported, while in total, accurately represented the actual disbursements of the Title I funds for the year, was not accurate in reporting the breakdown of expenditure types. The amount expensed for certified salaries showed an amount for transfers that was not correct. In fact, no actual transfers from the Title I funding were made.

The Annual Report for the 2010-2011 year had also been filed late and the grant fund had remained opened. This allowed 2011-2012 expenses to be posted to the prior grant year. Several entries were made in attempt to correct the posting. Because of these entries, it was difficult to determine the amount disbursed in each category. The Annual Expenditure Report is required to document that the actual funds disbursed were in compliance with the approved budget from the grant agreement. The School Corporation did comply with the approved budget in actual disbursements made; however, the report itself was incorrect.

In addition, the final draw from the ARRA funding was made in April 2012 for disbursements made in June 2011, and no final report was provided for audit for the ARRA funding. This was only one draw made from the ARRA funding during the audit period, and the grant has been closed.

34 CFR 80.20 states in part:

"(a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

(b) 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."

Failure to provide accurate and timely reports to the state could result in loss of future federal funding for the Title I program.

CLINTON CENTRAL SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

We recommended that the School Corporation establish and implement control procedures that will allow the School Corporation to provide accurate and timely reports, supported by the fund ledger.

***FINDING 2013-007 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS  
THAT HAVE A DIRECT AND MATERIAL EFFECT TO TITLE I***

Federal Agency: U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies,

ARRA - Title I Grants to Local Educational Agencies, Recovery Act

CFDA Number: 84.010; 84.389

Federal Award Number and Year (or Other Identifying Number): 12-1150; 13-1150; ARRA-1150

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 the compliance requirements that have a direct and material effect to the programs. This includes the following compliance requirements: Allowable Activities, Cash Management, Level of Effort, Period of Availability, 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 programs.

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 all compliance requirements that have a direct and material effect to the programs.



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**Clinton Central School Corporation**  
**P.O. Box 118 – 725 North State Road 29**  
**Michigantown, IN 46057**  
**765-249-2515—765-249-2504 (FAX)**

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### **Summary Schedule of Prior Audit Findings**

#### **FINDING 2011-3, INTERNAL CONTROL/REPORTING**

Federal Agency: U.S. Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award No.: N/A  
Pass-Through Entity: Indiana Department of Education  
Auditee Contact Person: Jaclyn Sheets  
Contact Person Title: Treasurer  
Contact Phone Number: 765-249-2515

We are currently filing the required Title I reports on a timely basis. Comparison of the report amounts are made to ledgers before filing to ensure accuracy.

A handwritten signature in black ink, reading "Jaclyn Sheets".

Jaclyn Sheets  
Treasurer



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**Clinton Central School Corporation**  
**P.O. Box 118 – 725 North State Road 29**  
**Michigantown, IN 46057**  
**765-249-2515—765-249-2504 (FAX)**

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### **Summary Schedule of Prior Audit Findings**

#### **FINDING 2011-4, SPECIAL EDUCATION REPORTING**

Federal Agency: U.S. Department of Education  
Federal Program: ARRA –Special Education Grants to States  
CFDA Number: 84.027  
Federal Award No.: 33310-006-sn01, 2009-2010, 2010-2011  
Pass-Through Entity: Community Schools of Frankfort  
Auditee Contact Person: Jaclyn Sheets  
Contact Person Title: Treasurer  
Contact Phone Number: 765-249-2515

We are currently filing the required ARRA – Special Education Program reports on a timely basis.

A handwritten signature in black ink, reading "Jaclyn Sheets".

Jaclyn Sheets  
Treasurer





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**Clinton Central School Corporation**  
**P.O. Box 118 – 725 North State Road 29**  
**Michigantown, IN 46057**  
**765-249-2515—765-249-2504 (FAX)**

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**Summary Schedule of Prior Audit Findings**

**FINDING 2011-5, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

Federal Agency: U.S. Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
Special Education Grants to States  
State Fiscal Stabilization Fund (SFSF) – Education State Grants 84.010  
CFDA Number: 84.010, 84.389, 84.027,  
84.173, 84.391, 84.394  
Pass-Through Entity: Indiana, Department of Education, Community Schools of Frankfort  
Auditee Contact Person: Jaclyn Sheets  
Contact Person Title: Treasurer  
Contact Phone Number: 765-249-2515

The management of Clinton Central School Corporation has reviewed the financial statement finding regarding inadequate internal controls. The office responsible for maintaining the accounting records has limited segregation of duties due to lack of personnel. We have separated duties whenever possible to allow for better monitoring of the various functions. We are not able to hire additional personnel at this time to improve our internal controls due to budget constraints. Management acknowledges and assumes the risk inherent with the current design of our business office.

