

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

AUDIT REPORT

OF

CLOVERDALE COMMUNITY SCHOOL CORPORATION

PUTNAM COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

03/31/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets - Cash and Investment Basis.....	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis – Governmental Funds	9-10
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	11-12
Notes to Financial Statements	13-25
Required Supplementary Information:	
Schedule of Funding Progress	26
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	27-36
Schedule of Capital Assets.....	37
Schedule of Long-Term Debt	38
Audit Results and Comments:	
Condition of Records	39
Capital Asset Records	39
Average Daily Membership (ADM) – Lack of Records.....	39-40
Overdrawn Fund Balances	40
Disposition of Assets	40
Condition of Records	40-41
Approval of Forms	41
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	44-45
Schedule of Expenditures of Federal Awards	46
Notes to Schedule of Expenditures of Federal Awards.....	47
Schedule of Findings and Questioned Costs	48
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings	49
Exit Conference.....	50

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Deborah Leonard	07-01-05 to 06-30-08
Superintendent of Schools	Dr. Carrie Milner	07-01-05 to 06-30-08
President of the School Board	Linda Mann David Brinkman	07-01-05 to 06-30-07 07-01-07 to 06-30-08



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CLOVERDALE COMMUNITY
SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cloverdale Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 19, 2008, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 19, 2008



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

TO: THE OFFICIALS OF THE CLOVERDALE COMMUNITY
SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cloverdale Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
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 statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

STATE BOARD OF ACCOUNTS

February 19, 2008

CLOVERDALE COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 4,031,006	\$ -	\$ 54,688	\$ (3,976,318)
Support services	5,798,079	339,178	311,178	(5,147,723)
Community services	81,098	-	-	(81,098)
Nonprogrammed charges	1,187,823	-	-	(1,187,823)
Debt service	2,061,364	-	-	(2,061,364)
Total governmental activities	\$ 13,159,370	\$ 339,178	\$ 365,866	(12,454,326)
General receipts:				
Property taxes				4,908,536
Other local sources				968,044
State aid				7,786,525
Grants and contributions not restricted to specific programs				489,623
Investment earnings				109,892
Total general receipts				14,262,620
Change in net assets				1,808,294
Net assets - beginning				4,288,819
Net assets - ending				\$ 6,097,113
<u>Assets</u>				
Cash and investments				\$ 5,136,228
Restricted assets:				
Cash and investments				960,885
Total assets				\$ 6,097,113
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 960,885
Unrestricted				5,136,228
Total net assets				\$ 6,097,113

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 4,207,089	\$ -	\$ 51,050	\$ (4,156,039)
Support services	6,248,698	339,063	323,813	(5,585,822)
Community services	113,672	-	-	(113,672)
Nonprogrammed charges	1,196,202	-	-	(1,196,202)
Debt service	<u>2,313,952</u>	<u>-</u>	<u>-</u>	<u>(2,313,952)</u>
Total governmental activities	<u>\$ 14,079,613</u>	<u>\$ 339,063</u>	<u>\$ 374,863</u>	<u>(13,365,687)</u>
General receipts:				
Property taxes				2,680,676
Other local sources				910,701
State aid				7,681,512
Grants and contributions not restricted to specific programs				497,394
Investment earnings				<u>230,632</u>
Total general receipts				<u>12,000,915</u>
Change in net assets				(1,364,772)
Net assets - beginning				<u>6,097,113</u>
Net assets - ending				<u>\$ 4,732,341</u>
<u>Assets</u>				
Cash and investments				\$ 4,615,822
Restricted assets:				
Cash and investments				<u>116,519</u>
Total assets				<u>\$ 4,732,341</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 116,519
Unrestricted				<u>4,615,822</u>
Total net assets				<u>\$ 4,732,341</u>

