

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
CLARK COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
12/22/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement	12-17
Other Information - Unaudited: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-29
Schedule of Leases and Debt	31
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	34-35
Schedule of Expenditures of Federal Awards and Accompanying Notes: Schedule of Expenditures of Federal Awards.....	38-39
Notes to Schedule of Expenditures of Federal Awards	40
Schedule of Findings and Questioned Costs	41-50
Auditee-Prepared Document: Corrective Action Plan	52-55
Other Reports.....	56

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Judith N. Sanderson Christi Pruitt	07-01-12 to 05-03-15 05-04-15 to 12-31-16
Superintendent of Schools	Dr. Kimberly Knott	07-01-12 to 12-31-17
President of the School Board	William P. Wilson	07-01-12 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Clarksville Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement as listed in the Table of Contents.

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, 2012 to June 30, 2014.

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, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated July 28, 2016, 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.


Paul D. Joyce, CPA
State Examiner

July 28, 2016



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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE CLARKSVILLE COMMUNITY
SCHOOL CORPORATION, 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 the Clarksville Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated July 28, 2016, 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 2014-001 and 2014-002 to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings and Questions Costs as item 2014-01.

Clarksville Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

July 28, 2016

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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.

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CLARKSVILLE COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

Fund	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 3,044,917	\$ 9,465,081	\$ 9,432,784	\$ (178,707)	\$ 2,898,507	\$ 9,333,041	\$ 9,303,574	\$ (182,000)	\$ 2,745,974
Debt Service	1,282,471	2,219,918	2,316,339	-	1,186,050	2,663,755	2,409,780	-	1,440,025
Retirement/Severance Bond Debt Service	175,329	320,659	348,674	-	147,314	382,167	350,212	-	179,269
Capital Projects	2,451,198	1,354,539	980,516	-	2,825,221	1,173,177	3,782,114	-	216,284
School Transportation	871,705	445,699	491,393	41,311	867,322	429,200	605,153	-	691,369
School Bus Replacement	389,508	140,389	142,090	-	387,807	91,059	180,362	-	298,504
Rainy Day	2,274,573	-	-	326,000	2,600,573	-	466,957	182,000	2,315,616
Retirement/Severance Bond	26,384	-	-	-	26,384	-	-	-	26,384
Construction	518,346	-	632,588	306,977	192,735	-	192,735	-	-
CMS 2013 Construction	-	-	-	-	-	-	127,024	1,581,972	1,454,948
CMS 2012 Construction	-	-	-	-	-	-	122,115	1,646,848	1,524,733
School Lunch	177,030	678,601	676,881	-	178,750	692,260	627,269	-	243,741
Textbook Rental	(4,615)	105,626	20,584	-	80,427	115,088	187,834	-	7,681
Levy Excess	29,960	11,350	-	(41,310)	-	-	-	-	-
Educational License Plates	356	319	-	-	675	263	-	-	938
Alternative Education	1,628	-	-	-	1,628	-	-	-	1,628
Miscellaneous Programs	318	1,719	1,173	-	864	19	847	-	36
Medicaid Reimbursement	67,724	10,797	-	-	78,521	9,790	-	-	88,311
FY 2012 NESP Grant	1,967	-	2,135	-	(168)	-	-	-	(168)
FY 2013 NESP Grant	-	4,119	4,119	-	-	-	-	-	-
FY 2014 NESP Grant	-	-	-	-	-	4,879	4,771	-	108
Non-English Speaking PGM/08-09	499	-	-	-	499	-	444	-	55
Title I FY 2012	(45,719)	145,271	99,552	-	-	-	-	-	-
Title I FY 2013	-	185,209	243,302	-	(58,093)	118,939	60,846	-	-
Title I FY 2014	-	-	-	-	-	182,870	204,206	-	(21,336)
Spec Ed Preschool Part B	-	90,462	98,188	-	(7,726)	16,723	8,997	-	-
Part B/611 FY 2013	-	-	-	-	-	78,095	78,963	-	(868)
Special Education Improvement Grants	-	53,789	53,063	-	726	-	-	-	726
Preschool Contract Speech Service	(9,156)	9,156	-	-	-	-	-	-	-
Preschool Contract Speech Service FY 2012	-	8,585	8,585	-	-	-	-	-	-
Preschool Contract Speech Service FY 2013	-	-	-	-	-	7,554	7,554	-	-
Team Nutrition Training Grants	1,595	-	1,595	-	-	-	-	-	-
Medicaid Reimbursement - Federal	65,813	19,289	6,456	-	78,646	17,526	4,298	-	91,874
Improving Teaching Quality, No Child Left, Title II, Part A	(13,283)	63,096	49,813	-	-	-	-	-	-
Title II PT Grant FY 2011	-	19,661	24,620	-	(4,959)	60,301	55,342	-	-
Title II Part A Grant FY 2012	-	3,132	3,132	-	-	27,905	45,501	-	(17,596)
Title III Language Instruction	349	-	-	-	349	-	349	-	-
Title III ESL Consortium	1,721	-	-	-	1,721	-	1,721	-	-
Teacher Incentive TAP	(18,113)	119,265	130,414	-	(29,262)	-	(3,018)	26,244	-
Teacher Incentive TAP YR 3	-	170,742	186,966	-	(16,224)	278,157	245,100	(26,244)	(9,411)
Teacher Incentive TAP YR 4	-	-	-	-	-	170,468	187,487	-	(17,019)
Education Jobs	-	6,458	6,458	-	-	-	-	-	-
Payroll Withholding	105,524	2,038,896	2,067,063	-	77,357	2,117,173	2,131,811	-	62,719
Prepaid Food	-	154,562	152,415	-	2,147	159,393	159,788	-	1,752
Totals	\$ 11,398,029	\$ 17,846,389	\$ 18,180,898	\$ 454,271	\$ 11,517,791	\$ 18,129,802	\$ 21,550,136	\$ 3,228,820	\$ 11,326,277

