

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

AUDIT REPORT  
OF

COVINGTON COMMUNITY SCHOOL CORPORATION

FOUNTAIN COUNTY, INDIANA

July 1, 2008 to June 30, 2010



**FILED**

02/07/2011



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### SCHEDULE OF OFFICIALS

| <u>Office</u>                    | <u>Official</u>         | <u>Term</u>          |
|----------------------------------|-------------------------|----------------------|
| Treasurer                        | Cindy Coleman           | 07-01-08 to 02-23-09 |
|                                  | Trudie J. Dillon        | 02-24-09 to 06-30-11 |
| Superintendent<br>of Schools     | Nate Evans              | 07-01-08 to 02-06-09 |
|                                  | (Vacant)                | 02-07-09 to 02-19-09 |
|                                  | Robert Baker (Interim)  | 02-20-09 to 05-11-09 |
|                                  | Roger Coffing (Interim) | 05-12-09 to 06-30-09 |
|                                  | Dennis Cahill           | 07-01-09 to 12-31-09 |
|                                  | T. Kirk Booe            | 01-01-10 to 06-30-11 |
| President of the<br>School Board | Roger Coffing           | 07-01-08 to 06-30-10 |
|                                  | Jeffrey L. Dennis       | 07-01-10 to 06-30-11 |



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

TO: THE OFFICIALS OF THE COVINGTON COMMUNITY  
SCHOOL CORPORATION, FOUNTAIN COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Covington Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, 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, 2009 and 2010, 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 December 16, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

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

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.

The Schedule of Funding Progress 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, Schedule of Contributions From the Employer and Other Contributing Entities, 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

December 16, 2010



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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 COVINGTON COMMUNITY  
SCHOOL CORPORATION, FOUNTAIN COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Covington Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 16, 2010. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiencies described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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.

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)

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. However, of the significant deficiencies described above, we consider item 2010-1 to be a material weakness.

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.

We noted certain matters that we reported to management in a separate letter dated December 16, 2010.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board of Trustees, 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

December 16, 2010

COVINGTON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

| <u>Functions/Programs</u>                                    | <u>Disbursements</u> | <u>Program Receipts</u>         |   | <u>Totals</u>  |
|--|----------------------|---------------------------------|---|--|
|  |                      | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Net<br/>(Disbursement)<br/>Receipts and<br/>Changes in<br/>Net Assets</u> |
| Governmental activities:                                     |                      |                                 |   |  |
| Instruction  | \$ 3,948,676         | \$ -                            | \$ 136,501  | \$ (3,812,175)   |
| Support services   | 3,419,330            | 286,962                         | 204,935   | (2,927,433)  |
| Noninstructional services                                    | 636,145              | -                               | -   | (636,145)  |
| Facilities acquisition and construction                      | 1,211,452            | -                               | -   | (1,211,452)  |
| Debt service   | 2,627,327            | -                               | -   | (2,627,327)  |
| Nonprogrammed charges  | 357,075              | -                               | -   | (357,075)  |
| <u>Total governmental activities</u>                         | <u>\$ 12,200,005</u> | <u>\$ 286,962</u>               | <u>\$ 341,436</u>                                 | <u>(11,571,607)</u>  |
| General receipts:  |                      |                                 |   |  |
| Property taxes   |                      |                                 |   | 3,225,819  |
| Other local sources  |                      |                                 |   | 1,030,248  |
| State aid  |                      |                                 |   | 4,058,488  |
| Bonds and loans  |                      |                                 |   | 3,151,000  |
| Grants and contributions not restricted to specific programs |                      |                                 |   | 845,941  |
| Investment earnings  |                      |                                 |   | 6,642  |
| Other  |                      |                                 |   | 858,296  |
| <u>Total general receipts</u>                                |                      |                                 |   | <u>13,176,434</u>  |
| Change in net assets   |                      |                                 |   | 1,604,827  |
| Net assets - beginning                                       |                      |                                 |   | 229,410  |
| <u>Net assets - ending</u>                                   |                      |                                 |   | <u>\$ 1,834,237</u>  |
| <u>Assets</u>  |                      |                                 |   |  |
| Cash and investments   |                      |                                 |   | \$ 1,523,019   |
| Restricted assets:   |                      |                                 |   |  |
| Cash and investments   |                      |                                 |   | 311,218  |
| <u>Total assets</u>  |                      |                                 |   | <u>\$ 1,834,237</u>  |
| <u>Net Assets</u>  |                      |                                 |   |  |
| Restricted for:  |                      |                                 |   |  |
| Debt service   |                      |                                 |   | \$ 311,218   |
| Unrestricted   |                      |                                 |   | 1,523,019  |
| <u>Total net assets</u>                                      |                      |                                 |   | <u>\$ 1,834,237</u>  |

