

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

WEST CLARK COMMUNITY SCHOOLS  
CLARK COUNTY, INDIANA

July 1, 2011 to June 30, 2013



**FILED**  
02/20/2015



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	R. Mac Dyer (Vacant) R. Mac Dyer	07-01-11 to 06-30-14 07-01-14 to 07-31-14 08-01-14 to 06-30-15
Superintendent of Schools	Monty Schneider	07-01-11 to 06-30-15
President of the School Board	Brian Hurst	07-01-11 to 12-31-14



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**INDEPENDENT AUDITOR'S REPORT**

TO: THE OFFICIALS OF WEST CLARK COMMUNITY SCHOOLS, CLARK COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of West Clark Community Schools (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 October 24, 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, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

  
Paul D. Joyce, CPA  
State Examiner

October 24, 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 WEST CLARK COMMUNITY SCHOOLS, CLARK 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 West Clark Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated October 24, 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, 2013-002, and 2013-003 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 items 2013-001 and 2013-003.

***West Clark Community Schools' Response to Findings***

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

***Purpose of This Report***

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

  
Paul D. Joyce, CPA  
State Examiner

October 24, 2014

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#### FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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.

WEST CLARK COMMUNITY SCHOOLS  
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	\$ 6,156,231	\$ 25,172,388	\$ 24,636,576	\$ (5,869)	\$ 6,686,174	\$ 26,551,013	\$ 27,183,160	\$ 154,818	\$ 6,208,845
Debt Service	4,561,393	6,827,487	6,960,351	-	4,428,529	7,260,082	7,259,425	(86,240)	4,342,946
Retirement/Severance Bond Debt Service	319,685	930,737	910,364	-	340,058	596,341	880,188	(4,696)	51,515
Capital Projects	2,161,826	2,995,731	3,206,337	-	1,951,220	2,983,220	3,388,930	(29,240)	1,516,270
School Transportation	1,192,840	2,160,434	2,250,978	69,087	1,171,383	2,081,695	2,201,195	49,823	1,101,706
School Bus Replacement	906,285	392,436	387,145	-	911,576	262,363	244,099	(664)	929,176
Rainy Day	1,003,770	-	-	-	1,003,770	-	-	-	1,003,770
Retirement/Severance Bond	1,292,786	1,336	189,605	-	1,104,517	712	133,561	-	971,668
Construction	48,275	-	-	-	48,275	-	-	-	48,275
Disaster Grant	2,058	-	-	-	2,058	-	-	-	2,058
School Lunch	211,945	2,012,024	1,948,814	-	275,155	1,983,230	1,963,554	-	294,831
Textbook Rental	340,723	619,510	687,950	-	272,283	792,641	691,526	9,005	382,403
Levy Excess	1,255,070	-	-	(60,099)	1,194,971	-	-	63,486	1,258,457
Educational License Plates	15,374	412	-	-	15,786	450	-	-	16,236
Alternative Education	-	6,273	-	-	6,273	8,170	14,443	-	-
Early Intervention Grant	-	70,640	15,809	-	54,831	-	16,831	-	38,000
Indiana Literacy Early Intervention	-	-	-	-	-	8,941	8,902	-	39
Henryville Tornado Fund	-	665,903	1,137	-	664,766	101,756	140,808	-	625,714
Gloria/Konig Foundation Grant	-	-	-	-	-	53,000	53,000	-	-
New Hope Disaster Relief Fund	-	-	-	-	-	15,500	551	-	14,949
PNC Library Donation	2,500	-	-	-	2,500	-	-	-	2,500
Community Foundation of Southern Indiana Grant	-	400	-	-	400	7,800	4,900	-	3,300
Title III LEP Materials Fund	750	5,084	3,194	-	2,640	-	-	-	2,640
Outdoor Club Scholarship	750	750	1,500	-	-	250	250	-	-
Miscellaneous Programs	506	-	-	-	506	-	-	-	506
WHAS Crusade for Children	-	29,241	29,241	-	-	7,700	7,700	-	-
Fund for the Arts	375	256	226	-	405	-	-	-	405
Indiana Next Grant	1,350	-	-	-	1,350	-	-	-	1,350
Community Foundation Grant	17	-	-	-	17	-	-	-	17
AM Library-Beyond Words Grant	-	-	-	-	-	15,000	14,940	-	60
Community Foundation Grant	-	8,250	8,250	-	-	-	-	-	-
McDonald Grant Award	178	-	-	-	178	-	-	-	178
Borden Ministerial Association Grant	7,730	-	3,042	-	4,688	-	1,554	-	3,134
Teacher Quality Improvement Program	2,789	41,685	32,542	-	11,932	42,548	45,766	-	8,714

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

WEST CLARK COMMUNITY SCHOOLS  
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
Education Technology	(43,957)	892,209	901,792	-	(53,540)	824,107	730,213	-	40,354
Medicaid Reimbursement	(1,314)	9,035	-	(6,183)	1,538	32,144	6,803	(10,603)	16,276
Scholarships and Awards	15,032	14	1,000	-	14,046	10	250	-	13,806
Non-English Speaking Programs P.L. 273-1999	-	8,993	8,993	-	-	8,484	8,484	-	-
School Technology	1,809	12,494	-	-	14,303	7,623	-	-	21,926
HSTW 2003 Salaries	497	-	-	-	497	-	-	-	497
Title I FY 12 & FY 13	-	-	-	-	-	288,579	204,786	(174,734)	(90,941)
Title 1 FY 11 (4200.11) & FY 12 (4200.12)	(45,519)	339,029	337,069	-	(43,559)	19,843	36,917	60,633	-
Stewart Homeless Assistance Act	-	-	93,324	-	(93,324)	93,324	-	-	-
Serve America	2,836	-	-	-	2,836	-	-	-	2,836
IDEA	-	-	16,863	-	(16,863)	-	139,779	-	(156,642)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	70,000	70,000	-	-
Assistive Technology Grant	-	66,909	66,909	-	-	-	-	-	-
Federal Assistance Educational Preschool Handicapped	-	25,857	30,232	-	(4,375)	-	20,120	-	(24,495)
Drug Free Schools	904	7,293	8,197	-	-	-	-	-	-
Team Nutrition Training Grants	3,195	-	3,195	-	-	-	-	-	-
Vocational and Technical Board Grants	(4,407)	28,583	22,983	-	1,193	-	-	-	1,193
Economics Dual Credit Technology Grant	-	3,329	3,329	-	-	-	-	-	-
CPR/First Aid Technology Grant	-	1,664	1,664	-	-	-	-	-	-
PLTW Tech Prep Grant	-	-	-	-	-	2,455	2,455	-	-
Medicaid Reimbursement - Federal	(169)	-	1,209	12,952	11,574	1,258	3,281	6,832	16,383
Educating America, Title III	1,000	-	-	-	1,000	-	-	-	1,000
Improving Teaching Quality, No Child Left, Title II, Part A	(4,732)	148,154	153,592	-	(10,170)	77,053	64,363	(26,512)	(23,992)
ITQ, Enhanced Education Through Technology, Title II, Part D	4	-	-	-	4	-	-	-	4
Title III, Language Instruction	-	-	-	-	-	840	3,410	-	(2,570)
Technology Literacy Challenge, Title III	27	-	-	-	27	-	-	-	27
Title I - School Improvement	(52,521)	52,521	-	-	-	-	-	-	-
Special Education - Part B	(80,337)	129,558	49,221	-	-	-	-	-	-
Education Jobs	-	740,496	740,496	-	-	15,120	15,120	-	-
Prepaid Food	22,520	1,041,430	1,039,942	-	24,008	1,067,757	1,080,092	-	11,673
Payroll Clearing	242,750	6,955,409	6,948,218	-	249,941	7,706,667	7,776,164	-	180,444
Totals	<u>\$ 19,542,824</u>	<u>\$ 52,403,954</u>	<u>\$ 51,701,289</u>	<u>\$ 9,888</u>	<u>\$ 20,255,377</u>	<u>\$ 52,987,676</u>	<u>\$ 54,417,520</u>	<u>\$ 11,908</u>	<u>\$ 18,837,441</u>

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

WEST CLARK COMMUNITY SCHOOLS  
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.

WEST CLARK COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

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

*E. Disbursements*

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

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

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

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

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

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

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

*F. Other Financing Sources and Uses*

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

WEST CLARK COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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



WEST CLARK COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**Note 5. Risk Management**

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

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

WEST CLARK COMMUNITY SCHOOLS  
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 Capitol 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 reimbursement for expenditures made by the School Corporation not being received by June 30.

**Note 8. Restatements**

For the year ended June 30, 2012, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances.

<u>Fund Name</u>	<u>Balance as of June 30, 2011</u>	<u>Prior Period Adjustment</u>	<u>Balance as of July 1, 2011</u>
Prepaid Food	\$ -	\$ 22,520	\$ 22,520
Payroll Clearing	-	242,750	242,750

WEST CLARK COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9. *Holding Corporation***

The School Corporation has entered into capital leases with the West Clark 2000 School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the school years 2011-2012 and 2012-2013 totaled \$6,473,000 and \$6,683,000, respectively.

**Note 10. *Other Postemployment Benefits***

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

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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.

WEST CLARK COMMUNITY SCHOOLS  
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	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	Disaster Grant
Cash and investments - beginning	\$ 6,156,231	\$ 4,561,393	\$ 319,685	\$ 2,161,826	\$ 1,192,840	\$ 906,285	\$ 1,003,770	\$ 1,292,786	\$ 48,275	\$ 2,058
Receipts:										
Local sources	546,195	6,827,487	647,773	2,971,854	2,073,931	392,436	-	1,336	-	-
Intermediate sources	227	-	-	-	-	-	-	-	-	-
State sources	23,921,164	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	282,964	-	86,503	-	-	-	-	-
Other	704,802	-	-	23,877	-	-	-	-	-	-
Total receipts	25,172,388	6,827,487	930,737	2,995,731	2,160,434	392,436	-	1,336	-	-
Disbursements:										
Current:										
Instruction	18,092,713	-	-	-	-	-	-	-	-	-
Support services	6,132,917	-	-	1,463,771	2,024,164	387,145	-	189,605	-	-
Noninstructional services	389,407	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	21,539	-	-	1,050,479	-	-	-	-	-	-
Debt services	-	6,960,351	910,364	692,087	213,957	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	12,857	-	-	-	-	-
Total disbursements	24,636,576	6,960,351	910,364	3,206,337	2,250,978	387,145	-	189,605	-	-
Excess (deficiency) of receipts over disbursements	535,812	(132,864)	20,373	(210,606)	(90,544)	5,291	-	(188,269)	-	-
Other financing sources (uses):										
Sale of capital assets	900	-	-	-	8,988	-	-	-	-	-
Transfers in	6,183	-	-	-	60,099	-	-	-	-	-
Transfers out	(12,952)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(5,869)	-	-	-	69,087	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	529,943	(132,864)	20,373	(210,606)	(21,457)	5,291	-	(188,269)	-	-
Cash and investments - ending	\$ 6,686,174	\$ 4,428,529	\$ 340,058	\$ 1,951,220	\$ 1,171,383	\$ 911,576	\$ 1,003,770	\$ 1,104,517	\$ 48,275	\$ 2,058