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

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.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: 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 a cost-sharing 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
One North Capitol, 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.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

Note 7. Negative Receipts and Disbursements

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

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2013 and 2014.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporation*

The School Corporation has entered into a capital lease with Clarksville High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2013 and 2014, totaled \$2,300,500 and \$2,387,500, respectively.

Note 10. *Subsequent Events*

On September 15, 2015, the School Board approved the Amended General Obligation Pension Bonds, Series 2004 (Taxable) Bonds. The outstanding bonds in the amount of \$800,000 conclude January 5, 2018.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 3,044,917	\$ 1,282,471	\$ 175,329	\$ 2,451,198	\$ 871,705	\$ 389,508	\$ 2,274,573	\$ 26,384	\$ 518,346
Receipts:									
Local sources	171,337	2,219,918	320,659	1,349,639	424,757	140,389	-	-	-
Intermediate sources	499	-	-	-	-	-	-	-	-
State sources	9,293,245	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	4,900	20,942	-	-	-	-
Total receipts	<u>9,465,081</u>	<u>2,219,918</u>	<u>320,659</u>	<u>1,354,539</u>	<u>445,699</u>	<u>140,389</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Instruction	5,890,312	-	-	-	-	-	-	-	-
Support services	3,472,054	12,815	-	512,774	491,393	142,090	-	-	-
Noninstructional services	70,418	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	467,742	-	-	-	-	632,588
Debt services	-	2,303,524	348,674	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>9,432,784</u>	<u>2,316,339</u>	<u>348,674</u>	<u>980,516</u>	<u>491,393</u>	<u>142,090</u>	<u>-</u>	<u>-</u>	<u>632,588</u>
Excess (deficiency) of receipts over disbursements	<u>32,297</u>	<u>(96,421)</u>	<u>(28,015)</u>	<u>374,023</u>	<u>(45,694)</u>	<u>(1,701)</u>	<u>-</u>	<u>-</u>	<u>(632,588)</u>
Other financing sources (uses):									
Sale of capital assets	147,293	-	-	-	-	-	-	-	306,977
Transfers in	-	-	-	-	41,311	-	326,000	-	-
Transfers out	(326,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(178,707)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,311</u>	<u>-</u>	<u>326,000</u>	<u>-</u>	<u>306,977</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(146,410)</u>	<u>(96,421)</u>	<u>(28,015)</u>	<u>374,023</u>	<u>(4,383)</u>	<u>(1,701)</u>	<u>326,000</u>	<u>-</u>	<u>(325,611)</u>
Cash and investments - ending	<u>\$ 2,898,507</u>	<u>\$ 1,186,050</u>	<u>\$ 147,314</u>	<u>\$ 2,825,221</u>	<u>\$ 867,322</u>	<u>\$ 387,807</u>	<u>\$ 2,600,573</u>	<u>\$ 26,384</u>	<u>\$ 192,735</u>

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

	CMS 2013 Construction	CMS 2012 Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	Miscellaneous Programs	Medicaid Reimbursement
Cash and investments - beginning	\$ -	\$ -	\$ 177,030	\$ (4,615)	\$ 29,960	\$ 356	\$ 1,628	\$ 318	\$ 67,724
Receipts:									
Local sources	-	-	165,116	34,797	11,350	-	-	1,719	-
Intermediate sources	-	-	-	-	-	319	-	-	-
State sources	-	-	3,508	70,829	-	-	-	-	10,797
Federal sources	-	-	509,977	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	678,601	105,626	11,350	319	-	1,719	10,797
Disbursements:									
Instruction	-	-	-	-	-	-	-	1,173	-
Support services	-	-	403	20,584	-	-	-	-	-
Noninstructional services	-	-	676,478	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	676,881	20,584	-	-	-	1,173	-
Excess (deficiency) of receipts over disbursements	-	-	1,720	85,042	11,350	319	-	546	10,797
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(41,310)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(41,310)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	1,720	85,042	(29,960)	319	-	546	10,797
Cash and investments - ending	\$ -	\$ -	\$ 178,750	\$ 80,427	\$ -	\$ 675	\$ 1,628	\$ 864	\$ 78,521