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

COVINGTON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2010

| <u>Functions/Programs</u>                                    | <u>Disbursements</u> | <u>Program Receipts</u>         |   | <u>Totals</u>  |
|--|----------------------|---------------------------------|---|--|
|  |                      | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Net<br/>(Disbursement)<br/>Receipts and<br/>Changes in<br/>Net Assets</u> |
| Governmental activities:                                     |                      |                                 |   |  |
| Instruction  | \$ 3,715,375         | \$ -                            | \$ 127,473  | \$ (3,587,902)   |
| Support services   | 2,836,454            | 283,577                         | 230,455   | (2,322,422)  |
| Noninstructional services                                    | 558,743              | -                               | -   | (558,743)  |
| Facilities acquisition and construction                      | 1,140,640            | -                               | -   | (1,140,640)  |
| Debt service   | 3,766,709            | -                               | -   | (3,766,709)  |
| Nonprogrammed charges  | 296,082              | -                               | -   | (296,082)  |
| Total governmental activities                                | \$ 12,314,003        | \$ 283,577                      | \$ 357,928  | (11,672,498)   |
| General receipts:  |                      |                                 |   |  |
| Property taxes   |                      |                                 |   | 3,384,211  |
| Other local sources  |                      |                                 |   | 911,297  |
| State aid  |                      |                                 |   | 5,267,601  |
| Bonds and loans  |                      |                                 |   | 1,800,000  |
| Grants and contributions not restricted to specific programs |                      |                                 |   | 836,377  |
| Investment earnings  |                      |                                 |   | 3,608  |
| Other  |                      |                                 |   | 687,461  |
| Total general receipts                                       |                      |                                 |   | 12,890,555   |
| Change in net assets   |                      |                                 |   | 1,218,057  |
| Net assets - beginning                                       |                      |                                 |   | 1,834,237  |
| Net assets - ending  |                      |                                 |   | \$ 3,052,294   |
| <u>Assets</u>  |                      |                                 |   |  |
| Cash and investments   |                      |                                 |   | \$ 2,502,294   |
| Restricted assets:   |                      |                                 |   |  |
| Cash and investments   |                      |                                 |   | 550,000  |
| Total assets   |                      |                                 |   | \$ 3,052,294   |
| <u>Net Assets</u>  |                      |                                 |   |  |
| Restricted for:  |                      |                                 |   |  |
| Debt service   |                      |                                 |   | \$ 550,000   |
| Unrestricted   |                      |                                 |   | 2,502,294  |
| Total net assets   |                      |                                 |   | \$ 3,052,294   |