WEST CLARK COMMUNITY SCHOOLS  
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 Lunch	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	Early Intervention Grant	Indiana Literacy Early Intervention	Henryville Tornado Fund	Gloria/Konig Foundation Grant	New Hope Disaster Relief Fund
Cash and investments - beginning	\$ 211,945	\$ 340,723	\$ 1,255,070	\$ 15,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	1,154,953	492,013	-	-	-	-	-	665,903	-	-
Intermediate sources	-	-	-	412	-	-	-	-	-	-
State sources	20,875	127,497	-	-	6,273	70,640	-	-	-	-
Federal sources	835,607	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	589	-	-	-	-	-	-	-	-	-
Total receipts	2,012,024	619,510	-	412	6,273	70,640	-	665,903	-	-
Disbursements:										
Current:										
Instruction	-	-	-	-	-	15,809	-	-	-	-
Support services	218	687,950	-	-	-	-	-	1,137	-	-
Noninstructional services	1,948,596	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,948,814	687,950	-	-	-	15,809	-	1,137	-	-
Excess (deficiency) of receipts over disbursements	63,210	(68,440)	-	412	6,273	54,831	-	664,766	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(60,099)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(60,099)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	63,210	(68,440)	(60,099)	412	6,273	54,831	-	664,766	-	-
Cash and investments - ending	\$ 275,155	\$ 272,283	\$ 1,194,971	\$ 15,786	\$ 6,273	\$ 54,831	\$ -	\$ 664,766	\$ -	\$ -

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

	PNC Library Donation	Community Foundation of Southern Indiana Grant	Title III LEP Materials Fund	Outdoor Club Scholarship	Miscellaneous Programs	WHAS Crusade for Children	Fund for the Arts	Indiana Next Grant	Community Foundation Grant	AM Library-Beyond Words Grant
Cash and investments - beginning	\$ 2,500	\$ -	\$ 750	\$ 750	\$ 506	\$ -	\$ 375	\$ 1,350	\$ 17	\$ -
Receipts:										
Local sources	-	400	-	750	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	29,241	256	-	-	-
Federal sources	-	-	5,084	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	400	5,084	750	-	29,241	256	-	-	-
Disbursements:										
Current:										
Instruction	-	-	3,194	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	226	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,500	-	29,241	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	3,194	1,500	-	29,241	226	-	-	-
Excess (deficiency) of receipts over disbursements	-	400	1,890	(750)	-	-	30	-	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	400	1,890	(750)	-	-	30	-	-	-
Cash and investments - ending	\$ 2,500	\$ 400	\$ 2,640	\$ -	\$ 506	\$ -	\$ 405	\$ 1,350	\$ 17	\$ -



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

	Community Foundation Grant	McDonald Grant Award	Borden Ministerial Association Grant	Teacher Quality Improvement Program	Education Technology	Medicaid Reimbursement	Scholarships and Awards	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ -	\$ 178	\$ 7,730	\$ 2,789	\$ (43,957)	\$ (1,314)	\$ 15,032	\$ -	\$ 1,809
Receipts:									
Local sources	-	-	-	-	-	-	14	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	8,250	-	-	41,685	-	9,035	-	8,993	12,494
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	892,209	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	8,250	-	-	41,685	892,209	9,035	14	8,993	12,494
Disbursements:									
Current:									
Instruction	8,250	-	3,042	32,542	-	-	-	8,993	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	901,792	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	1,000	-	-
Total disbursements	8,250	-	3,042	32,542	901,792	-	1,000	8,993	-
Excess (deficiency) of receipts over disbursements	-	-	(3,042)	9,143	(9,583)	9,035	(986)	-	12,494
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(6,183)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(6,183)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(3,042)	9,143	(9,583)	2,852	(986)	-	12,494
Cash and investments - ending	\$ -	\$ 178	\$ 4,688	\$ 11,932	\$ (53,540)	\$ 1,538	\$ 14,046	\$ -	\$ 14,303

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

	HSTW 2003 Salaries	Title I FY 12 & FY 13	Title 1 FY 11 (4200.11) & FY 12 (4200.12)	Stewart Homeless Assistance Act	Serve America	IDEA	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Assistive Technology Grant	Federal Assistance Educational Preschool Handicapped
Cash and investments - beginning	\$ 497	\$ -	\$ (45,519)	\$ -	\$ 2,836	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	339,029	-	-	-	-	66,909	25,857
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	339,029	-	-	-	-	66,909	25,857
Disbursements:									
Current:									
Instruction	-	-	177,875	-	-	16,863	-	-	30,232
Support services	-	-	153,048	93,324	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	66,909	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	6,146	-	-	-	-	-	-
Total disbursements	-	-	337,069	93,324	-	16,863	-	66,909	30,232
Excess (deficiency) of receipts over disbursements	-	-	1,960	(93,324)	-	(16,863)	-	-	(4,375)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	1,960	(93,324)	-	(16,863)	-	-	(4,375)
Cash and investments - ending	\$ 497	\$ -	\$ (43,559)	\$ (93,324)	\$ 2,836	\$ (16,863)	\$ -	\$ -	\$ (4,375)

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

	Drug Free Schools	Team Nutrition Training Grants	Vocational and Technical Board Grants	Economics Dual Credit Technology Grant	CPR/First Aid Technology Grant	PLTW Tech Prep Grant	Medicaid Reimbursement - Federal	Educating America Title III	Improving Teaching Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ 904	\$ 3,195	\$ (4,407)	\$ -	\$ -	\$ -	\$ (169)	\$ 1,000	\$ (4,732)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	7,293	-	28,583	3,329	1,664	-	-	-	148,154
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	7,293	-	28,583	3,329	1,664	-	-	-	148,154
Disbursements:									
Current:									
Instruction	8,197	3,195	22,983	3,329	1,664	-	-	-	130,214
Support services	-	-	-	-	-	-	1,209	-	23,378
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,197	3,195	22,983	3,329	1,664	-	1,209	-	153,592
Excess (deficiency) of receipts over disbursements	(904)	(3,195)	5,600	-	-	-	(1,209)	-	(5,438)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	12,952	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	12,952	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(904)	(3,195)	5,600	-	-	-	11,743	-	(5,438)
Cash and investments - ending	\$ -	\$ -	\$ 1,193	\$ -	\$ -	\$ -	\$ 11,574	\$ 1,000	\$ (10,170)

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

	ITQ, Enhanced Education Through Technology, Title II, Part D	Title III, Language Instruction	Technology Literacy Challenge, Title III	Title I - School Improvement	Special Education - Part B	Education Jobs	Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ 4	\$ -	\$ 27	\$ (52,521)	\$ (80,337)	\$ -	\$ 22,520	\$ 242,750	\$ 19,542,824
Receipts:									
Local sources	-	-	-	-	-	-	-	-	15,775,045
Intermediate sources	-	-	-	-	-	-	-	-	639
State sources	-	-	-	-	-	-	-	-	24,256,403
Federal sources	-	-	-	52,521	129,558	740,496	-	-	2,384,084
Temporary loans	-	-	-	-	-	-	-	-	1,261,676
Other	-	-	-	-	-	-	1,041,430	6,955,409	8,726,107
Total receipts	-	-	-	52,521	129,558	740,496	1,041,430	6,955,409	52,403,954
Disbursements:									
Current:									
Instruction	-	-	-	-	49,221	740,496	-	-	19,348,812
Support services	-	-	-	-	-	-	-	-	11,158,092
Noninstructional services	-	-	-	-	-	-	-	-	2,338,003
Facilities acquisition and construction	-	-	-	-	-	-	-	-	2,071,460
Debt services	-	-	-	-	-	-	-	-	8,776,759
Nonprogrammed charges	-	-	-	-	-	-	1,039,942	6,948,218	8,008,163
Total disbursements	-	-	-	-	49,221	740,496	1,039,942	6,948,218	51,701,289
Excess (deficiency) of receipts over disbursements	-	-	-	52,521	80,337	-	1,488	7,191	702,665
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	9,888
Transfers in	-	-	-	-	-	-	-	-	79,234
Transfers out	-	-	-	-	-	-	-	-	(79,234)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	9,888
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	52,521	80,337	-	1,488	7,191	712,553
Cash and investments - ending	\$ 4	\$ -	\$ 27	\$ -	\$ -	\$ -	\$ 24,008	\$ 249,941	\$ 20,255,377

WEST CLARK COMMUNITY SCHOOLS  
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	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	Disaster Grant
Cash and investments - beginning	\$ 6,686,174	\$ 4,428,529	\$ 340,058	\$ 1,951,220	\$ 1,171,383	\$ 911,576	\$ 1,003,770	\$ 1,104,517	\$ 48,275	\$ 2,058
Receipts:										
Local sources	463,485	7,260,082	596,341	2,928,190	2,080,786	262,363	-	712	-	-
Intermediate sources	4,054	-	-	-	-	-	-	-	-	-
State sources	25,919,377	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	164,097	-	-	55,030	909	-	-	-	-	-
Total receipts	26,551,013	7,260,082	596,341	2,983,220	2,081,695	262,363	-	712	-	-
Disbursements:										
Current:										
Instruction	20,107,499	-	-	-	-	-	-	-	-	-
Support services	6,574,989	-	-	1,601,916	2,101,309	244,099	-	133,561	-	-
Noninstructional services	394,824	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	105,848	-	-	1,787,014	-	-	-	-	-	-
Debt services	-	7,259,425	880,188	-	86,503	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	13,383	-	-	-	-	-
Total disbursements	27,183,160	7,259,425	880,188	3,388,930	2,201,195	244,099	-	133,561	-	-
Excess (deficiency) of receipts over disbursements	(632,147)	657	(283,847)	(405,710)	(119,500)	18,264	-	(132,849)	-	-
Other financing sources (uses):										
Sale of capital assets	11,908	-	-	-	-	-	-	-	-	-
Transfers in	149,226	-	-	-	72,605	-	-	-	-	-
Transfers out	(6,316)	(86,240)	(4,696)	(29,240)	(22,782)	(664)	-	-	-	-
Total other financing sources (uses)	154,818	(86,240)	(4,696)	(29,240)	49,823	(664)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(477,329)	(85,583)	(288,543)	(434,950)	(69,677)	17,600	-	(132,849)	-	-
Cash and investments - ending	\$ 6,208,845	\$ 4,342,946	\$ 51,515	\$ 1,516,270	\$ 1,101,706	\$ 929,176	\$ 1,003,770	\$ 971,668	\$ 48,275	\$ 2,058