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

	FY 2012 NESP Grant	FY 2013 NESP Grant	FY 2014 NESP Grant	Non-English Speaking PGM/08-09	Title I FY 2012	Title I FY 2013	Title I FY 2014	Spec Ed Preschool Part B	Part B/611 FY 2013
Cash and investments - beginning	\$ 1,967	\$ -	\$ -	\$ 499	\$ (45,719)	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	4,119	-	-	-	-	-	-	-
Federal sources	-	-	-	-	145,271	185,209	-	90,462	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	4,119	-	-	145,271	185,209	-	90,462	-
Disbursements:									
Instruction	-	-	-	-	63,261	150,303	-	88,702	-
Support services	2,135	4,050	-	-	33,854	83,427	-	-	-
Noninstructional services	-	69	-	-	2,437	9,572	-	9,486	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	2,135	4,119	-	-	99,552	243,302	-	98,188	-
Excess (deficiency) of receipts over disbursements	(2,135)	-	-	-	45,719	(58,093)	-	(7,726)	-
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	(2,135)	-	-	-	45,719	(58,093)	-	(7,726)	-
Cash and investments - ending	\$ (168)	\$ -	\$ -	\$ 499	\$ -	\$ (58,093)	\$ -	\$ (7,726)	\$ -

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

	Special Education Improvement Grants	Preschool Contract Speech Service	Preschool Contract Speech Service FY 2012	Preschool Contract Speech Service FY 2013	Team Nutrition Training Grants	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title II PT Grant FY 2011	Title II Part A Grant FY 2012
Cash and investments - beginning	\$ -	\$ (9,156)	\$ -	\$ -	\$ 1,595	\$ 65,813	\$ (13,283)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	53,789	9,156	8,585	-	-	19,289	63,096	19,661	3,132
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>53,789</u>	<u>9,156</u>	<u>8,585</u>	<u>-</u>	<u>-</u>	<u>19,289</u>	<u>63,096</u>	<u>19,661</u>	<u>3,132</u>
Disbursements:									
Instruction	53,063	-	8,585	-	-	6,026	-	-	-
Support services	-	-	-	-	1,595	-	49,813	24,620	3,132
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	430	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>53,063</u>	<u>-</u>	<u>8,585</u>	<u>-</u>	<u>1,595</u>	<u>6,456</u>	<u>49,813</u>	<u>24,620</u>	<u>3,132</u>
Excess (deficiency) of receipts over disbursements	<u>726</u>	<u>9,156</u>	<u>-</u>	<u>-</u>	<u>(1,595)</u>	<u>12,833</u>	<u>13,283</u>	<u>(4,959)</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>726</u>	<u>9,156</u>	<u>-</u>	<u>-</u>	<u>(1,595)</u>	<u>12,833</u>	<u>13,283</u>	<u>(4,959)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,646</u>	<u>\$ -</u>	<u>\$ (4,959)</u>	<u>\$ -</u>

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

	Title III Language Instruction	Title III ESL Consortium	Teacher Incentive TAP	Teacher Incentive TAP YR 3	Teacher Incentive TAP YR 4	Education Jobs	Payroll Withholding	Prepaid Food	Totals
Cash and investments - beginning	\$ 349	\$ 1,721	\$ (18,113)	\$ -	\$ -	\$ -	\$ 105,524	\$ -	\$ 11,398,029
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,839,681
Intermediate sources	-	-	-	-	-	-	-	-	818
State sources	-	-	-	-	-	-	-	-	9,382,498
Federal sources	-	-	119,265	170,742	-	6,458	-	-	1,404,092
Other receipts	-	-	-	-	-	-	2,038,896	154,562	2,219,300
Total receipts	-	-	119,265	170,742	-	6,458	2,038,896	154,562	17,846,389
Disbursements:									
Instruction	-	-	120,055	181,606	-	6,458	-	-	6,569,544
Support services	-	-	10,359	5,360	-	-	-	-	4,870,458
Noninstructional services	-	-	-	-	-	-	-	-	768,460
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,100,760
Debt services	-	-	-	-	-	-	-	-	2,652,198
Nonprogrammed charges	-	-	-	-	-	-	2,067,063	152,415	2,219,478
Total disbursements	-	-	130,414	186,966	-	6,458	2,067,063	152,415	18,180,898
Excess (deficiency) of receipts over disbursements	-	-	(11,149)	(16,224)	-	-	(28,167)	2,147	(334,509)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	454,270
Transfers in	-	-	-	-	-	-	-	-	367,311
Transfers out	-	-	-	-	-	-	-	-	(367,310)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	454,271
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(11,149)	(16,224)	-	-	(28,167)	2,147	119,762
Cash and investments - ending	\$ 349	\$ 1,721	\$ (29,262)	\$ (16,224)	\$ -	\$ -	\$ 77,357	\$ 2,147	\$ 11,517,791