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

COVINGTON 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, 2009

|   | General           | ARRA Fiscal<br>Stabilization<br>Grant | Debt<br>Service   | Capital<br>Projects | Construction      | Other            | Totals              |
|---|-------------------|---------------------------------------|-------------------|---------------------|-------------------|------------------|---------------------|
| <b>Receipts:</b>  |                   |                                       |                   |                     |                   |                  |                     |
| Local sources   | \$ 1,704,117      | \$ -                                  | \$ 842,084        | \$ 800,271          | \$ -              | \$ 1,201,865     | \$ 4,548,337        |
| Intermediate sources  | 564               | -                                     | -                 | -                   | -                 | 769              | 1,333               |
| State sources   | 4,164,923         | -                                     | -                 | -                   | -                 | 109,394          | 4,274,317           |
| Federal sources   | -                 | 458,929                               | -                 | -                   | -                 | 512,618          | 971,547             |
| Temporary loans   | 581,000           | -                                     | 352,000           | 523,000             | -                 | 395,000          | 1,851,000           |
| Other   | 43,535            | -                                     | 2,067             | 267,052             | 513,455           | 32,189           | 858,298             |
| <b>Total receipts</b>   | <b>6,494,139</b>  | <b>458,929</b>                        | <b>1,196,151</b>  | <b>1,590,323</b>    | <b>513,455</b>    | <b>2,251,835</b> | <b>12,504,832</b>   |
| <b>Disbursements:</b>   |                   |                                       |                   |                     |                   |                  |                     |
| <b>Current:</b>   |                   |                                       |                   |                     |                   |                  |                     |
| Instruction   | 3,023,974         | 128,000                               | -                 | -                   | -                 | 796,702          | 3,948,676           |
| Support services  | 1,950,569         | 115,089                               | -                 | 713,782             | -                 | 639,890          | 3,419,330           |
| Noninstructional services   | 182,651           | 12,234                                | -                 | -                   | -                 | 441,260          | 636,145             |
| Facilities acquisition and construction   | -                 | -                                     | -                 | 142,766             | 1,068,686         | -                | 1,211,452           |
| Debt services   | 815,000           | -                                     | 1,188,327         | 297,000             | -                 | 327,000          | 2,627,327           |
| Nonprogrammed charges   | 332,665           | -                                     | -                 | -                   | -                 | 24,410           | 357,075             |
| <b>Total disbursements</b>  | <b>6,304,859</b>  | <b>255,323</b>                        | <b>1,188,327</b>  | <b>1,153,548</b>    | <b>1,068,686</b>  | <b>2,229,262</b> | <b>12,200,005</b>   |
| Excess (deficiency) of receipts over disbursements  | 189,280           | 203,606                               | 7,824             | 436,775             | (555,231)         | 22,573           | 304,827             |
| <b>Other financing sources (uses):</b>  |                   |                                       |                   |                     |                   |                  |                     |
| Proceeds of long-term debt  | -                 | -                                     | -                 | -                   | 1,300,000         | -                | 1,300,000           |
| Transfers in  | -                 | -                                     | -                 | -                   | -                 | 83,027           | 83,027              |
| Transfers out   | (25,991)          | -                                     | -                 | -                   | -                 | (57,036)         | (83,027)            |
| <b>Total other financing sources (uses)</b>   | <b>(25,991)</b>   | <b>-</b>                              | <b>-</b>          | <b>-</b>            | <b>1,300,000</b>  | <b>25,991</b>    | <b>1,300,000</b>    |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 163,289           | 203,606                               | 7,824             | 436,775             | 744,769           | 48,564           | 1,604,827           |
| Cash and investments - beginning  | 241,262           | -                                     | 303,394           | (297,809)           | -                 | (17,437)         | 229,410             |
| Cash and investments - ending   | <u>\$ 404,551</u> | <u>\$ 203,606</u>                     | <u>\$ 311,218</u> | <u>\$ 138,966</u>   | <u>\$ 744,769</u> | <u>\$ 31,127</u> | <u>\$ 1,834,237</u> |
| <b>Cash and Investment Assets - Ending</b>  |                   |                                       |                   |                     |                   |                  |                     |
| Cash and investments  | \$ 404,551        | \$ 203,606                            | \$ -              | \$ 138,966          | \$ 744,769        | \$ 31,127        | \$ 1,523,019        |
| Restricted assets:  |                   |                                       |                   |                     |                   |                  |                     |
| Cash and investments  | -                 | -                                     | 311,218           | -                   | -                 | -                | 311,218             |
| <b>Total cash and investment assets - ending</b>  | <u>\$ 404,551</u> | <u>\$ 203,606</u>                     | <u>\$ 311,218</u> | <u>\$ 138,966</u>   | <u>\$ 744,769</u> | <u>\$ 31,127</u> | <u>\$ 1,834,237</u> |
| <b>Cash and Investment Fund Balance - Ending</b>  |                   |                                       |                   |                     |                   |                  |                     |
| Restricted for:   |                   |                                       |                   |                     |                   |                  |                     |
| Debt service  | \$ -              | \$ -                                  | \$ 311,218        | \$ -                | \$ -              | \$ -             | \$ 311,218          |
| Unrestricted  | 404,551           | 203,606                               | -                 | 138,966             | 744,769           | 31,127           | 1,523,019           |
| <b>Total cash and investment fund balance - ending</b>  | <u>\$ 404,551</u> | <u>\$ 203,606</u>                     | <u>\$ 311,218</u> | <u>\$ 138,966</u>   | <u>\$ 744,769</u> | <u>\$ 31,127</u> | <u>\$ 1,834,237</u> |