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 2,111,431	\$ 667,238	\$ 1,842,487	\$ 961,503	\$ 203,862	\$ 538,562	\$ 6,325,083
Intermediate sources	228	-	-	-	-	338	566
State sources	7,826,863	-	-	-	-	108,536	7,935,399
Federal sources	-	-	-	-	-	706,616	706,616
Total receipts	<u>9,938,522</u>	<u>667,238</u>	<u>1,842,487</u>	<u>961,503</u>	<u>203,862</u>	<u>1,354,052</u>	<u>14,967,664</u>
Disbursements:							
Current:							
Instruction	3,645,294	-	-	-	-	385,712	4,031,006
Support services	3,620,368	588,584	-	845,454	29,393	714,280	5,798,079
Community services	79,621	-	-	-	-	1,477	81,098
Nonprogrammed charges	1,182,546	-	-	-	-	5,277	1,187,823
Debt services	-	-	1,843,194	-	124,598	93,572	2,061,364
Total disbursements	<u>8,527,829</u>	<u>588,584</u>	<u>1,843,194</u>	<u>845,454</u>	<u>153,991</u>	<u>1,200,318</u>	<u>13,159,370</u>
Excess (deficiency) of receipts over disbursements	<u>1,410,693</u>	<u>78,654</u>	<u>(707)</u>	<u>116,049</u>	<u>49,871</u>	<u>153,734</u>	<u>1,808,294</u>
Other financing sources (uses):							
Transfers in	90,542	-	-	-	-	410,667	501,209
Transfers out	(116,259)	(156,443)	(85,664)	(39,071)	(8,431)	(95,341)	(501,209)
Total other financing sources (uses)	<u>(25,717)</u>	<u>(156,443)</u>	<u>(85,664)</u>	<u>(39,071)</u>	<u>(8,431)</u>	<u>315,326</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,384,976</u>	<u>(77,789)</u>	<u>(86,371)</u>	<u>76,978</u>	<u>41,440</u>	<u>469,060</u>	<u>1,808,294</u>
Cash and investments - beginning	<u>2,011,848</u>	<u>309,282</u>	<u>943,783</u>	<u>669,628</u>	<u>72,094</u>	<u>282,184</u>	<u>4,288,819</u>
Cash and investments - ending	<u>\$ 3,396,824</u>	<u>\$ 231,493</u>	<u>\$ 857,412</u>	<u>\$ 746,606</u>	<u>\$ 113,534</u>	<u>\$ 751,244</u>	<u>\$ 6,097,113</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 3,396,824	\$ 231,493	\$ -	\$ 746,606	\$ 113,534	\$ 647,771	\$ 5,136,228
Restricted assets:							
Cash and investments	-	-	857,412	-	-	103,473	960,885
Total cash and investment assets - ending	<u>\$ 3,396,824</u>	<u>\$ 231,493</u>	<u>\$ 857,412</u>	<u>\$ 746,606</u>	<u>\$ 113,534</u>	<u>\$ 751,244</u>	<u>\$ 6,097,113</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 857,412	\$ -	\$ -	\$ 103,473	\$ 960,885
Unrestricted	3,396,824	231,493	-	746,606	113,534	647,771	5,136,228
Total cash and investment fund balance - ending	<u>\$ 3,396,824</u>	<u>\$ 231,493</u>	<u>\$ 857,412</u>	<u>\$ 746,606</u>	<u>\$ 113,534</u>	<u>\$ 751,244</u>	<u>\$ 6,097,113</u>

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

CLOVERDALE COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 1,364,674	\$ 375,184	\$ 1,043,129	\$ 694,257	\$ 132,720	\$ 550,370	\$ 4,160,334
Intermediate sources	81	-	-	-	-	656	737
State sources	7,719,712	-	-	-	-	129,542	7,849,254
Federal sources	-	-	-	-	-	704,516	704,516
Total receipts	9,084,467	375,184	1,043,129	694,257	132,720	1,385,084	12,714,841
Disbursements:							
Current:							
Instruction	3,801,281	-	-	-	-	405,808	4,207,089
Support services	3,752,814	599,330	-	1,115,259	-	781,295	6,248,698
Community services	112,133	-	-	-	-	1,539	113,672
Nonprogrammed charges	1,185,358	-	-	-	-	10,844	1,196,202
Debt services	-	-	1,858,375	-	269,880	185,697	2,313,952
Total disbursements	8,851,586	599,330	1,858,375	1,115,259	269,880	1,385,183	14,079,613
Excess (deficiency) of receipts over disbursements	232,881	(224,146)	(815,246)	(421,002)	(137,160)	(99)	(1,364,772)
Other financing sources (uses):							
Transfers in	46,830	16,905	46,059	20,905	4,531	2,568	137,798
Transfers out	-	-	-	-	-	(137,798)	(137,798)
Total other financing sources (uses)	46,830	16,905	46,059	20,905	4,531	(135,230)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	279,711	(207,241)	(769,187)	(400,097)	(132,629)	(135,329)	(1,364,772)
Cash and investments - beginning	3,396,824	231,493	857,412	746,606	113,534	751,244	6,097,113
Cash and investments - ending	<u>\$ 3,676,535</u>	<u>\$ 24,252</u>	<u>\$ 88,225</u>	<u>\$ 346,509</u>	<u>\$ (19,095)</u>	<u>\$ 615,915</u>	<u>\$ 4,732,341</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 3,676,535	\$ 24,252	\$ -	\$ 346,509	\$ (19,095)	\$ 587,621	\$ 4,615,822
Restricted assets:							
Cash and investments	-	-	88,225	-	-	28,294	116,519
Total cash and investment assets - ending	\$ 3,676,535	\$ 24,252	\$ 88,225	\$ 346,509	\$ (19,095)	\$ 615,915	\$ 4,732,341
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 88,225	\$ -	\$ -	\$ 28,294	\$ 116,519
Unrestricted	3,676,535	24,252	-	346,509	(19,095)	587,621	4,615,822
Total cash and investment fund balance - ending	\$ 3,676,535	\$ 24,252	\$ 88,225	\$ 346,509	\$ (19,095)	\$ 615,915	\$ 4,732,341