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 2,898,507	\$ 1,186,050	\$ 147,314	\$ 2,825,221	\$ 867,322	\$ 387,807	\$ 2,600,573	\$ 26,384	\$ 192,735
Receipts:									
Local sources	208,092	2,663,755	382,167	1,168,512	413,184	91,059	-	-	-
Intermediate sources	3	-	-	-	-	-	-	-	-
State sources	9,124,946	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	4,665	16,016	-	-	-	-
Total receipts	9,333,041	2,663,755	382,167	1,173,177	429,200	91,059	-	-	-
Disbursements:									
Instruction	5,670,133	-	-	-	-	-	7,499	-	-
Support services	3,562,106	1,003	-	435,220	601,153	180,362	139,731	-	-
Noninstructional services	71,335	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	3,346,894	4,000	-	319,727	-	192,735
Debt services	-	2,408,777	350,212	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	9,303,574	2,409,780	350,212	3,782,114	605,153	180,362	466,957	-	192,735
Excess (deficiency) of receipts over disbursements	29,467	253,975	31,955	(2,608,937)	(175,953)	(89,303)	(466,957)	-	(192,735)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	182,000	-	-
Transfers out	(182,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(182,000)	-	-	-	-	-	182,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(152,533)	253,975	31,955	(2,608,937)	(175,953)	(89,303)	(284,957)	-	(192,735)
Cash and investments - ending	\$ 2,745,974	\$ 1,440,025	\$ 179,269	\$ 216,284	\$ 691,369	\$ 298,504	\$ 2,315,616	\$ 26,384	\$ -

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	CMS 2013 Construction	CMS 2012 Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	Miscellaneous Programs	Medicaid Reimbursement
Cash and investments - beginning	\$ -	\$ -	\$ 178,750	\$ 80,427	\$ -	\$ 675	\$ 1,628	\$ 864	\$ 78,521
Receipts:									
Local sources	-	-	177,157	37,828	-	-	-	19	-
Intermediate sources	-	-	-	-	-	263	-	-	-
State sources	-	-	-	77,260	-	-	-	-	9,790
Federal sources	-	-	515,103	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	692,260	115,088	-	263	-	19	9,790
Disbursements:									
Instruction	-	-	-	-	-	-	-	847	-
Support services	-	-	406	187,834	-	-	-	-	-
Noninstructional services	-	-	626,863	-	-	-	-	-	-
Facilities acquisition and construction	127,024	122,115	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	127,024	122,115	627,269	187,834	-	-	-	847	-
Excess (deficiency) of receipts over disbursements	(127,024)	(122,115)	64,991	(72,746)	-	263	-	(828)	9,790
Other financing sources (uses):									
Sale of capital assets	1,581,972	1,646,848	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,581,972	1,646,848	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,454,948	1,524,733	64,991	(72,746)	-	263	-	(828)	9,790
Cash and investments - ending	\$ 1,454,948	\$ 1,524,733	\$ 243,741	\$ 7,681	\$ -	\$ 938	\$ 1,628	\$ 36	\$ 88,311

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	FY 2012 NESP Grant	FY 2013 NESP Grant	FY 2014 NESP Grant	Non-English Speaking PGM/08-09	Title I FY 2012	Title I FY 2013	Title I FY 2014	Spec Ed Preschool Part B	Part B/611 FY 2013
Cash and investments - beginning	\$ (168)	\$ -	\$ -	\$ 499	\$ -	\$ (58,093)	\$ -	\$ (7,726)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	4,879	-	-	-	-	-	-
Federal sources	-	-	-	-	-	118,939	182,870	16,723	78,095
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	4,879	-	-	118,939	182,870	16,723	78,095
Disbursements:									
Instruction	-	-	-	-	-	31,903	133,511	8,997	68,252
Support services	-	-	479	-	-	27,949	63,078	-	-
Noninstructional services	-	-	94	444	-	994	7,617	-	10,711
Facilities acquisition and construction	-	-	4,198	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	4,771	444	-	60,846	204,206	8,997	78,963
Excess (deficiency) of receipts over disbursements	-	-	108	(444)	-	58,093	(21,336)	7,726	(868)
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	-	-	108	(444)	-	58,093	(21,336)	7,726	(868)
Cash and investments - ending	\$ (168)	\$ -	\$ 108	\$ 55	\$ -	\$ -	\$ (21,336)	\$ -	\$ (868)

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Special Education Improvement Grants	Preschool Contract Speech Service	Preschool Contract Speech Service FY 2012	Preschool Contract Speech Service FY 2013	Team Nutrition Training Grants	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title II PT Grant FY 2011	Title II Part A Grant FY 2012
Cash and investments - beginning	\$ 726	\$ -	\$ -	\$ -	\$ -	\$ 78,646	\$ -	\$ (4,959)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	7,554	-	17,526	-	60,301	27,905
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	7,554	-	17,526	-	60,301	27,905
Disbursements:									
Instruction	-	-	-	7,554	-	4,229	-	-	-
Support services	-	-	-	-	-	-	-	55,342	45,501
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	69	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	7,554	-	4,298	-	55,342	45,501
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	13,228	-	4,959	(17,596)
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	-	-	-	-	-	13,228	-	4,959	(17,596)
Cash and investments - ending	\$ 726	\$ -	\$ -	\$ -	\$ -	\$ 91,874	\$ -	\$ -	\$ (17,596)