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

COVINGTON 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, 2010

|   | General           | Rainy Day         | ARRA Fiscal<br>Stabilization<br>Grant | Debt<br>Service   | Capital<br>Projects | Construction     | Other             | Totals              |
|---|-------------------|-------------------|---------------------------------------|-------------------|---------------------|------------------|-------------------|---------------------|
| <b>Receipts:</b>  |                   |                   |                                       |                   |                     |                  |                   |                     |
| Local sources   | \$ 94,470         | \$ 9,790          | \$ -                                  | \$ 1,846,858      | \$ 1,102,297        | \$ -             | \$ 1,528,751      | \$ 4,582,166        |
| Intermediate sources  | 283               | -                 | -                                     | -                 | -                   | -                | 244               | 527                 |
| State sources   | 5,365,969         | -                 | -                                     | -                 | -                   | -                | 140,598           | 5,506,567           |
| Federal sources   | -                 | -                 | 191,454                               | -                 | -                   | -                | 763,885           | 955,339             |
| Other   | 95,757            | -                 | -                                     | -                 | 32,141              | 526,897          | 32,666            | 687,461             |
| <b>Total receipts</b>   | <b>5,556,479</b>  | <b>9,790</b>      | <b>191,454</b>                        | <b>1,846,858</b>  | <b>1,134,438</b>    | <b>526,897</b>   | <b>2,466,144</b>  | <b>11,732,060</b>   |
| <b>Disbursements:</b>   |                   |                   |                                       |                   |                     |                  |                   |                     |
| <b>Current:</b>   |                   |                   |                                       |                   |                     |                  |                   |                     |
| Instruction   | 2,569,622         | -                 | 360,623                               | -                 | -                   | -                | 785,130           | 3,715,375           |
| Support services  | 1,769,415         | -                 | 34,437                                | -                 | 357,473             | -                | 675,129           | 2,836,454           |
| Noninstructional services   | 159,948           | -                 | -                                     | -                 | -                   | -                | 398,795           | 558,743             |
| Facilities acquisition and construction   | -                 | -                 | -                                     | -                 | 131,136             | 1,006,613        | 2,891             | 1,140,640           |
| Debt services   | 1,266,000         | -                 | -                                     | 1,738,427         | 532,200             | -                | 230,082           | 3,766,709           |
| Nonprogrammed charges   | 175,334           | 9,790             | -                                     | -                 | -                   | -                | 110,958           | 296,082             |
| <b>Total disbursements</b>  | <b>5,940,319</b>  | <b>9,790</b>      | <b>395,060</b>                        | <b>1,738,427</b>  | <b>1,020,809</b>    | <b>1,006,613</b> | <b>2,202,985</b>  | <b>12,314,003</b>   |
| Excess (deficiency) of receipts over disbursements  | (383,840)         | -                 | (203,606)                             | 108,431           | 113,629             | (479,716)        | 263,159           | (581,943)           |
| <b>Other financing sources (uses):</b>  |                   |                   |                                       |                   |                     |                  |                   |                     |
| Proceeds of long-term debt  | 966,000           | -                 | -                                     | 371,718           | 282,200             | -                | 180,082           | 1,800,000           |