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2006

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Additions:		
Investment earnings:		
Interest	\$ 66,932	
Deductions:		
Benefits	1,463,177	
Debt service	<u>63,572</u>	
Total deductions	<u>1,526,749</u>	
Deficiency of total additions over total deductions	(1,459,817)	
Cash and investment fund balance - beginning	<u>2,241,874</u>	
Cash and investment fund balance - ending	<u>\$ 782,057</u>	
Net assets:		
Cash and investments	<u>\$ 782,057</u>	<u>\$ 13,910</u>
Total net assets - cash and investment basis held in trust	<u>\$ 782,057</u>	<u>\$ 13,910</u>

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Additions:		
Investment earnings:		
Interest	\$ 44,588	
Deductions:		
Benefits	<u>73,214</u>	
Deficiency of total additions over total deductions	(28,626)	
Cash and investment fund balance - beginning	<u>782,057</u>	
Cash and investment fund balance - ending	<u><u>\$ 753,431</u></u>	
Net assets:		
Cash and investments	<u>\$ 753,431</u>	<u>\$ 26,829</u>
Total net assets - cash and investment basis held in trust	<u><u>\$ 753,431</u></u>	<u><u>\$ 26,829</u></u>

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. 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 School Corporation's financial reporting entity is composed of the following:

Primary Government: Cloverdale Community School Corporation

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with South Putnam Community School Corporation, Eminence Consolidated School Corporation, North Putnam Community School Corporation, Mill Creek Community School Corporation, and Greencastle Community School Corporation in a joint venture to operate the Old National Trail Special Education Cooperative which was created to provide instruction for handicapped children. The School Corporation is obligated by contract to remit an annual amount depending on the number of its participating students to supplement the Old National Trail Special Education Cooperative. Complete financial statements for the Old National Trail Special Education Cooperative can be obtained from the North Putnam Community School Corporation, the administrative and fiscal agent for the program.

The School Corporation is a participant with South Putnam Community School Corporation, Eminence Consolidated School Corporation, Greencastle Community School Corporation, and North Putnam Community School Corporation in a joint venture to operate the Area 30 Career Center, which was created to provide vocational education to students. The School Corporation is obligated by contract to remit funds annually to cover costs based on a per student cost basis for each participating school. The School Corporation is partially obligated for the debts of the Area 30 Career Center. Complete financial statements for the joint venture can be obtained from the joint venture's administrative office in Greencastle, Indiana.

Related Organizations

The School Corporation's officials are also responsible for appointing the members of the boards of other organizations, but the School Corporation's accountability for these organizations does not extend beyond making the appointments. The School Corporation appoints the board members of the Owen County Library Board.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay post-retirement or severance benefits held by the School Corporation in a trustee capacity.

Agency funds account for assets held by the School Corporation as an agent for various taxing authorities and employee withholdings and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 11 days per for the first year and 10 days per year thereafter. Certified administrative employees earn sick leave at various rates as stated in their contracts. Unused sick leave may be accumulated to a maximum of 187 days for certified and certified administrative employees. Noncertified employees earn sick leave at rates from 5 to 10 days per year based on classification. Unused sick leave may be accumulated to a maximum of forty to seventy days based on classification. Accumulated sick leave is paid to employees through cash payments upon retirement.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 5 days to 15 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

Certified employees earn personal leave at the rate of 3 days per year and may accumulate up to 4 days. Certified administrative employees earn personal leave at the rate of 5 days per year and may accumulate up to 7 days. Noncertified employees earn personal leave at the rate of 2 days per year which does not accumulate from year to year.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2006 and 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

<u>Fund</u>	<u>June 30, 2006</u>	<u>June 30, 2007</u>
School Bus Replacement	\$ -	\$ 19,095
Textbook Rental	-	10,418
Project Lead the Way	8,659	2,702
Title 1	9,555	-

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. Balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of June 30, 2007, the School Corporation had no investments.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Policies

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

Transfer From	Transfer To	2005-2006	2006-2007
General Fund	Other governmental funds	\$ 116,259	\$ -
Transportation Operating Fund	Other governmental funds	156,443	-
Debt Service Fund	Other governmental funds	85,664	-
Capital Projects Fund	Other governmental funds	39,071	-
School Bus Replacement Fund	Other governmental funds	8,431	-
Other governmental funds	General Fund	90,542	46,830
Other governmental funds	Transportation Operating Fund	-	16,905
Other governmental funds	Debt Service Fund	-	46,059
Other governmental funds	Capital Projects Fund	-	20,905
Other governmental funds	School Bus Replacement Fund	-	4,531
Other governmental funds	Other governmental funds	4,799	2,568
Totals		<u>\$ 501,209</u>	<u>\$ 137,798</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

C. Restatements and Reclassifications

For the year ended June 30, 2006, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 30, 2005	Fund Reclassification	Balance as Restated July 1, 2005
Major funds	\$ 4,036,786	\$ (30,151)	\$ 4,006,635
Other governmental funds	252,033	30,151	282,184

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The School Corporation is 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; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees and Beneficiaries

During 1992, the School Corporation joined with other governmental entities to form the Wabash Valley/West Central Indiana School Trust, a public entity risk pool currently operating as a common risk management and insurance program for 17 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees, retirees and beneficiaries. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$5,000,000 limit.