WEST CLARK COMMUNITY SCHOOLS  
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 Lunch	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	Early Intervention Grant	Indiana Literacy Early Intervention	Henryville Tornado Fund	Gloria/Konig Foundation Grant	New Hope Disaster Relief Fund
Cash and investments - beginning	\$ 275,155	\$ 272,283	\$ 1,194,971	\$ 15,786	\$ 6,273	\$ 54,831	\$ -	\$ 664,766	\$ -	\$ -
Receipts:										
Local sources	1,188,413	497,274	-	-	-	-	-	101,756	53,000	15,500
Intermediate sources	-	-	-	450	-	-	-	-	-	-
State sources	22,284	295,367	-	-	8,170	-	8,941	-	-	-
Federal sources	772,235	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	298	-	-	-	-	-	-	-	-	-
Total receipts	1,983,230	792,641	-	450	8,170	-	8,941	101,756	53,000	15,500
Disbursements:										
Current:										
Instruction	-	-	-	-	14,443	16,831	-	97,370	-	-
Support services	489	691,526	-	-	-	-	8,902	17,200	-	551
Noninstructional services	1,952,901	-	-	-	-	-	-	13,711	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	12,527	53,000	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	10,164	-	-	-	-	-	-	-	-	-
Total disbursements	1,963,554	691,526	-	-	14,443	16,831	8,902	140,808	53,000	551
Excess (deficiency) of receipts over disbursements	19,676	101,115	-	450	(6,273)	(16,831)	39	(39,052)	-	14,949
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	9,005	134,617	-	-	-	-	-	-	-
Transfers out	-	-	(71,131)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	9,005	63,486	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,676	110,120	63,486	450	(6,273)	(16,831)	39	(39,052)	-	14,949
Cash and investments - ending	\$ 294,831	\$ 382,403	\$ 1,258,457	\$ 16,236	\$ -	\$ 38,000	\$ 39	\$ 625,714	\$ -	\$ 14,949

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

	PNC Library Donation	Community Foundation of Southern Indiana Grant	Title III LEP Materials Fund	Outdoor Club Scholarship	Miscellaneous Programs	WHAS Crusade for Children	Fund for the Arts	Indiana Next Grant	Community Foundation Grant	AM Library-Beyond Words Grant
Cash and investments - beginning	\$ 2,500	\$ 400	\$ 2,640	\$ -	\$ 506	\$ -	\$ 405	\$ 1,350	\$ 17	\$ -
Receipts:										
Local sources	-	7,800	-	250	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	7,700	-	-	-	15,000
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	7,800	-	250	-	7,700	-	-	-	15,000
Disbursements:										
Current:										
Instruction	-	4,900	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	250	-	7,700	-	-	-	14,940
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	4,900	-	250	-	7,700	-	-	-	14,940
Excess (deficiency) of receipts over disbursements	-	2,900	-	-	-	-	-	-	-	60
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,900	-	-	-	-	-	-	-	60
Cash and investments - ending	\$ 2,500	\$ 3,300	\$ 2,640	\$ -	\$ 506	\$ -	\$ 405	\$ 1,350	\$ 17	\$ 60

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

	Community Foundation Grant	McDonald Grant Award	Borden Ministerial Association Grant	Teacher Quality Improvement Program	Education Technology	Medicaid Reimbursement	Scholarships and Awards	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ -	\$ 178	\$ 4,688	\$ 11,932	\$ (53,540)	\$ 1,538	\$ 14,046	\$ -	\$ 14,303
Receipts:									
Local sources	-	-	-	-	-	-	10	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	42,548	-	32,144	-	8,484	7,623
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	824,107	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	42,548	824,107	32,144	10	8,484	7,623
Disbursements:									
Current:									
Instruction	-	-	1,554	45,766	-	-	-	8,484	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	730,213	-	-	-	-
Debt services	-	-	-	-	-	6,803	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	250	-	-
Total disbursements	-	-	1,554	45,766	730,213	6,803	250	8,484	-
Excess (deficiency) of receipts over disbursements	-	-	(1,554)	(3,218)	93,894	25,341	(240)	-	7,623
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(10,603)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(10,603)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(1,554)	(3,218)	93,894	14,738	(240)	-	7,623
Cash and investments - ending	\$ -	\$ 178	\$ 3,134	\$ 8,714	\$ 40,354	\$ 16,276	\$ 13,806	\$ -	\$ 21,926



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

	HSTW 2003 Salaries	Title I FY 12 & FY 13	Title 1 FY 11 (4200.11) & FY 12 (4200.12)	Stewart Homeless Assistance Act	Serve America	IDEA	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Assistive Technology Grant	Federal Assistance Educational Preschool Handicapped
Cash and investments - beginning	\$ 497	\$ -	\$ (43,559)	\$ (93,324)	\$ 2,836	\$ (16,863)	\$ -	\$ -	\$ (4,375)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	93,324	-	-	-	-	-
Federal sources	-	288,579	19,843	-	-	-	70,000	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	288,579	19,843	93,324	-	-	70,000	-	-
Disbursements:									
Current:									
Instruction	-	86,688	71,811	-	-	139,779	70,000	-	20,120
Support services	-	118,098	(34,894)	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	204,786	36,917	-	-	139,779	70,000	-	20,120
Excess (deficiency) of receipts over disbursements	-	83,793	(17,074)	93,324	-	(139,779)	-	-	(20,120)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	322	60,633	-	-	-	-	-	-
Transfers out	-	(175,056)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(174,734)	60,633	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(90,941)	43,559	93,324	-	(139,779)	-	-	(20,120)
Cash and investments - ending	\$ 497	\$ (90,941)	\$ -	\$ -	\$ 2,836	\$ (156,642)	\$ -	\$ -	\$ (24,495)

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

	Drug Free Schools	Team Nutrition Training Grants	Vocational and Technical Board Grants	Economics Dual Credit Technology Grant	CPR/First Aid Technology Grant	PLTW Tech Prep Grant	Medicaid Reimbursement - Federal	Educating America Title III	Improving Teaching Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ -	\$ -	\$ 1,193	\$ -	\$ -	\$ -	\$ 11,574	\$ 1,000	\$ (10,170)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	2,455	1,258	-	77,053
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	2,455	1,258	-	77,053
Disbursements:									
Current:									
Instruction	-	-	-	-	-	2,455	51	-	34,466
Support services	-	-	-	-	-	-	3,230	-	25,521
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	4,376
Total disbursements	-	-	-	-	-	2,455	3,281	-	64,363
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	(2,023)	-	12,690
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	8,306	-	-
Transfers out	-	-	-	-	-	-	(1,474)	-	(26,512)
Total other financing sources (uses)	-	-	-	-	-	-	6,832	-	(26,512)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	4,809	-	(13,822)
Cash and investments - ending	\$ -	\$ -	\$ 1,193	\$ -	\$ -	\$ -	\$ 16,383	\$ 1,000	\$ (23,992)

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

	ITQ, Enhanced Education Through Technology, Title II, Part D	Title III, Language Instruction	Technology Literacy Challenge, Title III	Title I - School Improvement	Special Education - Part B	Education Jobs	Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ 4	\$ -	\$ 27	\$ -	\$ -	\$ -	\$ 24,008	\$ 249,941	\$ 20,255,377
Receipts:									
Local sources	-	-	-	-	-	-	-	-	15,455,962
Intermediate sources	-	-	-	-	-	-	-	-	4,504
State sources	-	840	-	-	-	-	-	-	26,461,802
Federal sources	-	-	-	-	-	15,120	-	-	1,246,543
Temporary loans	-	-	-	-	-	-	-	-	824,107
Other	-	-	-	-	-	-	1,067,757	7,706,667	8,994,758
Total receipts	-	840	-	-	-	15,120	1,067,757	7,706,667	52,987,676
Disbursements:									
Current:									
Instruction	-	3,410	-	-	-	15,120	-	-	20,740,747
Support services	-	-	-	-	-	-	-	-	11,486,497
Noninstructional services	-	-	-	-	-	-	-	-	2,361,436
Facilities acquisition and construction	-	-	-	-	-	-	-	-	2,711,492
Debt services	-	-	-	-	-	-	-	-	8,232,919
Nonprogrammed charges	-	-	-	-	-	-	1,080,092	7,776,164	8,884,429
Total disbursements	-	3,410	-	-	-	15,120	1,080,092	7,776,164	54,417,520
Excess (deficiency) of receipts over disbursements	-	(2,570)	-	-	-	-	(12,335)	(69,497)	(1,429,844)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	11,908
Transfers in	-	-	-	-	-	-	-	-	434,714
Transfers out	-	-	-	-	-	-	-	-	(434,714)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	11,908
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,570)	-	-	-	-	(12,335)	(69,497)	(1,417,936)
Cash and investments - ending	\$ 4	\$ (2,570)	\$ 27	\$ -	\$ -	\$ -	\$ 11,673	\$ 180,444	\$ 18,837,441

WEST CLARK COMMUNITY SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2013

<u>School Corporation</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 77,062</u>	<u>\$ 250,874</u>

WEST CLARK COMMUNITY SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
West Clark 2000 School Building Corporation	Building Project 2005	\$ 4,352,000	7/5/2008	1/5/2023
West Clark 2000 School Building Corporation	Building Project 2007	<u>2,331,000</u>	7/5/2008	1/5/2033
Total of annual lease payments		<u>\$ 6,683,000</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	2007 Pension Bonds	\$ 4,105,000	\$ 630,442
Other Debt	Common School Loans - Improvements	<u>2,419,135</u>	<u>745,324</u>
Totals		<u>\$ 6,524,135</u>	<u>\$ 1,375,765</u>

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WEST CLARK COMMUNITY SCHOOLS  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2013

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

	Ending Balance
Governmental activities:	
Land	\$ 1,801,741
Infrastructure	117,019
Buildings	91,291,133
Improvements other than buildings	192,063
Machinery, equipment, and vehicles	<u>21,131,663</u>
Total capital assets	<u>\$ 114,533,618</u>

WEST CLARK COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

***AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS***

The designated building level personnel did not provide written certification that the detailed student records maintained to support the Average Daily Membership submitted was accurate. Furthermore, School Corporation Officials did not present sufficient detailed student records to support the Average Daily Membership submitted by the School Corporation. We were unable to determine if the number of students submitted was accurate.

Indiana Code 5-15-6-3(f) states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

***HONORS DIPLOMA - LACK OF RECORDS***

Information was not presented for audit to support the number of graduates receiving Academic Honors Diplomas submitted by the School Corporation for the 2011 graduating class reported to the state in the fall of 2011.

School Corporation Officials did not present sufficient detailed student records to support the Academic Honors and Technical Honors Diploma graduates submitted by the School Corporation for the 2012 graduating class reported to the state in the fall of 2012. We were unable to determine if the number of students submitted was accurate.