| Transfers in  | 40,300            | 722,867           | -                                     | 181,500           | -                   | 45,625           | 95,249            | 1,085,541           |
| Transfers out   | (253,506)         | -                 | -                                     | (422,867)         | (35,000)            | (250,000)        | (124,168)         | (1,085,541)         |
| <b>Total other financing sources (uses)</b>   | <b>752,794</b>    | <b>722,867</b>    | <b>-</b>                              | <b>130,351</b>    | <b>247,200</b>      | <b>(204,375)</b> | <b>151,163</b>    | <b>1,800,000</b>    |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 368,954           | 722,867           | (203,606)                             | 238,782           | 360,829             | (684,091)        | 414,322           | 1,218,057           |
| Cash and investments - beginning  | 404,551           | -                 | 203,606                               | 311,218           | 138,966             | 744,769          | 31,127            | 1,834,237           |
| Cash and investments - ending   | <u>\$ 773,505</u> | <u>\$ 722,867</u> | <u>\$ -</u>                           | <u>\$ 550,000</u> | <u>\$ 499,795</u>   | <u>\$ 60,678</u> | <u>\$ 445,449</u> | <u>\$ 3,052,294</u> |
| <b>Cash and Investment Assets - Ending</b>  |                   |                   |                                       |                   |                     |                  |                   |                     |
| Cash and investments  | \$ 773,505        | \$ 722,867        | \$ -                                  | \$ -              | \$ 499,795          | \$ 60,678        | \$ 445,449        | \$ 2,502,294        |
| Restricted assets:  |                   |                   |                                       |                   |                     |                  |                   |                     |
| Cash and investments  | -                 | -                 | -                                     | 550,000           | -                   | -                | -                 | 550,000             |
| <b>Total cash and investment assets - ending</b>  | <u>\$ 773,505</u> | <u>\$ 722,867</u> | <u>\$ -</u>                           | <u>\$ 550,000</u> | <u>\$ 499,795</u>   | <u>\$ 60,678</u> | <u>\$ 445,449</u> | <u>\$ 3,052,294</u> |
| <b>Cash and Investment Fund Balance - Ending</b>  |                   |                   |                                       |                   |                     |                  |                   |                     |
| Restricted for:   |                   |                   |                                       |                   |                     |                  |                   |                     |
| Debt service  | \$ -              | \$ -              | \$ -                                  | \$ 550,000        | \$ -                | \$ -             | \$ -              | \$ 550,000          |
| Unrestricted  | 773,505           | 722,867           | -                                     | -                 | 499,795             | 60,678           | 445,449           | 2,502,294           |
| <b>Total cash and investment fund balance - ending</b>  | <u>\$ 773,505</u> | <u>\$ 722,867</u> | <u>\$ -</u>                           | <u>\$ 550,000</u> | <u>\$ 499,795</u>   | <u>\$ 60,678</u> | <u>\$ 445,449</u> | <u>\$ 3,052,294</u> |

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

COVINGTON COMMUNITY SCHOOL CORPORATION  
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 FIDUCIARY FUNDS  
 For the Year Ended June 30, 2009

|   | Private-Purpose<br>Trust Funds | Agency<br>Funds |
|---|--------------------------------|-----------------|
| Additions:  |                                |                 |
| Contributions:  |                                |                 |
| Other   | \$ 1,500                       |                 |
| Total additions   | 1,500                          |                 |
| Excess (deficiency) of total additions<br>over total deductions | 1,500                          |                 |
| Cash and investment fund balance - beginning                    | -                              |                 |
| Cash and investment fund balance - ending                       | \$ 1,500                       | \$ -            |
| Net assets:   |                                |                 |
| Cash and investments  | \$ 1,500                       | \$ -            |
| Total net assets - cash and investment basis held in trust      | \$ 1,500                       | \$ -            |