B. Holding Corporations

The School Corporation has entered into capital leases with the Cloverdale Community School Building Corporation and the Cloverdale Multi-School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the year totaled \$1,150,500.

C. Subsequent Events

The Cloverdale High School Building Corporation issued \$1,730,000 First Mortgage Bonds, Series 2008, dated February 1, 2008, to finance the renovation of and improvements to Cloverdale High School.

D. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment medical benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 10 years of service. Currently, 2 retirees meet these eligibility requirements. The School Corporation provides 100% of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2007, disbursements of \$17,796 were recognized for postemployment benefits.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 54,707
Interest on net pension obligation	(15,543)
Adjustment to annual required contribution	17,712
Annual pension cost	56,876
Contributions made	59,168
Decrease in net pension obligation	(2,292)
Net pension obligation, beginning of year	(214,383)
Net pension obligation, end of year	\$ (216,675)
Contribution rates:	
School Corporation	6%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%*

* 2.75% converted members; 4% nonconverted members

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 62,850	125%	\$ (214,409)
	06-30-05	60,512	100%	(214,383)
	06-30-06	56,876	104%	(216,675)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan(s)

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (Indiana Code 5-10.2) governs, through the TRF 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 member's contributions, set by state statute at 3% 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.

TRF 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:

Teachers' Retirement Fund
 150 West Market Street
 Indianapolis, IN 46204
 Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

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.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$140,487, \$110,413, and \$99,192, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 823,454	\$ 903,794	\$ (80,340)	91%	\$ 1,072,501	(7%)
07-01-05	871,348	972,227	(100,879)	90%	946,634	(11%)
07-01-06	923,067	914,402	8,665	101%	935,761	1%

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006

	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Education License Plate	Alternative Education	Safe Haven School
Receipts:							
Local sources	\$ 8,969	\$ -	\$ 290,641	\$ 68,810	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	338	-	-
State sources	55,382	-	6,522	25,806	-	5,475	-
Federal sources	-	-	278,850	-	-	-	-
Total receipts	64,351	-	576,013	94,616	338	5,475	-
Disbursements:							
Current:							
Instruction	6,540	-	-	-	-	550	-
Support services	500	-	487,753	128,126	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	7,040	-	487,753	128,126	-	550	-
Excess (deficiency) of receipts over disbursements	57,311	-	88,260	(33,510)	338	4,925	-
Other financing sources (uses):							
Transfers in	-	125,000	-	22,927	-	-	1,051
Transfers out	(286)	-	(37,400)	-	-	-	(1,051)
Total other financing sources (uses)	(286)	125,000	(37,400)	22,927	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	57,025	125,000	50,860	(10,583)	338	4,925	-
Cash and investments - beginning	39,707	-	-	39,581	3,431	1,144	-
Cash and investments - ending	<u>\$ 96,732</u>	<u>\$ 125,000</u>	<u>\$ 50,860</u>	<u>\$ 28,998</u>	<u>\$ 3,769</u>	<u>\$ 6,069</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 96,732	\$ 125,000	\$ 50,860	\$ 28,998	\$ 3,769	\$ 6,069	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 96,732	\$ 125,000	\$ 50,860	\$ 28,998	\$ 3,769	\$ 6,069	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	96,732	125,000	50,860	28,998	3,769	6,069	-
Total cash and investment fund balance - ending	\$ 96,732	\$ 125,000	\$ 50,860	\$ 28,998	\$ 3,769	\$ 6,069	\$ -