Indiana Code 5-15-6-3(f) states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."



WEST CLARK COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

**TEXTBOOK RENTAL CHARGES**

The following schedule provides examples of textbook rental rates charged in excess of the maximum 25 percent rate:

Grade and Description	Retail Book Price	(1) Maximum Textbook Rental Charge	(2) Textbook Rental Charge	Excess Rental Charge Per Book
3rd Grade Math Connects	\$ 66.00	\$ 16.50	\$ 20.63	\$ 4.13
4th Grade Math Connects	66.00	16.50	20.63	4.13
5th Grade Math Connects	66.00	16.50	20.63	4.13
5th Grade Saxon Math	56.70	14.18	17.72	3.54
Jr./Sr. High Digital Communication Tool	18.75	4.69	7.50	2.81

Notes to Schedule:

(1) Allowable rate calculated using statutory maximum 25 percent.

(2) Rate approved by the School Board.

Indiana Code 20-26-12-2(a) states in part:

"A governing body may purchase from a publisher any curricular material selected by the proper local officials. The governing body may rent the curricular materials to students enrolled in any public or nonpublic school that is:

- (1) in compliance with the minimum certification standards of the state board; and
- (2) located within the attendance unit served by the governing body. The annual rental rate may not exceed twenty-five (25%) of the retail price of the curricular materials."

A similar comment was made in prior Report B40159.

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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 WEST CLARK COMMUNITY SCHOOLS, CLARK COUNTY, INDIANA

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

We have audited the West Clark Community Schools' (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.

***Basis for Adverse Opinion on Title I, Part A Cluster***

As described in items 2013-005; 2013-006; 2013-007; 2013-008; 2013-009; and 2013-010 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs; Allowable Activities; Equipment and Real Property Management; Cash Management; Eligibility; Special Tests and Provisions: Comparability; Private School Participation;

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

Highly Qualified Teachers and Paraprofessionals that are applicable to its Title I, Part A Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

***Basis for Qualified Opinion on Child Nutrition Cluster***

As described in items 2013-011; 2013-012; 2013-014; 2013-015; 2013-016; and 2013-017 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs; Allowable Activities; Reporting; Eligibility; Program Income; and Special Tests and Provisions: School Food Accounts; Paid Lunch Equity; Verification of Free and Reduced Priced Applications that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

***Adverse Opinion on Title I, Part A Cluster***

In our opinion, because of the significance of the noncompliance described in the *Basis for Adverse Opinion on Title I, Part A Cluster* paragraph, the School Corporation did not comply in all material respects, with the requirements referred to above that could have a direct and material effect on the Title I, Part A Cluster for the period of July 1, 2011 to June 30, 2013.

***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, 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 the Child Nutrition Cluster for the period of July 1, 2011 to June 30, 2013.

***Unmodified Opinion on the Other 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 its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2011 to June 30, 2013.

***Other Matters***

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

***Report on Internal Control Over Compliance***

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


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

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 2013-004; 2013-011; 2013-012; 2013-013; 2013-014; 2013-015; 2013-016; and 2013-017 to be material weaknesses.

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

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

  
Paul D. Joyce, CPA  
State Examiner

October 24, 2014

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

WEST CLARK COMMUNITY SCHOOLS  
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>DEPARTMENT OF AGRICULTURE</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	0940	\$ 195,479	\$ 183,568
National School Lunch Program	Indiana Department of Education	10.555	0940	764,661	708,582
Total for cluster				960,140	892,150
Team Nutrition Grants	Indiana Department of Education	10.574			
Child Nutrition Program			0940	215	-
Total for federal grantor agency				960,355	892,150
<u>DEPARTMENT OF EDUCATION</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			11-0940	14,463	-
			12-0940	279,046	19,843
			13-0940	-	288,579
Total for cluster				293,509	308,422
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027			
			EDS #A58-2-12DL-0154	66,909	-
			EDS #A58-3-13DL-0042	-	70,000
Total for program				66,909	70,000
Special Education - Preschool Grants	Greater Clark County Schools	84.173			
			45711-022-PN01	25,857	-
ARRA - Special Education - Grants to States, Recovery Act	Greater Clark County Schools	84.391			
			33310-022-SN01	49,222	-
Total for cluster				141,988	70,000
Education for Homeless Children and Youth	Indiana Department of Education	84.196			
			EDS #A58-2-12SS-0795	-	93,324

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



WEST CLARK COMMUNITY SCHOOLS  
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>DEPARTMENT OF EDUCATION (continued)</u>					
Career and Technical Education - Basic Grants to States	New Albany-Floyd County Consolidated School Corporation	84.048			
Perkins Bio-Med Grant			SPL-BIO-652	3,079	-
Economics Dual Credit			T0831 B	3,329	-
CPR & First Aid Training/Certification			T0813 C	1,664	-
PLTW Development and Implementation			T0777	-	2,455
Total for program				8,072	2,455
Safe and Drug-Free Schools and Communities - State Grants	Indiana Department of Education	84.186			
			FY 09-10	8,197	-
Projects with Industry	Indiana Department of Education	84.234			
			EDS # A58-1-11CI-098	19,904	-
English Language Acquisition Grants					
Limited English Proficiency	Wilson Education Center	84.365	FY 11	3,193	-
English Language Acquisition Grants	Indiana Department of Education	84.365	01113-008-PN01	-	840
Total for program				3,193	840
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			FY 08-09	822	-
			FY 09-10	1,166	-
			FY 10-11	68,658	8,144
			FY 2011	77,530	10,795
			FY 2012	-	53,360
Total for program				148,176	72,299
Education Jobs Fund	Indiana Department of Education	84.410			
			0940	740,496	15,120
Total for federal grantor agency				1,363,535	562,460
Total federal awards expended				\$ 2,323,890	\$ 1,454,610

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

WEST CLARK COMMUNITY SCHOOLS  
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 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
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ 20,993	\$ 24,621
National School Lunch Program	10.555	100,847	94,997

WEST CLARK COMMUNITY SCHOOLS  
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 for Education Jobs Fund; Qualified for Child Nutrition Cluster; and Adverse for Title I, Part A Cluster
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.410	Child Nutrition Cluster Title I, Part A Cluster Education Jobs Fund

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

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

**FINDING 2013-001 - INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The School Corporation did not have a proper system of internal controls 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 controls in place that operates effectively, material misstatements of the SEFA could remain undetected.

WEST CLARK COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

During the audit of the SEFA, the following errors were identified: several state grants were erroneously included and some federal grants were improperly reported, which resulted in federal awards being overstated in the amounts of \$217,878 and \$235,843 for the years ended June 30, 2012, and June 30, 2013, respectively.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report. These adjustments 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.

WEST CLARK COMMUNITY SCHOOLS  
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***

The School Corporation does not have adequate segregation of accounting duties as described below:

The Deputy Treasurer is responsible for performing bank reconcilements, writing vendor checks, preparing accounts payable vouchers, recording vendor checks in the ledger, entering adjustment/correction transactions to the ledger, reconciling ledger reports within the accounting application system in order to ensure all activity is properly posted throughout the accounting application system, and issuing receipts for school lunch collections, as well as verifying school lunch collection deposits.

Segregation of duties is the concept of having different people do different tasks within the organization. Segregation of duties provides the foundation of good internal control by assuring that no one individual is in a position to perpetuate and conceal errors or irregularities in the normal course of their authorized duties.

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)

***FINDING 2013-003 - INTERNAL CONTROLS OVER SCHOOL LUNCH FUND DISBURSEMENTS***

Management of the School Corporation has not established an effective internal control system related to disbursements for the School Lunch fund. The following deficiencies were identified:

1. Controls were not in place whereby staff was required to certify that food items invoiced had actually been delivered. Failure to have a process in place to verify that goods or services invoiced have actually been received could result in the School Corporation paying costs for good/services that have not actually been received.
2. Complete invoices were not obtained by the School Corporation to document all food items purchased. School Corporation personnel were required to go online to print out invoices from the School Corporation's food vendor. Complete invoices documenting all food items purchased were not printed, reviewed, and retained to document food purchases. Only the first page of the multiple page invoices were printed and retained.

WEST CLARK COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

3. Procedures were not in place whereby the prices invoiced were compared with the bid prices to ensure that the School Corporation was paying the proper amount in accordance with the agreement with the vendor. Failure to monitor the prices invoiced in relationship to the vendor committed bid prices could result in additional costs being paid by the School Corporation.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

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

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)

WEST CLARK COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

***FINDING 2013-004 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers (or Other Identifying Number): 11-0940, 12-0940, 13-0940

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 all of the compliance requirements that have a direct and material effect to its Title 1 program. This includes the following compliance requirements: Activities Allowed; Allowable Costs; Cash Management; Eligibility; Equipment and Real Property Management; Level of Effort; Earmarking; Period of Availability; Reporting; and Special Tests and Provisions related to: Participation of Private School Children, Comparability, Identifying Schools and LEAs Needing Improvement, and Highly Qualified Teachers and Paraprofessionals. 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 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 and implement 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 and implement controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

WEST CLARK COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2013-005 - ALLOWABLE COSTS AND ALLOWABLE ACTIVITIES**

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers (or Other Identifying Number): 11-0940, 12-0940, 13-0940

Pass-Through Entity: Indiana Department of Education

The following problems were identified with costs charged to the grant program:

1. Costs in the amount of \$10,620 were charged to the grant program for support and maintenance to the Read 180 program. Although the Read 180 program upgrades were included as planned costs in the grant application agreement, the amounts charged to the federal program were associated with costs for Henryville Jr.-Sr. High School, Borden Jr.-Sr. High School, Silver Creek High School, and Silver Creek Middle School. These schools were not approved schools to receive Title I assistance per the grant application agreement. The amount of \$10,620 is considered to be a questioned cost.
2. Laptop computers in the amount of \$11,212.80 were purchased with 2012-2013 grant program year grant funds for neglected and delinquent students. However, the grant application budget approved did not show the use of funds for the purchase of equipment. Per the grant application, funds associated with neglected and delinquent students were to be used for salaries. The amount of \$11,212.80 is considered to be a questioned cost.
3. Costs charged to the grant program related to salaries and benefits were not supported by proper documentation. Problems identified with documentation to support salaries and benefits charged to the grant program are as follows:
  - a. Time and effort logs and semiannual certifications were not made by all employees to support the time spent on Title I activities. Partial time and effort log information was provided for some employees; however, this information was incomplete and had been completed only after the School Corporation became aware that the information was needed.
  - b. Administrative personnel salaries totaling \$10,929.89 were charged to the grant program for which no time and effort reporting was maintained. The costs charged to the program were based upon the approved budgeted amounts as shown per the grant application. Personnel performing these services performed multiple duties within the School Corporation.
  - c. For employees paid from more than one funding source, the employees' full salary were first charged to the Title I grant program until the maximum budgeted amount available under the grant program was reached and after that point the salary costs were charged to the other funding sources instead of prorating out the salaries as the costs were incurred.
  - d. Information was not maintained to readily support how amounts of employees' benefits charged to the grant program were determined. This was in part due to numerous adjusting entries made to the grant program.
4. There were numerous adjusting entries made to the grant program to adjust or reverse out previously recorded transactions. There were 565 expenditure entries recorded to the grant program totaling \$921,448.87, that were accompanied by an additional 297 adjusting



WEST CLARK COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

entries recorded to the records totaling \$222,260.43 adjusting out previously recorded activity. In some instances, adjustments were made to transactions recorded to the grant program to reverse out previously recorded transactions after the period of availability. There were instances in which transactions were still being recorded to the grant program fund in the financial records after the close out of the grant, which resulted in the grant fund reporting a deficit fund balance. These transactions were reversed out in May 2014 and charged to a different program/cost objective in order to bring the grant fund back to a zero balance. As the result of the numerous adjusting entries made to the financial records, it was difficult to determine the final amounts being charged to the grant program to determine compliance with allowable costs and activities allowed.