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

COVINGTON COMMUNITY SCHOOL CORPORATION  
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 FIDUCIARY FUNDS  
 For the Year Ended June 30, 2010

|   | Private-Purpose<br>Trust Funds | Agency<br>Funds |
|---|--------------------------------|-----------------|
| Additions:  | \$ -                           |                 |
| Deductions:   |                                |                 |
| Administrative and general                                      | 1,500                          |                 |
| Total deductions  | 1,500                          |                 |
| Excess (deficiency) of total additions<br>over total deductions | (1,500)                        |                 |
| Cash and investment fund balance - beginning                    | 1,500                          |                 |
| Cash and investment fund balance - ending                       | \$ -                           | \$ (11,092)     |
| Net assets:   |                                |                 |
| Cash and investments  | \$ -                           | \$ (11,092)     |
| Total net assets - cash and investment basis held in trust      | \$ -                           | \$ (11,092)     |

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

COVINGTON 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: Covington 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 in a joint venture to operate West Central Educational Cooperative which was created to provide programs and services for vocational education. The West Central Educational Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the West Central Educational Cooperative can be obtained from Crawfordsville Community School Corporation, 1000 Fairview Avenue, Crawfordsville, IN 47933.

The School Corporation is a participant in a joint venture to operate West Central Indiana Special Services Cooperative which was created to provide special education programs and services for moderately mentally handicapped/severe and profound mentally handicapped children. The West Central Indiana Special Services Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the West Central Indiana Special Services Cooperative can be obtained from Crawfordsville Community School Corporation, 1000 Fairview Avenue, Crawfordsville, IN 47933.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

COVINGTON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, 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 Rainy Day Fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

The ARRA Fiscal Stabilization Grant Fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

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 of buildings; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The Construction Fund accounts for planned construction, repair, replacement, or remodeling.

Additionally, the School Corporation reports the following fund types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the disbursement of funds for computer equipment.

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

C. Measurement Focus and Basis of Accounting

The government-wide and 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.

COVINGTON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Normally, 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. 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 may become delinquent if not paid by May 10 and November 10, respectively. Property taxes for 2008 collected by Warren County Treasurer and Fountain County Treasurer were not available for distribution to the School Corporation until after December 31. Property taxes collected by the Warren County Treasurer and Fountain County Treasurer were distributed to the School Corporation on or prior to June 30 of the year collected for 2009 and 2010.

3. 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.

COVINGTON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

4. Long-Term Debt

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

5. 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."

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

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 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 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 not reported as reimbursements but as adjustments to disbursements in the respective funds.

COVINGTON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is 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 loans and services between funds, if any, are not eliminated in the government-wide 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.

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. Prior to November 1, 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 high-way 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.

COVINGTON COMMUNITY SCHOOL CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

B. Cash Balance Deficits

At June 30, 2009 and 2010, the following funds reported deficits in cash, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

| Fund                               | 2008-2009   | 2009-2010 |
|------------------------------------|-------------|-----------|
| School Lunch Program               | \$ (30,116) | \$ -      |
| Crawfordsville Co-operative 94-142 | (50,325)    | -         |
| Title I 08-09                      | (9,118)     | -         |
| Middle School MIMH/MOMH/SP 08-09   | (14,384)    | -         |
| High School MIMH/MOMH/SP 09-10     | (22,786)    | -         |
| ARRA Special Ed Stimulus 2009      | -           | (7,906)   |

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. IC 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. The policy states that in an event of bank failure the government's funds will be deposited at an approved depository. At June 30, 2010, the School Corporation had deposit balances in the amount of \$3,195,414.

The bank 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

As of June 30, 2010, the School Corporation had no investments.