A handwritten signature in black ink, appearing to read "Jaclyn Sheets".

Jaclyn Sheets  
Treasurer



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**Clinton Central School Corporation**  
**P.O. Box 118 – 725 North State Road 29**  
**Michigantown, IN 46057**  
**765-249-2515—765-249-2504 (FAX)**

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## **Corrective Action Plan – Section II Financial Statement Findings**

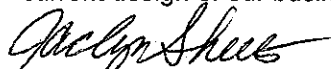
### **FINDING 2013-001 - INTERNAL CONTROLS OVER SEFA**

The management of Clinton Central School Corporation has reviewed the financial statement finding regarding inadequate internal controls for the preparation of the SEFA. The office will be making changes on how the report is prepared and reviewed by various individuals in the office.

  
Jaclyn Sheets  
Treasurer

### **FINDING 2013-002 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

The management of Clinton Central School Corporation has reviewed the financial statement finding regarding inadequate internal controls. The office responsible for maintaining the accounting records has limited segregation of duties due to lack of personnel. We have separated duties whenever possible to allow for better monitoring of the various functions. We are not able to hire additional personnel at this time to improve our internal controls due to budget constraints. Management acknowledges and assumes the risk inherent with the current design of our business office.

  
Jaclyn Sheets  
Treasurer



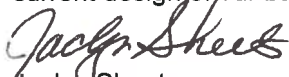
**Clinton Central School Corporation**  
**P.O. Box 118 – 725 North State Road 29**  
**Michigantown, IN 46057**  
**765-249-2515—765-249-2504 (FAX)**

### **Corrective Action Plan – Section III Federal Award Findings**

#### **FINDING 2013-003 INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE CHILD NUTRITION CLUSTER**

Federal Agency:	U.S. Department of Agriculture
Federal Program:	School Breakfast Program
	National School Lunch Program
CFDA Number	10.553, 10.555
Award Number and Year:	FY 2011-2012, FY 2012-2013
Pass-Through Entity:	Indiana Department of Education
Auditee Contact Person:	Jaclyn Sheets
Title of Contact Person:	Treasurer, Clinton Central School Corporation
Phone Number:	765-249-2515

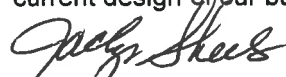
The management of Clinton Central School Corporation has reviewed the financial statement finding regarding inadequate internal controls. The office responsible for maintaining the accounting records has limited segregation of duties due to lack of personnel. We have separated duties whenever possible to allow for better monitoring of the various functions. We are not able to hire additional personnel at this time to improve our internal controls due to budget constraints. Management acknowledges and assumes the risk inherent with the current design of our business office.

  
Jaclyn Sheets  
Treasurer

#### **FINDING 2013-004 INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE SPECIAL EDUCATION CLUSTER**

Federal Agency:	U.S. Department of Education
Federal Program:	Special Education Cluster
CFDA Number	84.027, 84.173
Pass-Through Entity:	Indiana Department of Education
Award Number and Year:	FY 2011-2012, FY 2012-2013
Auditee Contact Person:	Jaclyn Sheets
Title of Contact Person:	Treasurer, Clinton Central School Corporation
Phone Number:	765-249-2515

The management of Clinton Central School Corporation has reviewed the financial statement finding regarding inadequate internal controls. The office responsible for maintaining the accounting records has limited segregation of duties due to lack of personnel. We have separated duties whenever possible to allow for better monitoring of the various functions. We are not able to hire additional personnel at this time to improve our internal controls due to budget constraints. Management acknowledges and assumes the risk inherent with the current design of our business office.