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Early Intervention Grant	Boston Scientific	Gifted and Talented	Tech Prep Staff Development	Non-English Program	School Technology	Technology Planning Grant I
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,980	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	1,000	-	12,851	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Total receipts	<u>1,000</u>	<u>-</u>	<u>12,851</u>	<u>-</u>	<u>-</u>	<u>12,980</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	1,323	17,985	10,365	574	-	-	-
Support services	-	-	-	-	-	-	7,557
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	<u>1,323</u>	<u>17,985</u>	<u>10,365</u>	<u>574</u>	<u>-</u>	<u>-</u>	<u>7,557</u>
Excess (deficiency) of receipts over disbursements	<u>(323)</u>	<u>(17,985)</u>	<u>2,486</u>	<u>(574)</u>	<u>-</u>	<u>12,980</u>	<u>(7,557)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>(323)</u>	<u>(17,985)</u>	<u>2,486</u>	<u>(574)</u>	<u>-</u>	<u>12,980</u>	<u>(7,557)</u>
Cash and investments - beginning	<u>4,452</u>	<u>18,183</u>	<u>-</u>	<u>574</u>	<u>64</u>	<u>-</u>	<u>7,557</u>
Cash and investments - ending	<u>\$ 4,129</u>	<u>\$ 198</u>	<u>\$ 2,486</u>	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ 12,980</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 4,129	\$ 198	\$ 2,486	\$ -	\$ 64	\$ 12,980	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 4,129</u>	<u>\$ 198</u>	<u>\$ 2,486</u>	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ 12,980</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>4,129</u>	<u>198</u>	<u>2,486</u>	<u>-</u>	<u>64</u>	<u>12,980</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ 4,129</u>	<u>\$ 198</u>	<u>\$ 2,486</u>	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ 12,980</u>	<u>\$ -</u>

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	ISAIP Grant	Technology Planning Grant II	Principals Technology	Telecommunications Grant	Title I 2005-2006	Title V
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	325,938	-
Total receipts	-	-	-	-	325,938	-
Disbursements:						
Current:						
Instruction	9,617	-	-	240	249,355	-
Support services	-	156	500	-	64,194	2,163
Community services	-	-	-	-	1,477	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	9,617	156	500	240	315,026	2,163
Excess (deficiency) of receipts over disbursements	(9,617)	(156)	(500)	(240)	10,912	(2,163)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(20,467)	-
Total other financing sources (uses)	-	-	-	-	(20,467)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,617)	(156)	(500)	(240)	(9,555)	(2,163)
Cash and investments - beginning	9,617	156	500	240	-	2,163
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,555)</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ (9,555)	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,555)</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	-	(9,555)	-
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,555)</u>	<u>\$ -</u>

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Title V 05-273	Title VI	Title VI	Title V	Drug Free Grant	Title IV
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	4,943	-	-	-	-	-
Total receipts	4,943	-	-	-	-	-
Disbursements:						
Current:						
Instruction	-	-	-	-	3,560	375
Support services	-	1,014	940	6,064	-	2,398
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	1,014	940	6,064	3,560	2,773
Excess (deficiency) of receipts over disbursements	4,943	(1,014)	(940)	(6,064)	(3,560)	(2,773)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,943	(1,014)	(940)	(6,064)	(3,560)	(2,773)
Cash and investments - beginning	-	1,014	940	7,943	3,560	8,428
Cash and investments - ending	\$ 4,943	\$ -	\$ -	\$ 1,879	\$ -	\$ 5,655
Cash and Investment Assets - Ending						
Cash and investments	\$ 4,943	\$ -	\$ -	\$ 1,879	\$ -	\$ 5,655
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 4,943	\$ -	\$ -	\$ 1,879	\$ -	\$ 5,655
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,943	-	-	1,879	-	5,655
Total cash and investment fund balance - ending	\$ 4,943	\$ -	\$ -	\$ 1,879	\$ -	\$ 5,655

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Project Lead The Way	Project Lead The Way 2005-2006	Title II, Part A	Title II, Part D	Pension Debt Retirement	Project Read
Receipts:						
Local sources	\$ 9,950	\$ 4,281	\$ -	\$ -	\$ 141,428	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	34,199	56,109	6,577	-	-
Total receipts	9,950	38,480	56,109	6,577	141,428	-
Disbursements:						
Current:						
Instruction	12,939	47,139	25,150	-	-	-
Support services	-	-	1,924	10,991	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	84
Debt services	-	-	-	-	93,572	-
Total disbursements	12,939	47,139	27,074	10,991	93,572	84
Excess (deficiency) of receipts over disbursements	(2,989)	(8,659)	29,035	(4,414)	47,856	(84)
Other financing sources (uses):						
Transfers in	5,189	-	-	-	-	-
Transfers out	(2,200)	-	-	-	(4,513)	-
Total other financing sources (uses)	2,989	-	-	-	(4,513)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(8,659)	29,035	(4,414)	43,343	(84)
Cash and investments - beginning	-	-	22,594	14,781	60,130	84
Cash and investments - ending	\$ -	\$ (8,659)	\$ 51,629	\$ 10,367	\$ 103,473	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ (8,659)	\$ 51,629	\$ 10,367	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	103,473	-
Total cash and investment assets - ending	\$ -	\$ (8,659)	\$ 51,629	\$ 10,367	\$ 103,473	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 103,473	\$ -
Unrestricted	-	(8,659)	51,629	10,367	-	-
Total cash and investment fund balance - ending	\$ -	\$ (8,659)	\$ 51,629	\$ 10,367	\$ 103,473	\$ -