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Title III Language Instruction	Title III ESL Consortium	Teacher Incentive TAP	Teacher Incentive TAP YR 3	Teacher Incentive TAP YR 4	Education Jobs	Payroll Withholding	Prepaid Food	Totals
Cash and investments - beginning	\$ 349	\$ 1,721	\$ (29,262)	\$ (16,224)	\$ -	\$ -	\$ 77,357	\$ 2,147	\$ 11,517,791
Receipts:									
Local sources	-	-	-	-	-	-	-	-	5,141,773
Intermediate sources	-	-	-	-	-	-	-	-	266
State sources	-	-	-	-	-	-	-	-	9,216,875
Federal sources	-	-	-	278,157	170,468	-	-	-	1,473,641
Other receipts	-	-	-	-	-	-	2,117,173	159,393	2,297,247
Total receipts	-	-	-	278,157	170,468	-	2,117,173	159,393	18,129,802
Disbursements:									
Instruction	349	1,721	-	229,906	187,487	-	-	-	6,352,388
Support services	-	-	(3,018)	15,194	-	-	-	-	5,312,340
Noninstructional services	-	-	-	-	-	-	-	-	718,058
Facilities acquisition and construction	-	-	-	-	-	-	-	-	4,116,762
Debt services	-	-	-	-	-	-	-	-	2,758,989
Nonprogrammed charges	-	-	-	-	-	-	2,131,811	159,788	2,291,599
Total disbursements	349	1,721	(3,018)	245,100	187,487	-	2,131,811	159,788	21,550,136
Excess (deficiency) of receipts over disbursements	(349)	(1,721)	3,018	33,057	(17,019)	-	(14,638)	(395)	(3,420,334)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	3,228,820
Transfers in	-	-	-	-	-	-	-	-	182,000
Transfers out	-	-	26,244	(26,244)	-	-	-	-	(182,000)
Total other financing sources (uses)	-	-	26,244	(26,244)	-	-	-	-	3,228,820
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(349)	(1,721)	29,262	6,813	(17,019)	-	(14,638)	(395)	(191,514)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (9,411)	\$ (17,019)	\$ -	\$ 62,719	\$ 1,752	\$ 11,326,277

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CLARKSVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Clarksville High School Building Corporation	Clarksville Elementary School Building Project	\$ 840,000	1/15/2012	1/15/2024
Clarksville High School Building Corporation	Clarksville High School Building Project	1,460,000	7/15/2008	1/15/2017
Clarksville High School Building Corporation	2013A CHS Building Improvement	48,000	7/15/2014	1/15/2021
Clarksville High School Building Corporation	2013B CMS Building Improvement	40,000	7/15/2014	1/15/2021
Clarksville High School Building Corporation	2013C CES Building Improvement	38,000	7/15/2014	1/15/2021
Clarksville High School Building Corporation	2014A CHS Auditorium Improvement	<u>362,000</u>	7/15/2015	1/15/2021
Total of annual lease payments		<u>\$ 2,788,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Retirement/Severance Bonds	\$ 1,095,000	\$ 174,744
Total		<u>\$ 1,095,000</u>	<u>\$ 174,744</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Report on Compliance for Each Major Federal Program

We have audited the Clarksville Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-004 and 2014-006. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003, 2014-004, 2014-005, 2014-006 to be material weaknesses.

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

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

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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.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

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 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
FY 2012-13			FY 2012-13	\$ 111,391	\$ -
FY 2013-14			FY 2013-14	-	112,315
Total - School Breakfast Program				<u>111,391</u>	<u>112,315</u>
National School Lunch Program	Indiana Department of Education	10.555			
FY 2012-13			FY 2012-13	441,788	-
FY 2013-14			FY 2013-14	-	440,172
Total - National School Lunch Program				<u>441,788</u>	<u>440,172</u>
Total - Child Nutrition Cluster				<u>553,179</u>	<u>552,487</u>
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education	10.579			
FY 2010-11			10-1000	1,595	-
Total - Department of Agriculture				<u>554,774</u>	<u>552,487</u>
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
FY 2012 Title I			SY 2011/2012	145,271	-
FY 2013 Title I			SY 2012/2013	185,209	118,939
FY 2014 Title I			SY 2013/2014	-	182,870
Total - Title I, Part A Cluster				<u>330,480</u>	<u>301,809</u>
Special Education Cluster (IDEA)					
Special Education_Grants to States	Indiana Department of Education	84.027			
FY 2011 Fed Part B 611 Grant			14211-022-PN01	8,905	-
FY 2012 Fed Part B Grant			14212-022-PN01	139,934	27,166
FY 2013 Fed Part B 611 Grant			14213-022-PN01	193,511	161,709
FY 2014 Fed Part B 611 Grant			14214-022-PN01	-	166,387
Improvement Grant			10-1000	52,953	-
Part B, Technical Assistance Grant			99914-022-TA01	-	3,495
Total - Special Education_Grants to States				<u>395,303</u>	<u>358,757</u>