5. Expenditures charged to the grant program were not recorded in the financial records to separately identify the costs applicable to each school approved to receive assistance in order to monitor compliance with the approved budget expenditures for each school. In addition, a comparison of the major grant program expenditure categories to the budgeted amounts, identified actual expenditures exceeded the approved budgeted amounts for the 2010-2011 grant program year. In the 2010-2011 grant program year, expenditures for instructional certified benefits exceeded the budgeted amount by \$2,970.93.

34 CFR 80.20(b) states in part:

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

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlay or expenditures, and income.
- (3) *Internal control.* Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used only for authorized purposes.
- (4) *Budget control.* Actual expenditures or capital outlay must be compared with budgeted amounts for each grant or subgrant. . . .
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc."

34 CFR 80.30(c) states in part:

"*Budget changes* -(1) *Nonconstruction projects.* Except as stated in other regulations or an award document, grantees or subgrantees shall obtain the prior approval of the awarding agency whenever any of the following changes is anticipated under a non-construction award: . . .

WEST CLARK COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (ii) Unless waived by the awarding agency, cumulative transfers among direct costs categories, or, if applicable, among separately budgeted programs, projects, functions, or activities which exceed or are expected to exceed ten percent of the current total approved budget, whenever the awarding agency's share exceeds \$100,000."

34 CFR 80.30(d) states in part:

*"Programmatic changes.* Grantees or subgrantees must obtain the prior approval of the awarding agency whenever any of the following actions is anticipated:

- (1) Any revisions of the scope or objectives of the project (regardless of whether there is an associated budget revision requiring prior approval)."

OMB Circular A-87, Attachment B, section 8(h) states in part:

"Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

- (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. . . .
- (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.
- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
  - (a) More than one Federal award,
  - (b) A Federal award and a non-Federal award,
  - (c) An indirect cost activity and a direct cost activity,
  - (d) Two or more indirect activities which are allocated using different allocation bases, or
  - (e) An unallowable activity and a direct or indirect cost activity."

The failure to comply with requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

WEST CLARK COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

We recommended that personnel responsible for ordering supplies and approving costs become knowledgeable about the grant program and of the activities and costs allowed per the approved grant application in order to properly monitor costs prior to charging and authorizing the costs to the federal program. Financial records should be maintained so that a separate a program budget is established for each school receiving assistance in order to properly monitor costs for each budget area in order to assist in determining compliance with allowable costs and activities allowed as outlined in the grant budget application. Time and effort reporting documentation should be maintained to fully support the salary costs charged to the grant program and the percentage of related employees' benefits charged to the grant program.

***FINDING 2013-006 - EQUIPMENT AND REAL PROPERTY MANAGEMENT***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers (or Other Identifying Number): 11-0940, 12-0940, 13-0940

Pass-Through Entity: Indiana Department of Education

A review of the School Corporation's asset records and control procedures over those assets identified the following problems:

1. Asset records were not properly maintained. The asset records did not list individual asset items with a description, serial number or tag identification number to properly identify the asset purchased. Instead, instances were noted in which the record simply listed total costs for a grouping of items purchased with one generic description or a reference to the vendor name. The asset record did not indicate the percentage of Federal funds, if any, used to acquire the asset.
2. Assets are not tagged with an identification number for referencing with the asset record and for identification that the asset belongs to the School Corporation.
3. A physical inventory of assets has not been conducted within the last two years and compared with the detailed asset record.
4. Asset records are incomplete. The School Corporation's computer server crashed and the School Corporation was unable to retrieve all of the asset record data. The data that could be retrieved has not been integrated into the new asset record system and the data has not been updated to reflect any sales or disposals.

34 CFR 80.32(d) states:

*"Management Requirements.* Procedures for managing equipment (including replacement equipment) whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the costs of the property, the location, and condition of the property, and any ultimate disposition data including the date of disposition and sale price of the property.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return."

The failure to comply with 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 develop an asset management system to provide proper safeguard controls over its assets. The asset records should be maintained and updated regularly with an inventory conducted and reconciled with the asset record. Assets should be tagged for proper comparison with the asset record and for identification asset that belong to the School Corporation to minimize theft.

***FINDING 2013-007 - SPECIAL TESTS AND PROVISIONS - COMPARABILITY***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers (or Other Identifying Number): 11-0940, 12-0940, 13-0940

Pass-Through Entity: Indiana Department of Education

Information was not retained to support the figures reported on the Elementary Secondary Education Act Title I Comparability Report regarding the number of students enrolled and the full time equivalent staff for the report filed September 2011.

34 CFR 80.42 states in part:

"(b) *Length of retention period.* . . . records must be retained for three years from the starting date specified in paragraph (c) of this section. . . .

(c) *Starting date of retention period-*(1) *General.* When grant support is continued or renewed at annual or other intervals, the retention period for the records of each funding period starts on the day the grantee or subgrantee submits to the awarding agency its single or last expenditure report for that period. However, if grant support is continued or renewed quarterly, the retention period for each year's records starts on the day the grantee submits its expenditure report for the last quarter of the Federal fiscal year. In all other cases, the retention period starts on the day the grantee submits its final expenditure report. If an expenditure report has been waived, the retention period starts on the day the report would have been due."

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(Continued)

20 U.S. Code 6321(c) states in part:

"(l) In general

(A) Comparable services. Except as provided in paragraphs (4) and (5), a local educational agency may receive funds under this part only if State and local funds will be used in schools served under this part to provide services that, taken as a whole, are at least comparable to services in schools that are not receiving funds under this part.

(B) Substantially comparable services. If the local educational agency is serving all of such agency's schools under this part, such agency may receive funds under this part only if such agency will use State and local funds to provide services that, taken as a whole, are substantially comparable in each school.

(C) Basis. A local educational agency may meet the requirements of subparagraphs (A) and (B) on a grade-span by grade-span basis or a school-by-school basis."

The failure to comply with 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 all documentation be retained to support figures used for reporting comparability in the future.

***FINDING 2013-008 - SPECIAL TESTS AND PROVISIONS - PRIVATE SCHOOL PARTICIPATION***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers (or Other Identifying Number): 11-0940, 12-0940, 13-0940

Pass-Through Entity: Indiana Department of Education

Equitable services were not provided to private schools. Funds allocated for use for private schools as approved in the grant application were not expended as intended. In the 2011-2012 grant program year, funding in the amount of \$1,483.94 was to be used for private schools; however, only \$325 was expended. In the 2012-2013 grant program year, funding in the amount of \$2,261.64 was to be used for private schools; however, no monies were expended.

34 CFR 299.7(a) states:

*"Equal expenditures.* (1) Expenditures of funds made by an agency or consortium of agencies under a program listed in §299.6 (b) for services for eligible private school children and their teachers and other educational personnel must be equal on a per-pupil basis to the amount of funds expended for participating public school children and their teachers and other educational personnel, taking into account the number and educational needs of those children and their teachers and other educational personnel."

The failure to comply with requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

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(Continued)

We recommended that management of the School Corporation develop procedures to monitor the grant program to ensure that program funds are used as intended regarding the compliance requirements for Special Tests and Provisions.

***FINDING 2013-009 - ELIGIBILITY***

Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers (or Other Identifying Number): 11-0940, 12-0940, 13-0940  
Pass-Through Entity: Indiana Department of Education

Records were not properly maintained documenting individual student criteria used to determine eligible students to participate in the targeted assistance program.

20 U.S. Code 6315(b)(1)(B) states:

**"Eligible children from eligible population.** From the population described in subparagraph (A), eligible children are children identified by the school as failing, or most at risk of failing, to meet the State's challenging student academic achievement standards on the basis of multiple, educationally related, objective criteria established by the local educational agency and supplemented by the school, expect that children from preschool through grade 2 shall be selected solely on the basis of such criteria as teacher judgment, interviews with parents, and developmentally appropriate measures."

The failure to comply with 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 management of the School Corporation develop criteria to be used to determine students identified at risk for participation in the Title I program. The criteria should be utilized for all schools and guidance provided regarding maintaining the records and use of the records to evaluate the students' progress.

***FINDING 2013-010 - SPECIAL TEST AND PROVISIONS - HIGHLY QUALIFIED TEACHERS AND PARAPROFESSIONALS***

Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers (or Other Identifying Number): 11-0940, 12-0940, 13-0940  
Pass-Through Entity: Indiana Department of Education

A review of qualifications of school personnel identified instances in which personnel did not meet the required qualifications to be considered highly qualified or information was not retained on file to document the person's qualifications. Three individuals working in a school identified as a Title I school and whose salary was supported with Title I funds did not meet the qualification requirements for a highly qualified paraprofessional or information was not retained on file to demonstrate the individual meet the required qualifications.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

34 CFR 200.58 states in part:

"(a) *Applicability.* (1) An LEA must ensure that each paraprofessional who is hired by the LEA and who works in a program supported with funds under subpart A of this part meets the requirements in paragraph (b) of this section and, except as provided in paragraph (e) of this section, the requirements in either paragraph (c) or (d) of this section. . . .

(b) *All paraprofessionals.* A paraprofessional covered under paragraph (a) of this section regardless of the paraprofessional's hiring date, must have earned a secondary school diploma or its recognized equivalent.

(c) *New paraprofessionals.* A paraprofessional covered under paragraph (a) of this section who is hired after January 8, 2020 must have-

- (1) Completed at least two years of study at an institution of higher education;
- (2) Obtained an associate's or higher degree; or
- (3) (i) Met a rigorous standard of quality, and can demonstrate - through a formal State or local academic assessment - knowledge of, and the ability to assist in instructing, as appropriate-
  - (A) Reading/language arts, writing, and mathematics; or
  - (B) Reading readiness, writing readiness, and mathematics readiness.
- (ii) A secondary school diploma or its recognized equivalent is necessary, but not sufficient, to meet the requirement in paragraph (c)(3)(1) of this section.