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Instruction Support	Middle School Grant	Indiana Next Leadership	Donations	Levy Excess	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 1,503	\$ -	\$ 538,562
Intermediate sources	-	-	-	-	-	338
State sources	-	-	1,500	-	-	108,536
Federal sources	-	-	-	-	-	706,616
Total receipts	-	-	1,500	1,503	-	1,354,052
Disbursements:						
Current:						
Instruction	-	-	-	-	-	385,712
Support services	-	-	-	-	-	714,280
Community services	-	-	-	-	-	1,477
Nonprogrammed charges	244	176	1,500	3,273	-	5,277
Debt services	-	-	-	-	-	93,572
Total disbursements	244	176	1,500	3,273	-	1,200,318
Excess (deficiency) of receipts over disbursements	(244)	(176)	-	(1,770)	-	153,734
Other financing sources (uses):						
Transfers in	-	-	-	-	256,500	410,667
Transfers out	-	-	-	-	(29,424)	(95,341)
Total other financing sources (uses)	-	-	-	-	227,076	315,326
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(244)	(176)	-	(1,770)	227,076	469,060
Cash and investments - beginning	244	176	-	5,497	29,424	282,184
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 3,727	\$ 256,500	\$ 751,244
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ 3,727	\$ 256,500	\$ 647,771
Restricted assets:						
Cash and investments	-	-	-	-	-	103,473
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ 3,727	\$ 256,500	\$ 751,244
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,473
Unrestricted	-	-	-	3,727	256,500	647,771
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 3,727	\$ 256,500	\$ 751,244

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Education License Plate	Alternative Education	Early Intervention Grant
Receipts:							
Local sources	\$ 9,172	\$ -	\$ 287,955	\$ 69,055	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	656	-	-
State sources	77,045	-	6,260	27,896	-	5,490	-
Federal sources	-	-	289,657	-	-	-	-
Total receipts	86,217	-	583,872	96,951	656	5,490	-
Disbursements:							
Current:							
Instruction	52,561	-	-	-	-	-	-
Support services	5,196	-	562,134	136,367	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	57,757	-	562,134	136,367	-	-	-
Excess (deficiency) of receipts over disbursements	28,460	-	21,738	(39,416)	656	5,490	-
Other financing sources (uses):							
Transfers in	153	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	153	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	28,613	-	21,738	(39,416)	656	5,490	-
Cash and investments - beginning	96,731	125,000	50,861	28,998	3,769	6,069	4,129
Cash and investments - ending	<u>\$ 125,344</u>	<u>\$ 125,000</u>	<u>\$ 72,599</u>	<u>\$ (10,418)</u>	<u>\$ 4,425</u>	<u>\$ 11,559</u>	<u>\$ 4,129</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 125,344	\$ 125,000	\$ 72,599	\$ (10,418)	\$ 4,425	\$ 11,559	\$ 4,129
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 125,344	\$ 125,000	\$ 72,599	\$ (10,418)	\$ 4,425	\$ 11,559	\$ 4,129
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	125,344	125,000	72,599	(10,418)	4,425	11,559	4,129
Total cash and investment fund balance - ending	\$ 125,344	\$ 125,000	\$ 72,599	\$ (10,418)	\$ 4,425	\$ 11,559	\$ 4,129

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Boston Scientific	Gifted and Talented	Non-English Program	School Technology	Title I 2005-2006	Title I 2006-2007	Title V 05-273
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ 11,844	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	12,851	-	-	-	-	-
Federal sources	-	-	-	-	25,194	328,931	-
Total receipts	-	12,851	-	11,844	25,194	328,931	-
Disbursements:							
Current:							
Instruction	198	15,337	-	-	12,251	260,496	-
Support services	-	-	-	3,912	3,209	55,444	-
Community services	-	-	-	-	179	1,360	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	198	15,337	-	3,912	15,639	317,300	-
Excess (deficiency) of receipts over disbursements	(198)	(2,486)	-	7,932	9,555	11,631	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(198)	(2,486)	-	7,932	9,555	11,631	-
Cash and investments - beginning	198	2,486	64	12,980	(9,555)	-	4,943
Cash and investments - ending	\$ -	\$ -	\$ 64	\$ 20,912	\$ -	\$ 11,631	\$ 4,943
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ 64	\$ 20,912	\$ -	\$ 11,631	\$ 4,943
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 64	\$ 20,912	\$ -	\$ 11,631	\$ 4,943
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	64	20,912	-	11,631	4,943
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 64	\$ 20,912	\$ -	\$ 11,631	\$ 4,943