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014
(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 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Education (continued)</u>					
Special Education Cluster (IDEA) (continued)					
Special Education_Preschool Grants	Indiana Department of Education	84.173			
FY 2011 Fed Part B 619 Grant			45711-022-PN01	884	-
FY 2012 Fed Part B 619 Grant			45712-022-PN01	4,994	2,584
FY 2013 Fed Part B 619 Grant			45713-022-PN01	3,939	6,028
FY 2014 Fed Part B 619 Grant			45714-022-PN01	-	1,594
				<u>9,817</u>	<u>10,206</u>
Total - Special Education_Preschool Grants				<u>9,817</u>	<u>10,206</u>
Total - Special Education Cluster (IDEA)				<u>405,120</u>	<u>368,963</u>
Teacher Incentive Fund Cluster					
Teacher Incentive Fund	Indiana Department of Education	84.374			
FY 11-12			FY 11-12	119,265	-
FY 12-13			FY 12-13	170,742	278,157
Yr. 4/Teacher Incentive - TAP			FY 13-14	-	170,468
				<u>290,007</u>	<u>448,625</u>
Total - Teacher Incentive Fund Cluster				<u>290,007</u>	<u>448,625</u>
English Language Acquisition State Grants					
Wilson Education Center	Wilson Education Center	84.365			
FY 09-10			FY 09-10	-	349
FY 10-11			FY 10-11	-	1,721
				<u>-</u>	<u>2,070</u>
Total - English Language Acquisition State Grants				<u>-</u>	<u>2,070</u>
Improving Teacher Quality State Grants					
Indiana Department of Education	Indiana Department of Education	84.367			
FY 2010			FFY 2010	63,096	-
FY 2011			FFY 2011	19,661	60,301
FY 2012			FFY 2012	3,132	27,905
				<u>85,889</u>	<u>88,206</u>
Total - Improving Teacher Quality State Grants				<u>85,889</u>	<u>88,206</u>
Education Jobs Fund					
Indiana Department of Education	Indiana Department of Education	84.410			
FY 11-12			11-5769	6,458	-
Total - Department of Education				<u>1,117,954</u>	<u>1,209,673</u>
Total federal awards expended				<u>\$ 1,672,728</u>	<u>\$ 1,762,160</u>

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) 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 5-11-1-25), 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, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the SEFA.

Program Title	Federal CFDA Number	2013	2014
Child Nutrition Cluster:			
Food Commodities:			
National School Lunch Program	10.555	\$ 43,202	\$ 40,839

Note 3. Clark County Special Education Co-op

The School Corporation is a member of a Special Education Cooperative (Cooperative). The Cooperative operates the Special Education programs for the School Corporation. As a result, some activity for the Special Education Cluster that is presented on the SEFA is not presented as receipts and disbursements in the financial statement.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

Identification of Major Programs:

Name of Federal Program or Cluster

Title I, Part A Cluster
Special Education Cluster (IDEA)
Teacher Incentive Fund Cluster

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

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

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

During the audit of the SEFA, there were the following errors:

1. Expenditures of the Child Nutrition Cluster were understated by \$353,102 and \$552,487 for the 2012-2013 and 2013-2014 school years, respectively.
2. Expenditures of the Child Nutrition Discretionary Grants Limited Availability program were understated by \$1,595 for the 2012-2013 school year.
3. Expenditures of the Title I, Part A Cluster were overstated by \$1,657,790 and understated by \$118,939 for the 2012-2013 and 2013-2014 school years, respectively.
4. Expenditures of the Special Education Cluster (IDEA) were overstated by \$437,107 for the 2012-2013 school year.
5. Expenditures of the Teacher Incentive Fund Cluster were understated by \$290,007 and \$278,157 for the 2012-2013 and 2013-2014 school years, respectively.
6. Expenditures of the English Language Acquisition State Grants were understated by \$2,070 for the 2013-2014 school year.
7. Expenditures of the Improving Teacher Quality State Grants were overstated by \$4,795,881 and understated by \$60,301 for the 2012-2013 and 2013-2014 school years, respectively.
8. Expenditures of the Education Jobs Fund were overstated by \$583,017 for the 2012-2013 school year.
9. Expenditures in the amount of \$84,752 were reported during the 2012-2013 school year for a grant that should not have been included on the SEFA.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

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. . . ."

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

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.
- (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."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Material errors were allowed to be reported on the SEFA and not be detected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts, disbursements, and cash and investment activities.
2. Monitoring of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting requires the School Corporation to monitor and assess the quality of the system of internal control.

Criteria

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)

Cause

Management of the School Corporation had not established a proper system of internal control.

Effect

The failure to establish controls would have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system would have placed the School Corporation at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

Section III - Federal Award Findings and Questioned Costs

**FINDING 2014-003 - INTERNAL CONTROLS OVER TITLE I GRANTS
TO LOCAL EDUCATIONAL AGENCIES**

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): SY 2011/2012, SY 2012/2013,
SY 2013/2014

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management, Eligibility, Period of Availability, Reporting, and Special Tests and Provisions - Participation of Private School Children and Schoolwide Programs.