COVINGTON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

| Transfer From            | Transfer To              | 2008-2009        | 2009-2010           |
|--------------------------|--------------------------|------------------|---------------------|
| General Fund             | Other Governmental Funds | \$ 25,991        | \$ 67,881           |
|                          | Debt Service Fund        | -                | 140,000             |
|                          | Construction Fund        | -                | 45,625              |
| Debt Service Fund        | Rainy Day Fund           | -                | 422,867             |
| Capital Project Fund     | Debt Service Fund        | -                | 35,000              |
| Construction Fund        | Rainy Day Fund           | -                | 250,000             |
| Other Governmental Funds | General Fund             | -                | 40,300              |
|                          | Rainy Day Fund           | -                | 50,000              |
|                          | Other Governmental Funds | 57,036           | 27,368              |
|                          | Debt Service Fund        | -                | 6,500               |
|                          |                          | <u>83,027</u>    | <u>1,085,541</u>    |
| Totals                   |                          | <u>\$ 83,027</u> | <u>\$ 1,085,541</u> |

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

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; medical benefits to employees, retirees, and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Destruction of Assets; Errors and Omissions; Job Related Illnesses or Injuries to Employees

During 2009, the School Corporation joined with other governmental entities in the Educational Service Centers Risk Funding Trust (ESCRFT), a public entity risk pool currently operating as a common risk management and insurance program for 22 member governmental entities. This risk pool was formed in 2008. The purpose of the risk pool is to provide a medium for the funding and administration of property, casualty, errors and omissions and job related illnesses or injuries to employees. The School Corporation pays an annual premium to the risk pool for its property, casualty, errors and omissions and job related illnesses or injuries to employees' coverage. 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.

COVINGTON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Medical Benefits to Employees

During 1999, the School Corporation joined with other governmental entities to form the Hoosier Heartland Trust, a public entity risk pool currently operating as a common risk management and insurance program for eight member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees. The School Corporation pays an annual premium to the risk pool for its medical benefits for employees' coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$75,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$75,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with Covington Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the fiscal years 2008-2009 and 2009-2010 totaled \$530,500, and \$536,000 respectively.

C. 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 (IC 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

COVINGTON COMMUNITY SCHOOL CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$110,022.

|   |    | PERF     |
|---|----|----------|
| Annual required contribution                  | \$ | 115,468  |
| Interest on net pension obligation            |    | (2,283)  |
| Adjustment to annual required contribution    |    | 2,602    |
| Annual pension cost                           |    | 115,787  |
| Contributions made                            |    | 110,022  |
| Increase (decrease) in net pension obligation |    | 5,765    |
| Net pension obligation, beginning of year     |    | (31,492) |
| Net pension obligation, end of year           | \$ | (25,727) |

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

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 (IC 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

COVINGTON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy

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.

The School Corporation's contributions to the plan during the period were \$282,305.

COVINGTON COMMUNITY SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

| Public Employees' Retirement Fund |  |   |  |                          |                           |  |
|-----------------------------------|--|---|--|--------------------------|---------------------------|--|
| Actuarial<br>Valuation<br>Date    | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Excess of<br>Assets Over<br>(Unfunded)<br>AAL<br>(a-b) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | Excess<br>(Unfunded)<br>AAL as a<br>Percentage<br>of Covered<br>Payroll<br>((a-b)/c) |
| 07-01-07                          | \$ 962,860                             | \$ 1,173,147                                      | \$ (210,287)   | 82%                      | \$ 1,110,058              | (19%)  |
| 07-01-08                          | 943,706                                | 1,346,061   | (402,355)  | 70%                      | 1,319,634                 | (30%)  |
| 07-01-09                          | 1,124,149                              | 1,422,030   | (297,881)  | 79%                      | 1,383,031                 | (22%)  |