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title VI	Title VI	Project Peace	Title IV	Project Lead The Way 2005-2006	Project Lead The Way 2006-2007
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 35,720	\$ 14,621
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	2,523	500	-	-	-
Total receipts	-	2,523	500	-	35,720	14,621
Disbursements:						
Current:						
Instruction	-	-	-	100	22,580	14,250
Support services	-	-	-	5,555	4,481	3,073
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	-	-	5,655	27,061	17,323
Excess (deficiency) of receipts over disbursements	-	2,523	500	(5,655)	8,659	(2,702)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,523	500	(5,655)	8,659	(2,702)
Cash and investments - beginning	1,879	-	-	5,655	(8,659)	-
Cash and investments - ending	<u>\$ 1,879</u>	<u>\$ 2,523</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,702)</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,879	\$ 2,523	\$ 500	\$ -	\$ -	\$ (2,702)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,879</u>	<u>\$ 2,523</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,702)</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,879	2,523	500	-	-	(2,702)
Total cash and investment fund balance - ending	<u>\$ 1,879</u>	<u>\$ 2,523</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,702)</u>

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Fund Title II	Title II	Pension Debt Retirement	Donations	Levy Excess	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 108,103	\$ 13,900	\$ -	\$ 550,370
Intermediate sources	-	-	-	-	-	656
State sources	-	-	-	-	-	129,542
Federal sources	57,711	-	-	-	-	704,516
Total receipts	57,711	-	108,103	13,900	-	1,385,084
Disbursements:						
Current:						
Instruction	28,035	-	-	-	-	405,808
Support services	1,924	-	-	-	-	781,295
Community services	-	-	-	-	-	1,539
Nonprogrammed charges	-	-	-	10,844	-	10,844
Debt services	-	-	185,697	-	-	185,697
Total disbursements	29,959	-	185,697	10,844	-	1,385,183
Excess (deficiency) of receipts over disbursements	27,752	-	(77,594)	3,056	-	(99)
Other financing sources (uses):						
Transfers in	-	-	2,415	-	-	2,568
Transfers out	-	-	-	-	(137,798)	(137,798)
Total other financing sources (uses)	-	-	2,415	-	(137,798)	(135,230)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	27,752	-	(75,179)	3,056	(137,798)	(135,329)
Cash and investments - beginning	51,629	10,367	103,473	3,727	256,500	751,244
Cash and investments - ending	<u>\$ 79,381</u>	<u>\$ 10,367</u>	<u>\$ 28,294</u>	<u>\$ 6,783</u>	<u>\$ 118,702</u>	<u>\$ 615,915</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 79,381	\$ 10,367	\$ -	\$ 6,783	\$ 118,702	\$ 587,621
Restricted assets:						
Cash and investments	-	-	28,294	-	-	28,294
Total cash and investment assets - ending	\$ 79,381	\$ 10,367	\$ 28,294	\$ 6,783	\$ 118,702	\$ 615,915
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 28,294	\$ -	\$ -	\$ 28,294
Unrestricted	79,381	10,367	-	6,783	118,702	587,621
Total cash and investment fund balance - ending	\$ 79,381	\$ 10,367	\$ 28,294	\$ 6,783	\$ 118,702	\$ 615,915

CLOVERDALE COMMUNITY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For the Year Ended June 30, 2007

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 28,775,451
Improvements other than buildings	458,450
Machinery and equipment	<u>5,434,644</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 34,668,545</u>

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For the Year Ended June 30, 2007

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Technology Equipment	\$ 158,096	\$ 84,600
JR/SR High School Buildings	995,000	210,500
Middle School Building	10,625,000	941,000
Notes and loans payable	5,792,723	763,142
Bonds payable:		
General obligation bonds:		
Pension Debt	<u>2,420,000</u>	<u>184,671</u>
Total governmental activities debt	<u>\$ 19,990,819</u>	<u>\$ 2,183,912</u>

CLOVERDALE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies related to the recordkeeping were noted:

1. Certificates of Deposit and U.S. Treasury Bills totaling \$3,049,618 on June 30, 2006, and Certificates of Deposit totaling \$675,000 on June 30, 2007, were not reflected in the School Corporation's fund balances. Fund transactions recorded investment purchases as disbursements which correspondingly reduced ending fund balances. No offsetting investment fund was recorded which resulted in financial records indicating a combined account balance which was less than cash and investments on hand.
2. An abstract of transactions detailing account activity of 16 subaccounts comprising the agency fund "Payroll Deduction," does not agree to the June 30, 2007, balance. The Payroll Deduction Fund has a balance of \$28,828 and the subaccounts total \$89,925.
3. Reports showing year-to-date and fiscal-to-date revenue and expenditure figures are inaccurate because they have not been cleared of prior period activity.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CAPITAL ASSET RECORDS

Information presented for audit did not indicate a complete inventory of capital assets in order to verify the accuracy of the account balances. Many items purchased during the audit period were not recorded in the capital asset records.