Cash Management

The Treasurer prepared and submitted the Reimbursement Forms. There was no control in place to ensure that all costs submitted for reimbursement had been incurred and paid prior to requesting reimbursement.

Eligibility

There was no control in place to ensure the application was reviewed and verified for accuracy.

Period of Availability and Reporting

The Reimbursement Forms were completed by the Treasurer; however, there was no oversight or review in place to ensure that the activity took place within the period of availability and that the Reimbursement Forms were accurate and correct.

Special Tests and Provisions - Private School Participation and School Wide Program

There was no control in place to ensure the application was reviewed and verified for accuracy.

Context

Internal control issues occurred throughout the audit period.

Criteria

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. . . ."

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

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system would have placed 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 would have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2014-004 - ALLOWABLE COSTS/COSTS PRINCIPLES

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): SY 2011/2012, SY 2012/2013,
SY 2013/2014

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the following compliance requirement: Allowable Costs/Costs Principles.

Personnel Activity Reports and Semiannual Certifications were not maintained by all employees to support the time spent on Title I activities. Personnel Activity Reports were maintained by one employee; however the supervisor's and employee's signatures were missing and it did not match payroll records. There were no controls in place to ensure that the reports and certifications were accurate.

Context

There were a total of four Semiannual Certifications required during the audit period and only one was presented for audit. Personnel Activity Reports were maintained for one employee.

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

Cause

The School Corporation failed to maintain Personnel Activity Reports and Semiannual Certifications.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Costs charged to the grant program related to salaries were not supported by proper documentation in accordance with the Allowable Cost/Cost Principles.

Criteria

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

". . . (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 semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or 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. . . ."

Questioned Costs

The lack of implementing Personnel Activity Reports and Semiannual Certifications resulted in questioned costs of \$14,034.

Recommendation

We recommended that the School Corporation's management establish controls and comply with the grant agreement and compliance requirement listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

FINDING 2014-005 - INTERNAL CONTROLS OVER TEACHER INCENTIVE FUND

Federal Agency: Department of Education
Federal Program: Teacher Incentive Fund
CFDA Number: 84.374
Federal Award Numbers and Years (or Other Identifying Numbers): FY 11-12, FY 12-13, FY 13-14
Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management and Reporting.

Cash Management and Reporting

The Treasurer prepared and submitted the monthly reimbursement requests. There was no control in place to ensure that all costs submitted for reimbursement had been incurred and paid prior to requesting reimbursement and that the report was reviewed and verified by someone other than the Treasurer for accuracy.

Context

We reviewed 100 percent of the reimbursement requests during the audit period.

Criteria

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. . . ."

Cause

Management did not develop a system of internal controls that segregated key functions related to Cash Management and Reporting.

Effect

The failure to establish an effective internal control system would have placed 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 would have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2014-006 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education

Federal Program: Special Education_Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-022-PN01, 14214-022-PN01

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the following compliance requirement: Allowable Costs/Cost Principles.

For the school year 2013-2014, we identified three employees and one contract worker that was paid from Special Education funds; however a Semiannual Certification was not presented for audit.

Context

We verified 100 percent of employees and contractors paid from Special Education funds.

Criteria

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. . . ."

OMB Circular A-87, Attachment B, section (8)(h)(3), states:

"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 semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee."

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

Cause

Management had not developed a system of internal controls that segregated key functions related to Allowable Costs/Costs Principles.

Effect

The failure to establish an effective internal control system allowed material noncompliance with the grant agreement and the compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirement listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENT

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



CLARKSVILLE COMMUNITY SCHOOLS

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

CORRECTIVE ACTION PLAN

The purpose of this document is to serve as an attachment and response to the Clarksville Community School Corporation Audit (2012-2014) completed in May, 2016.

On behalf of the Clarksville Community School Corporation Board of School Trustees and the Clarksville staff, I thank the auditors of their time and expertise in conducting this audit. Many positive comments were shared regarding our fiscal operations, and for that, I am grateful.

Please note that the contact person for all corrective actions below will be Dr. Kimberly Knott, the Superintendent of Schools. The phone number is 812-282-7753.

Finding 2014-001 – PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

It is important to note for this document that Schedule of Expenditures of Federal Awards (SEFA) was a new reporting mechanism thrust onto Indiana Public Schools for the first time in 2012-2013. To date, no formal training has been provided to districts regarding this new expenditure report. Findings regarding SEFA concerns were documented in almost every school report issued by the State Board of Accounts (SBOA) in 2015-2016; therefore, prompting the SBOA to address the SEFA at the 2016 Budget Workshop Webinar.

The auditors noted that the school corporation did not have a proper system of internal controls in place to prevent, or detect and correct errors on the SEFA.

It should be noted that the 2012-2013 SEFA template was sent to schools from the SBOA via electronic mail. The template, when sent by the SBOA, contained erroneous data and no directions. Districts were not told the data in the SBOA template was erroneous. CCSC was going through a transition of treasurers when the SEFA spreadsheet was sent. The new CCSC treasurer assumed the data was correct and uploaded the information to Gateway. Upon notification by the auditor that the Gateway data contained errors, updates were made during the audit process and resubmitted through Gateway. At that time, it was understood by CCSC that the corrections made would be sufficient so as no findings would be sited regarding the SEFA.