(d) *Existing paraprofessionals.* Each paraprofessional who was hired on or before January 8, 2002 must meet the requirements in paragraph (c) of this section no later than January 8, 2006.

(e) *Exceptions.* A paraprofessional does not need to meet the requirements in paragraph (c) or (d) of this section if the paraprofessional-

- (1) (i) Is proficient in English and a language other than English; and
- (ii) Acts as a translator to enhance the participation of limited English proficient children under subpart A of this part; or
- (2) Has instructional-support duties that consist solely of conducting parental involvement activities."

The failure to comply with 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 procedures be developed to ensure that all personnel have the required qualifications for their job responsibilities. Information regarding qualifications should be reviewed prior to employment and retained centrally in the personnel files.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2013-011 - ALLOWABLE COSTS AND ALLOWABLE ACTIVITIES**

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program and National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Years (or Other Identifying Number): FY 12, FY 13

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the Allowable Cost and Allowable Activities compliance requirements that have a direct and material effect to the programs. The following deficiencies were identified:

1. Controls were not in place whereby staff was required to certify that food items invoiced had actually been delivered. Failure to have a process in place to verify that goods or services invoiced have actually been received could result in the School Corporation paying costs for food items that have not actually been received.
2. Complete invoices were not obtained by the School Corporation to document all food items purchased. School personnel were required to go online to print out invoices from the School Corporation's food vendor. Complete invoices documenting all food items purchased were not printed, reviewed, and retained to document food purchases. Only the first page of the multiple page invoices were printed and retained.
3. Procedures were not in place whereby the prices invoiced were compared with the bid prices to ensure that the School Corporation was paying the proper amount in accordance with the agreement with the vendor. Failure to monitor the prices invoiced in relationship to the vendor committed bid prices could result in additional costs being paid by the School Corporation.

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."

7 CFR 3016.20(b) states in part:

- "(5) *Allowable Costs.* Applicable OMB cost principles, agency program regulations, and the terms of the grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc."

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 programs could result in the loss of federal funds to the School Corporation.



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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, related to the grant agreement and compliance requirements related to Allowable Costs and Allowable Activities that have a direct and material effect to the programs. Procedures developed should include steps to ensure that items invoiced have actually been received prior to making payments and a comparison of vendor bid prices to the actual amounts invoiced in order to ensure the proper amount is invoiced and paid. All documentation should be retained to support program expenditures.

***FINDING 2013-012 - PROCUREMENT AND SUSPENSION AND DEBARMENT***

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program and National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Years (or Other Identifying Number): FY 12, FY 13

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 compliance requirement for Procurement and Suspension and Debarment. The School Corporation did not have procedures in place to verify that vendors utilized for federal program had not been suspended or debarred from participating in federal programs.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant. 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.

An internal control system, including segregation of duties, should be developed and designed to 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."

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, related to the Procurement and Suspension and Debarment compliance requirements for the grant programs.

WEST CLARK COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2013-013 - REPORTING**

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program and National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Years (or Other Identifying Number): FY 12, FY 13  
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, to provide sufficient oversight related to the compliance requirements for Reporting that has a direct and material effect to 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.

Failure to establish proper controls resulted in errors being made on reports filed. Reporting errors were identified on the Annual Financial Report as required by the state pass-through entity, Indiana Department of Education, and for the Subrecipient Special Reporting - Claim for Reimbursement. The following errors were identified with the reports filed:

1. Annual Financial Report Errors

a. The Annual Financial Report filed for the fiscal school year 2011-2012 incorrectly reported sales of ala carte items in the amount of \$334,237.88 as part of the "school lunch sales" (column B) instead of "other food service" sales (column G) as indicated in the report instructions.

b. During the fiscal school years 2011-2012 and 2012-2013, monies collected for the sale of meals to outside organizations in the amounts of \$89,405 and \$104,625, respectively, were included in the amount reported for "school lunch sales" (column B) instead of being reported as "other food service" sales (column G) as provided for in the report instructions.

7 CFR 3016.20(b) Standards for financial management systems states in part:

- (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."

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Annual Financial Report general instructions dated January 2009 by the Indiana Department of Education page 1 states in part:

"Column G is for all other food service that is **not** part of our federally reimbursable Child Nutrition Programs. This includes extra milk, second servings, a la carte, banquets, food service to any organizations like teacher meetings, PTA, etc., and catering/vending to outside organizations such as parochial schools or day care centers. **IF IT IS NOT CLAIMABLE, THEN RELATED INCOME AND EXPENSES GO IN COLUMN G!!**"

2. Subrecipient Special Reporting - Claim for Reimbursement Errors

Errors were identified on six of the eight monthly claims for reimbursement reports reviewed. The following errors were identified on the reports filed:

a. *October 2011:* The number of student lunch meals claimed on the reimbursement report did not agree with the supporting records. The supporting records showed 3,158 more student lunch meals served than reported on the claim for reimbursement. Validation error checks performed through the state online reporting system identified problems with the figures reported by the School Corporation which may have resulted in the School Corporation lowering the number actually reported in relationship to the numbers shown per its records. However, no information was on file to support how the new numbers eventually reported were determined. The eligibility information for students qualifying for free, reduced, and paid meals reported did not agree with the records on hand.

b. *September 2011:* The number of adult breakfast and lunch meals served reported for on the reimbursement report did not agree with the supporting records. The number of adult breakfast meals reported was 153 more than per the records on hand and the number of adult lunches served reported was 153 less than per the records. The eligibility information for students qualifying for free, reduced, and paid meals reported did not agree with the records on hand.

c. *April 2012:* The number reported for student breakfast and lunch meals served did not agree with the supporting records on file. The number of breakfast meals reported was 1,905 more than what was shown on the records on file and 1,957 more student lunch meals were reported than reflect in the records on hand.

d. *May 2012:* The number of adult and breakfast meals served did not agree with the supporting records. Adult breakfast meals reported were 879 more than reflected in the records. The number reported for adult lunch meals served was 5,029 more than shown in the records on hand.

e. *December 2012:* Adult lunches reported as served were not in agreement with the amount shown on the claim for reimbursement. The records showed 31 more meals served than what was reported. The eligibility information for students qualifying for free, reduced, and paid meals reported did not agree with the records on hand.

f. *May 2013:* The eligibility information for students qualifying for free, reduced, and paid meals reported did not agree with the records on hand.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

7 CFR 210.8(a) states:

*"Internal controls.* The school food authority shall establish internal controls which ensure the accuracy of lunch counts prior to the submission of the monthly Claim for Reimbursement. At a minimum, these internal controls shall include: an on-site review of the lunch counting and claiming system employed by each school within the jurisdiction of the school food authority; comparisons of daily free, reduced price and paid lunch counts against data which will assist in identification of lunch counts in excess of the number of free, reduced price and paid lunches served each day to children eligible for such lunches; and a system for following up on those lunch counts which suggest the likelihood of lunch counting problems."

7 CFR 210.8(a)(2) states:

*"School food authority claims review process.* Prior to the submission of a monthly Claim for Reimbursement, each school food authority shall review the lunch count data for each school under its jurisdiction to ensure the accuracy of the monthly Claim for Reimbursement. The objective of this review is to ensure that monthly claims include only the number of free, reduced price and paid lunches served on any day of operation to children currently eligible for such lunches."

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 and implement internal controls enabled 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 and implement controls, including segregation of duties, related to the grant agreement and all compliance requirements for Reporting that have a direct and material effect to the program in order to ensure accuracy in required reporting.

***FINDING 2013-014 - ELIGIBILITY***

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program and National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Years (or Other Identifying Number): FY 12, FY 13

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 Eligibility compliance requirements. Segregation of duties does not exist between the person determining eligibility for the participation in the Child Nutrition program and eligibility verification process. The same individual determines the initial eligibility for participation in the program and later performs a verification of the eligibility without any oversight. A review of eighty-two students receiving free and reduced price meals identified the following problems with the eligibility for fourteen of the students:

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(Continued)

1. Information identifying students who qualified for direct certification as a result of being on other assistance programs was not retained for the 2012-2013 year. As a result, the eligibility status for six students identified as receiving free meals could not be determined.
2. Proper income documentation was not provided for one student shown as qualifying for reduced price meals. The student's application for free and reduced price meals did not properly identify the monthly income received. The information reported was the hourly rate of pay instead of the monthly compensation. Proper eligibility status could not be determined in accordance with the income guidelines as eligibility would be affected by the number of hours members of the household would normally work in a pay period. There was no documentation on file to indicate that any type of follow up action was taken in order to verify the proper income.
3. A review of the application for a student identified as eligible for free meals showed the student as homeless. There was no information on file to indicate that any follow up action was taken to verify the student was in fact homeless with the proper officials. Thus the homeless status qualifying the student as eligible for free meals could not be verified as accurate.
4. One person was incorrectly established in the school lunch system as eligible for free meals; however, the eligibility determination on the application on file indicated the person was only eligible for reduced price meals.
5. Five applications indicated zero income and the applications did not identify the applicants as being on any type of assistance program. There was no indication that any further review of eligibility verification was made.

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."

7 CFR 245.6(b)(2) states:

*"Children who may be directly certified.* The local educational agency may directly certify children for free meals or free milk based on documentation received from the appropriate State or local agency that administers FDPIR or TANF, as defined in §245.2, when that agency indicates that the children are members of a household receiving assistance under one of these programs. In addition, the local educational agency may directly certify children for free meals or free milk based on documentation from the appropriate State or local agency or other individual, as specified by FNS, that the child is a *Migrant child*, a *Homeless child*, a *Runaway child*, or a *Head Start child* as defined in §245.2."

7 CFR 245.6(b)(5) states in part: *"Direct certification documentation.* (i) The required documentation for direct certification is provided in paragraph (2) of the definition of *Documentation* in §245.2."

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

7 CFR 245.2 defines the following:

"*Direct certification* means determining a child is eligible for free meals or milk, as applicable, based on documentation obtained directly from the appropriate State or local agency or individuals authorized to certify that the child is a member of a household receiving assistance under *SNAP*, as defined in this section; is a member of a household receiving assistance under *FDPIR* or under the *TANF* program, as defined in this section; a . . . *Homeless child*, a *Migrant child*, a *Head Start child* and a *Runaway child*, as defined in this section."