A similar comment appeared in prior Report B26725.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

Records presented for audit to support the ADM claimed by the School Corporation were incomplete. The count of student names listed on the computer generated rosters agreed to reported ADM, but these rosters were not dated and written certifications of ADM from building level officials were not supplied.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

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

Officials should maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (The School Administrator and Uniform Compliance Guidelines, Volume 123, September 1993, and Volume 142, June 1998)

OVERDRAWN FUND BALANCES

The following funds were overdrawn at June 30, 2006 and 2007:

Fund	June 30, 2006	June 30, 2007
School Bus Replacement	\$ -	\$ 19,095
Textbook Rental	-	10,418
Project Lead the Way	8,659	2,702
Title I	9,555	-

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

DISPOSITION OF ASSETS

The School Lunch Director received a Toro Zero-Turn Riding Mower in a drawing held by B & B Food Distributors, Inc., a school lunch vendor, in 2007. The drawing was held at a Spring Food Show attended by School Corporation representatives. Dr. Carrie Milner, School Superintendent, stated a discussion was held at an executive meeting and the consensus was that the School Lunch Director should have been allowed to keep the tractor. However, on March 4, 2008, Dr. Carrie Milner stated that the lawnmower would be returned to the School Corporation.

Any compensation, premium, bonus, or product earned as a result of the purchase of goods or services by the governmental unit becomes the property of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CONDITION OF RECORDS (Applies to Cloverdale High School, Cloverdale Middle School and Cloverdale Elementary School)

The following deficiencies relating to the recordkeeping were noted:

CLOVERDALE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

1. Record balances were not reconciled to depository balances. Reconciliation reports did not identify all items necessary to reconcile book to bank balances. Cloverdale Elementary School reconciling items that were not identified included unposted interest and voided check posting errors. Information presented for audit did not reconcile record balances to depository balances for Cloverdale Middle School and Cloverdale High School.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

2. There were a considerable number of posting and reconciling errors. The errors included amounts shown as "adjustments" and "payments" as well as "deposits" and "checks" included in deposit in transit and outstanding check detail amounts on the bank reconciliations that had previously cleared. The Cloverdale Middle School June 30, 2007, reconciliation listed \$45,193 in uncleared credit (deposit) items dating back to January 9, 2007, when in fact, there were none. The Cloverdale High School, January 31, 2006, reconciliation report indicated no uncleared credit or debit items. The following month there were \$246,370 in uncleared credit (deposit) items all dated in 2004 and 2005 and uncleared debit (disbursement) items dated before 2006 and as old as December 6, 2002, totaling \$247,052. We noted one older outstanding check was marked cleared but had an incorrect check number and date. Debits and credits on activity reports did not always match receipts and disbursements on the summary of "Yearly Activity by Account" reports.

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 Extra-Curricular Accounts, Chapter 7)

APPROVAL OF FORMS (Applies to Cloverdale High School,
Cloverdale Middle School and Cloverdale Elementary School)

Extra-curricular funds at all three schools are not using State Board of Accounts prescribed forms. Forms generated by the current software package, placed into service during the 2004-2005 school year, have not been approved for use in lieu of prescribed forms.

A similar comment appeared in prior Report B26725.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CLOVERDALE COMMUNITY
SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

Compliance

We have audited the compliance of the Cloverdale Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

STATE BOARD OF ACCOUNTS

February 19, 2008

CLOVERDALE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-06	Total Federal Awards Expended 06-30-07
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 48,268	\$ 49,315
National School Lunch Program	10.555		<u>235,533</u>	<u>280,425</u>
Total for federal grantor agency			<u>283,801</u>	<u>329,740</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Education Agencies	84.010	05-6750	12,963	-
		06-6750	302,063	15,639
		07-6750	<u>-</u>	<u>317,300</u>
Total for program			<u>315,026</u>	<u>332,939</u>
Safe and Drug Free Schools and Communities State Grants	84.186		<u>6,333</u>	<u>5,655</u>
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education	84.243		<u>28,078</u>	<u>44,383</u>
Pass-Through Indiana Department of Education				
Innovative Education Program Strategies	84.298		<u>8,227</u>	-
Educational Technology State Grants	84.318		<u>10,991</u>	-
Improving Teacher Quality State Grants	84.367		<u>27,074</u>	<u>29,959</u>
Total for federal grantor agency			<u>395,729</u>	<u>412,936</u>
Total federal awards expended			<u>\$ 679,530</u>	<u>\$ 742,676</u>

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

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

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Cloverdale Community School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2005-2006</u>	<u>2006-2007</u>
Child Nutrition Cluster	10.555	<u>\$ 33,248</u>	<u>\$ 40,083</u>

CLOVERDALE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weaknesses identified? no
 Reportable conditions identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
 Material weaknesses identified? no
 Reportable conditions identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies

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

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 19, 2008, with Dr. Carrie Milner, Superintendent of Schools; and Deborah Leonard, Treasurer. The officials concurred with our audit findings.