The Corporation has made procedural changes to the SEFA reporting that include, but are not limited to, the following areas:

- Utilization of a Financial Consultant will be used to ensure proper reporting of the SEFA
- The Greater Clark County Special Education Co-op will continue to provide SEFA reporting to CCSC regarding the 611 and 619 grants

Completion Date: June 30, 2016

Finding 2014-002 – INTERNAL CONTROLS OVER FINANCIAL TRNASCTIONS AND REPORTING

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

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

Receipts:

- Receptionist will continue to open mail and receipt all monies on hand-written receipts presented to the administrative office.
- Treasurer will continue to receive money, issue official receipts and post, prepare and review bank deposits.
- Treasurer and Deputy Treasurer will sign *Receipt Posting Journal* generated after posting indicating that posting agrees with logged deposit.
- Receptionist will electronically submit deposit. Notification of such deposits will be sent via email from the bank to the Treasurer for verification.
- Monitoring of Controls – Mr. Michael Turner, Financial Consultant, will provide monitoring as will the Board of School Trustees.

Completion Date: July 26, 2016

Disbursements:

- Department supervisors will continue to authorize purchases, prepare purchase orders, certify receipt of goods or services by preparing a voucher for payment.
- Corporation Treasurer will continue to approve voucher indicating that the invoice voucher of goods received are in agreement.
- Checks will continue to be stored in a secure location with dual signatures verifying what check number sequence is used and the date.
- Claims for Board approval will continue to have dual signatures on them
- Treasurer will continue to write, post and sign checks.
- Treasurer and Deputy Treasurer will sign *Checks new to Check File* report generated after posting indicating that the checks agree with the signed claims.
- Receptionist will continue to mail or distribute checks making sure all checks are accounted for in numerical order, and reconciled with the voucher labels. This will be indicated by check marks.
- Monitoring of Controls – Mr. Michael Turner, Financial Consultant, will provide monitoring as will the Board of School Trustees.

Completion Date: July 26, 2016

Cash and Investment Activities:

- Treasurer will receive bank statement online and prepare bank reconciliation statement.

- Superintendent has been reviewing and approving bank reconciliation beginning April 2016.
- Board of School Trustees has been approving bank reconciliation statements at each month at public board meeting beginning April 2016.

Completion Date: April 2016

Finding 2014-003 – INTERNAL CONTROLS OVER TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

The audit questioned the management of internal controls; thereby, creating concern for risk management issues that may arise. The purpose of this response is to provide a plan for addressing this concern.

The Corporation has made procedural changes to accounting practices that include, but are not limited to the following areas:

Cash Management and Period of Availability and Reporting

- Treasurer and Superintendent will sign the monthly reimbursement requests and for accuracy and assurance of activities within the grant period.

Eligibility

Special Tests and Provisions – Private School Participation and School Wide Program

- Poverty Data from the October Real Time Report will be kept in the Title I file.
- Superintendent will review and verify for accuracy the Title I Grant.

Completion Date: June 30, 2016

Finding 2014-004 – ALLOWABLE COSTS/COSTS PRINCIPLES

The audit questioned the management of internal controls related to the Title I grant; thereby, creating concern for risk management issues that may arise. The purpose of this response is to provide a plan for addressing this concern.

The Corporation has made procedural changes to accounting practices that include, but are not limited to the following areas:

- Time & Effort Reporting will be maintained and kept in the applicable grant file.
- Semi-Annual Certifications will be maintained and kept in the applicable grant file.

Completion Date: June 30, 2016

Finding 2014-005 – INTERNAL CONTROLS OVER TEACHER INCENTIVE FUND

The audit questioned the management of internal controls for this fund; thereby, creating concern for risk management issues that may arise. The purpose of this response is to provide a plan for addressing this concern.

The Corporation has made procedural changes to accounting practices that include, but are not limited to the following areas:

Cash Management and Reporting

- Treasurer and Superintendent will sign the monthly reimbursement requests and for accuracy and assurance of activities within the grant period.

Completion Date: April 16, 2016

Finding 2014-006 – ALLOWABLE COSTS/COST PRINCIPLES

The audit questioned the undocumented time and effort reporting by Special Education Cooperative employees. This caused concern regarding the management of internal controls related to Special Education grants; thereby, creating concern for risk management issues that may arise. The purpose of this response is to provide a plan for addressing this concern.

The Corporation has made procedural changes to accounting practices that include, but are not limited to the following areas:

- Time & Effort Reporting logs will be required from all employees who are compensated using special education dollars. Logs will be required quarterly and will be maintained and kept in the applicable grant file. This process will begin July 1, 2016.
- Semi-Annual certifications forms will be maintained and kept in the applicable grant file beginning July 1, 2016.

Completion Date: June 30, 2017



(Signature)

Superintendent

(Title)

July 26, 2016

(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.