7 CFR 245.2(2) states in part:

- "(i) Information obtained from the State or local agency responsible for administering *SNAP*, *FDPIR*, or *TANF*, as defined in this section. Documentation for these programs includes the name of the child; a statement certifying that the child is a member of a household receiving assistance under *SNAP*, *FDPIR* or *TANF*, as defined in this section; information in sufficient detail to match the child attending school in the local educational agency with the name of a child who is a member of one of the applicable programs as defined in this section; the signature of the official from the applicable program who is authorized to provide such documentation on behalf of that program and the date that the official signed the certification statement;
- (ii) A letter or other documentation provided to the household by the agency administering *FDPIR* or the *TANF* program, as defined in this section or by the entity or official authorized to administer an eligible program for . . . a *Homeless child*, a *Migrant child*, a *Head Start child*, or a *Runaway child* as defined in this section."

7 CFR 245.6a(c)(7) states in part:

"*Verification for cause*. In addition to the required verification sample, local educational agencies must verify any questionable application and should, on a case-by-case basis, verify any application for cause such as an application on which a household reports zero income or when the local educational agency is aware of additional income or persons in the household."

"If a household is selected for regular verification or verification for cause and the application indicates zero income, the LEA must request and explanation of how living expenses are met and may request additional written documentation or collateral contacts." Eligibility Manual for School Meals Determining and Verifying Eligibility Child Nutrition Programs Food and Nutrition Service, USDA page 92.

7 CFR 245.6(c)(4) states in part: "*Calculating income*. The local educational agency must use the income information provided by the household on the application to calculate the household's total current income. When a household submits an application containing complete documentation, as defined in §245.2."

7 CFR 245.2 defines the following: "*Current income* means income, as defined in 245.6(a), received during the month prior to application. If such income does not accurately reflect the household's annual rate of income, income shall be based on the projected annual household income. . . ."

7 CFR 245.6a(f)(2) states in part: "The documentation must indicate the source, amount and frequency of all income between the month prior to the application for school meal benefits and the time the household is required to provide income documentation."

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

7 CFR 245.6(e) states in part: "*Recordkeeping*. The local educational agency must maintain documentation substantiating eligibility determinations on file for 3 years after the date of the fiscal year to which they pertain . . ."

The failure to establish and implement internal controls enabled 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 and implement controls, including segregation of duties, related to Eligibility compliance requirements. Additional training should be provided to staff regarding the eligibility requirements and the required documentation.

***FINDING 2013-015 - PROGRAM INCOME AND SPECIAL TESTS AND PROVISIONS - SCHOOL FOOD ACCOUNTS***

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program and National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Years (or Other Identifying Number): FY 12, FY 13  
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 Program Income compliance requirement and the Special Tests and Provision requirements pertaining to School Food Accounts that have a direct and material effect to 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.

There is a lack of segregation of duties involving persons responsible for handling meal account collections. The monitoring of collections by the Deputy Treasurer did not provide segregation of duties over handling meal account collections because the Deputy Treasurer also had duties related to the recording of the program income money.

In addition to the segregation of duties control problems identified, other control weaknesses were identified. The prepaid meal control account was not being reconciled with the subsidiary student meal account records to ensure that all financial activity flowing through the subsidiary student records were being recorded in the financial statement. At June 30, 2012, the prepaid meal control account reported \$1,617.71 more than shown the subsidiary record balance. A difference of \$13,895.79 existed between the prepaid meal control account and the subsidiary record balance at June 30, 2013, with the prepaid meal control account reporting less than the subsidiary record.

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As a result of the control weaknesses, including the failure to reconcile the prepaid meal control balance with the subsidiary record, an error in online credit card payments went undetected resulting in the School Corporation incurring a loss of revenue in the amount of \$8,032.95. Online credit card payments, in the amount of \$8,032.95, were mistakenly posted to the student meal accounts twice allowing students access to funds to purchase meals. The School Corporation did not receive the monies a second time.

An additional error of \$5,058.10 was found in fiscal year 2012-2013 in which revenue activities were posted to the wrong fund. There were no other compensating controls in place whereby the daily online payments posted to the subsidiary meal account records were compared with actual monies received for credit card payments.

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."

7 CFR 3016.25(g)(2) states: "When authorized, program income may be added to the funds committed to the grant agreement by the Federal agency and the grantee. The program income shall be used for the purposes and under the conditions of the grant agreement."

The failure to establish and implement internal controls enabled noncompliance to go undetected. Noncompliance with 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 and implement controls, including segregation of duties, related to Program Income and Special Tests and Provision – School Food Accounts compliance requirements. Reconcilements of the subsidiary student meal records to the prepaid meal control account should be performed on a monthly basis with any errors investigated and corrected. A comparison should be made between amounts recorded as online credit card payments to meal accounts with the actual monies received.

***FINDING 2013-016 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY***

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program and National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Years (or Other Identifying Number): FY 12, FY 13

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 Special Tests and Provisions compliance requirement, Paid Lunch Equity.

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



WEST CLARK COMMUNITY SCHOOLS  
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(Continued)

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.

The failure to establish an effective internal control system resulted in noncompliance with the Paid Lunch Equity requirement for the school year 2012-2013. The weighted average lunch meal price required to be charged for the 2012-2013 school year to comply with the Paid Lunch Equity requirements was \$2.40 and the actual weighted average amount charged was only \$2.32.

The school lunch prices for the elementary school were increased from \$2.15 in the 2011-2012 school year to \$2.20 for the 2012-2013 school year and school lunch prices for the middle and high school were increased from \$2.30 in the 2011-2012 school year to \$2.40 for the 2012-2013 school year. The School Corporation is required to adjust school lunch prices to the weighted average lunch meal price to a maximum increase of ten cents from the prior year. The increase for school lunch prices for the elementary school was below the maximum annual average price increase of ten cents, the school lunch prices for the elementary school should have been increased further to meet the weighted average lunch meal price of \$2.40.

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."

7 CFR 210.14(e) states in part:

"*Pricing paid lunches.* For each school year beginning July 1, 2011, school food authorities shall establish prices paid for lunches in accordance with this paragraph. . . .

- (3) *Average lunch price is lower than the reimbursement difference.* When the average price from the prior school year is lower than the difference in the reimbursement rates as determined in paragraph (e)(1)(iii) of this section, the school food authority shall establish an average price for the current school year that is not less than the average meal charged in the previous school year as adjusted by a percentage equal to the sum obtained by adding:

- (i) 2 percent; and
- (ii) The percentage change in the Consumer Price Index for All Urban Consumers used to increase the Federal reimbursement rate under section 11 of the Act for the most recent school year for which data are available. The percentage to be used is found in the annual notice published in the Federal Register announcing the national average payment rates, from the prior year.

- (4) *Price Adjustments.*

- (i) *Maximum required price increase.* The maximum annual average price increase required under this paragraph shall not exceed ten cents.
- (ii) *Rounding of paid lunch prices.* Any school food authority may round the adjusted price of the paid lunches down to the nearest five cents."

WEST CLARK COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The failure to establish and implement internal controls enabled 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 and implement controls, including segregation of duties, related to Special Tests and Provision – Paid Lunch Equity compliance requirements. Calculations of paid lunch equity should be performed yearly and compared to actual lunch prices charged with the lunch price adjusted accordingly.

***FINDING 2013-017 - SPECIAL TESTS AND PROVISIONS - VERIFICATION  
OF FREE AND REDUCED PRICE APPLICATIONS***

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program and National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Years (or Other Identifying Number): FY 12, FY 13

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 programs Special Tests and Provisions requirement for Verification of Free and Reduce Price Applications.

An internal control system, including segregation of duties, should be designed and operated 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.

The weaknesses in controls resulted in problems being identified with the verification process. A review of the School Corporation's process for verification of free and reduced price meal applications identified the following problems:

1. Documentation supporting the review process was incomplete and not organized in a manner to ensure what actions had actually been taken. The final evaluation of the review of the application was not documented on the application as required on the state approved form. Information was instead documented within a computerized system. The information documented in the computer system, however, was incomplete or contradictory. Information documented in the computer system included the date the verification notice was sent to parents; the second attempt to obtain verification information; verification results; and the date of notification of the results of the verification. The results of the verification process information generated from the computer system as shown on the "Application for Verification" report differed from the information on the computer generated report for the individual student application files as shown on the "Free and Reduced Application History" report. In some instances, dates listed for the verification notices indicated the date of the second notification was prior to the date of the first notification. In other instances, one report would show that the application had been selected for verification and show the outcome of the results but this same information would not be shown on the other report.

WEST CLARK COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2. There was no documentation as to the person who performed the verification as required on the state approved application for free or reduced price meal and other benefits form.
3. Information was not provided for the 2012-2013 school year documenting the number of applications on hand in order to determine if the correct number of applications was selected for verification.
4. Proper income documentation was not provided to support the eligibility determination. Problems with income documentation included the following:
  - a. Information documenting income was not filed with the application but was instead filed in a separate folder. There were instances in which the income documentation did not reference the name of a student in order to enable easily cross reference of the income documentation with the proper application on file.
  - b. In one instance the only income supporting documented was a letter from the parent indicating the amount of unemployment compensation with no indication that the amount of compensation was verified with the state agency.
  - c. A W-2 was provided to document income instead of documentation of recent earnings within a month of the application process.
  - d. A tax return was used to document income instead of documentation of recent earnings within a month of the application process.
  - e. Income from overtime compensation per the pay check stub was not taken into consideration when determining if income meet the eligibility guidelines. There was no indication of any follow up action taken to determine if the overtime compensation was representative of regular reoccurring compensation that should be considered in the income evaluation or if the overtime compensation was sporadic and should be excluded from the income calculation.
5. Information was not properly documented to support if the required follow up attempts were made when an applicant failed to respond.

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."

7 CFR 245.6a(c)(1) states in part: "*General*. The local educational agency must verify eligibility of children in a sample of household applications approved for free and reduced price meal benefits for that school year."

WEST CLARK COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

7 CFR 245.6a(f)(2) states:

*"Documentation timeframe.* Households selected and notified for their selection for verification must provide documentation of income. The documentation must indicate the source, amount and frequency of all income and can be for any point in time between the month prior to the application for school meal benefits and the time the household is requested to provide income documentation."

7 CFR 245.6a(f)(6) states in part: *"Follow up attempts.* The local agency shall make at least one attempt to contact any household that does not respond to a verification request."

7 CFR 245.6a(j) states:

*"Adverse action.* If verification activities fail to confirm eligibility for free or reduced price benefits or should the household fail to cooperate with verification efforts, the school or local educational agency shall reduce or terminate benefits, as applicable, as follows: Ten days advance notification shall be provided to households that are to receive a reduction or termination of benefits, prior to the actual reduction or termination. The first day of the 10 day advance notice period shall be the day the notice is sent. The notice shall advise the household of:

- (1) The change;
- (2) The reasons for the change;
- (3) Notification of the right to appeal and when the appeal must be filed to ensure continued benefits while awaiting a hearing and decision;
- (4) Instructions on how to appeal;
- (5) The right to reapply at any time during the school year. The reasons for the ineligibility shall be properly documented and retained on file at the local educational agency."