  
Jaclyn Sheets  
Treasurer

## Correction Action Plan (Continued)

### FINDING 2013-005 SPECIAL EDUCATION CASH MANAGEMENT AND REPORTING

Federal Agency: U.S. Department of Education  
Federal Program: Special Education Cluster  
CFDA Number: 84.027, 84.173  
Pass-Through Entity: Indiana Department of Education  
Award Number and Year: FY 2011-2012, FY 2012-2013  
Auditee Contact Person: Jaclyn Sheets  
Title of Contact Person: Treasurer, Clinton Central School Corporation  
Phone Number: 765-249-2515

We have reimbursed the grant for the \$152.50 that was sent to us in error. There was a change in the professional development day that was not presented to the corporation office until payroll was processed. Due to timing of payroll the exact amount of reimbursement was incorrect at time of request. As mentioned above we have reimbursed the grant for the additional \$152.50 that was sent to us in error.



Jaclyn Sheets  
Treasurer

### FEDERAL FINDING 2013-006, TITLE I REPORTING

Federal Agency: U.S. Department of Education  
Federal Program (CFDA Titles): Title I Grants to Local Educational Agencies, Title I Grants to Local Educational Agencies, Recovery  
CFDA Number: 84.010; 84.389  
Pass-Through Entity: Indiana Department of Education  
Federal Award Number and Year: 12-1150 and 13-1150: 2011-2012, 2012-2013

We are currently filing the required Title I reports on a timely basis. Comparison of the report amounts are made to ledgers before filing to ensure accuracy.



Jaclyn Sheets  
Treasurer

### FEDERAL FINDING 2013-007, INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO TITLE I

Federal Agency: U.S. Department of Education  
Federal Program (CFDA Titles): Title I Grants to Local Educational Agencies  
CFDA Number: 84.010; 84.389  
Pass-Through Entity: Indiana Department of Education  
Federal Award Number and Year: 12-1150 and 13-1150; ARRA Stimulus-1150

The management of Clinton Central School Corporation has reviewed the financial statement finding regarding inadequate internal controls. The office responsible for maintaining the accounting records has limited segregation of duties due to lack of personnel. We have separated duties whenever possible to allow for better monitoring of the various functions. We are not able to hire additional personnel at this time to improve our internal controls due to budget constraints. Management acknowledges and assumes the risk inherent with the current design of our business office.



Jaclyn Sheets  
Treasurer

CLINTON CENTRAL SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on March 19, 2014, with Jaclyn Sheets, Treasurer; John Crum, President of the School Board; Dr. Jeff Studebaker, Superintendent of Schools; Anita J. Pearcy, Deputy Treasurer; Kevin Boone, Secretary of the School Board; and Tim Wyrick, Vice President of the School Board. The Official Response has been made a part of this report and may be found on page 60.



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**Clinton Central School Corporation**  
**P.O. Box 118 – 725 North State Road 29**  
**Michigantown, IN 46057**  
**765-249-2515—765-249-2504 (FAX)**

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March 31, 2014

Response to State Board of Accounts “Audit Results and Comments”

Overdrawn Cash Balances

It is generally agreed that fund balances should not be reduced below zero. However, it should be noted that with the Transportation Bus Replacement Fund cited, that the County’s failure to make timely payments to the school district caused the shortfall of funds. The District should not have to cover for the County’s inability or unwillingness to release funds in a timely manner. It is the Clinton Central School Corporation’s position that it is utterly ridiculous that monies are only released in June and December of a calendar year...for that fiscal year. This manner of doing business ensures that funds are never actually spent as intended...schools are forced to move numbers around to make it appear as though we are in compliance with the expectation that funds are not reduced below zero.

Appropriations

The SBOA correctly notes that the Clinton Central School Corporation spent \$213,102.05 more than the budgeted appropriation from the General Fund.

The problem is that the School Corporation receives money from the State to fund the General Fund. The Department of Local Government Finance (DLGF) has no authority to assign any real number to the amount of money received from the State in the General Fund. That allocation is determined by the enrollment number for any given school corporation as certified by the Department of Education. It is the height of bureaucratic hoop-jumping and irrelevance that forces schools to ask for an additional appropriation from the DLGF to spend the appropriation the State has already sent the school.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeff T. Studebaker", is written over the typed name.

Jeffery T. Studebaker, Ed.D.  
Superintendent  
Clinton Central School Corporation