7 CFR 210.15(b) states is part:

*"Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

- (4) Currently approved and denied applications for free and reduced price lunches and a description of the verification activities, including verified applications, and any accompanying source documentation in accordance with 7 CFR 245.6a of this Title . . ."

The failure to establish and implement internal controls enabled 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 and implement controls, including segregation of duties, related to Special Tests and Provisions - Verification of Free and Reduced Price Application compliance requirements. Additional training should be provided to personnel regarding the verification process and program eligibility requirements.

#### AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

BOARD  
JOE BASHAM  
DOUGLAS COFFMAN  
RICK GRAF  
BRIAN GUERNSEY  
BRIAN E. HURST

**WEST CLARK COMMUNITY SCHOOLS**  
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**FAX 812-246-9731**  
**TELEPHONE 812-246-3375**

**MONTY SCHNEIDER**  
Superintendent  
**R. MAC DYER**  
Associate Superintendent  
**DR. JOHN REED**  
Assistant Superintendent  
CURRICULUM AND INSTRUCTION  
**CHAD SCHENCK**  
Assistant Superintendent of Operations

**FINDING 2013-001 – INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Contact Person: R. Mac Dyer  
Title: Associate Superintendent/Treasurer  
Phone Number: (812) 246-3375

West Clark Community Schools will only include Federal Awards as required. SEFA will be prepared and updated by the Deputy Treasurer. SEFA will then be submitted to the Treasurer for review and rechecking before submission.

Anticipated Completion Date: School Year 2014-2015

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

Contact Person: R. Mac Dyer  
Title: Associate Superintendent/Treasurer  
Phone Number: (812) 246-3375

West Clark Community Schools has hired an additional individual to serve as an Accounts Payable Clerk with Responsibilities such as preparing and posting vouchers and recording all receipts for the school corporation. The Food Service Director will reconcile and record daily deposits for the food service.

Anticipated Completion Date: March, 2013  
School Year 2014-2015

**FINDING 2013-003-INTERNAL CONTROLS OVER SCHOOL LUNCH FUND DISBURSEMENTS**

Contact Person: Meg Petterson  
Title: Food Service Director  
Phone Number: (812) 246-3375

The food service director will develop and implement procedures for receiving cafeteria supplies for each school cafeteria. The food service director will develop and implement a checklist for each claim verifying that delivery and condition of goods are adequate; invoices are accurate, prices verified with bid list and documentation properly filed. The checklist is signed by the Food Service Director.

Anticipated Completion Date: School Year 2014-2015

**MISSION STATEMENT**

We will provide and encourage, with community involvement, broad educational opportunities that prepare students to reach their full potential and to become contributing members of society in a changing world.

**AN EQUAL OPPORTUNITY EMPLOYER**

#### **FINDING 2013-004-INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS**

Contact Person: Dr. John Reed  
Title: Associate Superintendent  
Phone: (812) 246-3375

West Clark Community Schools has hired a Title I Director. The Director will establish an effective internal control system related to the grant agreement and will ensure all compliance components are coordinated, guided and enforced in all designated Title I schools. The Director will maintain compliance documentation for each individual school, as well as the school corporation.

Anticipated Completion Date: July, 2014

#### **FINDING 2013-005-ALLOWABLE COSTS AND ALLOWABLE ACTIVITIES**

Contact Person: Dr. John Reed  
Title: Assistant Superintendent  
Phone: (812) 246-3375

The Title I Director will discuss spending Title I funds with District Officials and School Principals considering the three fiscal principles that must be in place before Title I funds are granted. Those conditions are as follows:

- Maintenance of Effort
- Comparability
- Supplement not supplant

These conditions are intended to ensure that Title I funds DO NOT replace funds that a school corporation would ordinarily spend.

Anticipated Completion Date: School Year 2014-2015

## **FINDING 2013-006-EQUIPMENT AND REAL PROPERTY MANAGEMENT**

Contact Person: Dr. John Reed  
Title: Assistant Superintendent  
Phone: (812) 246-3375

West Clark Community Schools will establish the following process for equipment and real property management:

- Any equipment purchased with Title I funds will support the program(s) for which it was acquired. Equipment can also be used to support other federally funded programs if such use does not interfere with the work on the program for which it was originally acquired.
- Equipment will follow a control system to safeguard and prevent loss, damage and/or theft.
- The school corporation will evaluate the need and cost of the equipment to be purchased for approval.
- A purchase order is submitted to the accounts payable clerk to be processed after approval of the Title I Director.
- Materials are shipped and delivered to the central office to be tagged and inventoried.
- Materials/equipment will be sent out to the school along with a tracking memo and a list of equipment being delivered. There will be a signature required at the school level. An e-mail will be sent to the school principal including a description of the property and cost to maintain records at each site.
- At the end of the school year, the school principal will turn in Title I inventory. The inventory will indicate the material/equipment, quantity, location and condition of the equipment.
- If disposition of the equipment is needed, the school corporation will follow the state disposition process.

Anticipated Completion Date: School Year 2014-2015



#### **FINDING 2013-007-SPECIAL TESTS AND PROVISION-COMPARABILITY**

Contact Person: Dr. John Reed  
Title: Assistant Superintendent  
Phone: (812) 246-3375

All records, reports and information utilized to determine comparability will be kept at the District Level in the Title I office. The supporting documentation as well as the comparability report submitted to IDOE will be filed and kept in each year's Title I Compliance Binder.

Anticipated Completion Date: School Year 2014-2015

#### **FINDING 2013-008-SPECIAL TESTS AND PROVISIONS-PRIVATE SCHOOL PARTICIPATION**

Contact Person: Dr. John Reed  
Title: Assistant Superintendent  
Phone: (812) 246-3375

The Private School allocation is shared with the Private School Principal. The Title I Director will maintain communication and meet with the Private School Principal as needed to encourage the use of their federal allocation.

Anticipated Completion Date: School Year 2014-2015

#### **FINDING 2013-009-ELIGIBILITY**

Contact Person: Dr. John Reed  
Title: Assistant Superintendent  
Phone: (812) 246-3375

The school corporation will provide each Principal, Title I Coach and Title I Staff with a form to determine Eligibility for Services. The form is also available on the Title I website.

Anticipated Completion Date: School Year 2014-2015

#### **FINDING 2013-010-SPECIAL TEST AND PROVISIONS-HIGHLY QUALIFIED TEACHERS AND PARAPROFESSIONALS**

Contact Person: Dr. John Reed  
Title: Assistant Superintendent  
Phone: (812) 246-3375

The school corporation will verify HQ status before an individual is assigned to a Title I School. If a non-HQ is placed in a Title I School, parents will be notified with a letter and the school corporation will either continue to look for a HQ replacement or will provide the test (test site for TA's) to become HQ if that is the only requirement missing.

Anticipated Completion Date: School Year 2014-2015

#### **FINDING 2013-11-ALLOWABLE COSTS AND ALLOWABLE ACTIVITIES**

Contact Person: Meg Petterson  
Title: Food Service Director  
Phone Number (812) 246-3375

The Food Service Director will develop and implement procedures for receiving cafeteria supplies for each school cafeteria. The Food Service Director will develop and implement a checklist for each claim verifying delivery and condition of goods, accuracy of invoice and verification of pricing with vendor established price list prior to payment.

Anticipated Completion Date: School Year 2014-2015

#### **FINDING 2013-012-PROCUREMENT, SUSPENSION AND DEBARMENT**

Contact Person: Meg Petterson  
Title: Food Service Director  
Phone Number (812) 246-3375

The Food Service Director will develop and implement procedures addressing proper procurement procedures in the area of suspension and debarment as stipulated by the Department of Agriculture.

Anticipated Completion Date: School Year 2014-2015

#### **FINDING 2013-013-REPORTING**

Contact Person: Meg Petterson  
Title: Food Service Director  
Phone Number (812) 246-3375

The Food Service Director will prepare and file the Annual Financial Report for the cafeteria system per the instructions provided by the State of Indiana. Proper calculations will be performed to insure that each column within the AFR is correct and only includes amounts pertaining to the heading of each column that is detailed by the State of Indiana instructions. Claims for reimbursement made to the State of Indiana will be verified and documented by the lunch program currently in use by West Clark Community Schools. Claims will be reviewed by the Treasurer before submittal to the State of Indiana.

Anticipated Completion Date: School Year 2014-2015

#### **FINDING 2013-014-ELIGIBILITY**

Contact Person: Meg Petterson  
Title: Food Service Director  
Phone Number (812) 246-3375

The Food Service Director will develop and implement policies and procedures to ensure that the applications for Free and Reduced Price Meals is completed and maintained correctly (information on the application is to be taken at face value).

Anticipated Completion Date: School Year 2014-2015

#### **FINDING 2013-015-PROGRAM INCOME AND SPECIAL TESTS AND PROVISIONS-SCHOOL FOOD ACCOUNTS**

Contact Person: Meg Petterson  
Title: Food Service Director  
Phone Number (812) 246-3375

The Food Service Director will bring the prepaid meal account into balance and properly monitor this balance on a timely basis. Posting of meal account collections will be done by someone other than the Deputy Treasurer. Receipts and reconciliations on the meal accounts will be done on a timely basis for cash and charge sales.

Anticipated Completion Date: School Year 2014-2015

#### **FINDING 2013-016-SPECIAL TESTS AND PROVISIONS-PAID LUNCH EQUITY**

Contact Person: Meg Petterson  
Title: Food Service Director  
Phone Number (812) 246-3375

The Food Service Director will develop and implement procedures to see that paid lunch pricing is equitable. The Paid Lunch Equity Price Calculator from the USDA Nutrition Service will be used to determine paid lunch price equity each year.

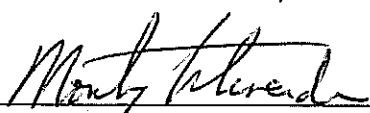
Anticipated Completion Date: School Year 2014-2015

**FINDING 2013-017-SPECIAL TESTS AND PROVISIONS-VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS**

Contact Person: Meg Petterson  
Title: Food Service Director  
Phone Number: (812) 246-3375

The Food Service Director will develop procedures to ensure all supporting documentation for all verifications for free and reduced applications are maintained with the chosen application. A checklist will be developed to verify that the verification process was done according to USDA guidelines.

Anticipated Completion Date: School Year 2014-2015

  
\_\_\_\_\_  
Superintendent

Date: 1/29/15

  
\_\_\_\_\_  
Associate Superintendent

Date: 1/29/15

WEST CLARK COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on October 24, 2014, with Monty Schneider, Superintendent of Schools; R. Mac Dyer, Associate Superintendent of Schools/Treasurer; John Reed, Assistant Superintendent of Schools; and Joseph Basham, Vice President of the School Board.