COVINGTON 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, 2009

|   | Transportation | Special<br>Education<br>Preschool | School<br>Lunch<br>Program | Textbook<br>Rental | Excess<br>Levy  | High School<br>MIMH/MOMH/SP<br>07-08 |
|---|----------------|-----------------------------------|----------------------------|--------------------|-----------------|--------------------------------------|
| <b>Receipts:</b>  |                |                                   |                            |                    |                 |                                      |
| Local sources   | \$ 336,956     | \$ 5,170                          | \$ 235,915                 | \$ 75,059          | \$ -            | \$ 32,446                            |
| Intermediate sources  | -              | -                                 | -                          | -                  | -               | -                                    |
| State sources   | -              | 42,301                            | 5,449                      | 30,463             | -               | -                                    |
| Federal sources   | -              | -                                 | 169,023                    | -                  | -               | -                                    |
| Temporary loans   | 282,000        | -                                 | -                          | -                  | -               | -                                    |
| Other   | 31,125         | -                                 | -                          | 1,064              | -               | -                                    |
| <b>Total receipts</b>   | <b>650,081</b> | <b>47,471</b>                     | <b>410,387</b>             | <b>106,586</b>     | <b>-</b>        | <b>32,446</b>                        |
| <b>Disbursements:</b>   |                |                                   |                            |                    |                 |                                      |
| <b>Current:</b>   |                |                                   |                            |                    |                 |                                      |
| Instruction   | -              | 22,849                            | -                          | -                  | -               | 7,998                                |
| Support services  | 334,416        | -                                 | 98                         | 124,237            | -               | -                                    |
| Noninstructional services   | -              | -                                 | 441,260                    | -                  | -               | -                                    |
| Debt services   | 247,000        | -                                 | -                          | -                  | -               | -                                    |
| Nonprogrammed charges   | -              | 24,282                            | -                          | -                  | -               | -                                    |
| <b>Total disbursements</b>  | <b>581,416</b> | <b>47,131</b>                     | <b>441,358</b>             | <b>124,237</b>     | <b>-</b>        | <b>7,998</b>                         |
| Excess (deficiency) of receipts over disbursements  | 68,665         | 340                               | (30,971)                   | (17,651)           | -               | 24,448                               |
| <b>Other financing sources (uses):</b>  |                |                                   |                            |                    |                 |                                      |
| Transfers in  | 16,107         | -                                 | -                          | -                  | -               | -                                    |
| Transfers out   | -              | -                                 | -                          | -                  | (16,107)        | -                                    |
| <b>Total other financing sources (uses)</b>   | <b>16,107</b>  | <b>-</b>                          | <b>-</b>                   | <b>-</b>           | <b>(16,107)</b> | <b>-</b>                             |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 84,772         | 340                               | (30,971)                   | (17,651)           | (16,107)        | 24,448                               |
| Cash and investments - beginning  | (75,093)       | 16,814                            | 855                        | 35,908             | 16,107          | (24,448)                             |
| Cash and investments - ending   | \$ 9,679       | \$ 17,154                         | \$ (30,116)                | \$ 18,257          | \$ -            | \$ -                                 |
| <b><u>Cash and Investment Assets - Ending</u></b>   |                |                                   |                            |                    |                 |                                      |
| Cash and investments  | \$ 9,679       | \$ 17,154                         | \$ (30,116)                | \$ 18,257          | \$ -            | \$ -                                 |
| Total cash and investment assets - ending   | \$ 9,679       | \$ 17,154                         | \$ (30,116)                | \$ 18,257          | \$ -            | \$ -                                 |
| <b><u>Cash and Investment Fund Balance - Ending</u></b>   |                |                                   |                            |                    |                 |                                      |
| Unrestricted  | 9,679          | 17,154                            | (30,116)                   | 18,257             | -               | -                                    |
| Total cash and investment fund balance - ending   | \$ 9,679       | \$ 17,154                         | \$ (30,116)                | \$ 18,257          | \$ -            | \$ -                                 |

COVINGTON 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, 2009  
 (Continued)

|   | Middle School<br>MIMH/MOMH/SP<br>07-08 | Middle School<br>MIMH/MOMH/SP<br>08-09 | High School<br>MIMH/MOMH/SP<br>09-10 | Special<br>Needs | Law<br>Enforcement<br>08-09 | TCAM<br>07-08 |
|---|--|--|--------------------------------------|------------------|-----------------------------|---------------|
| <b>Receipts:</b>  |  |  |                                      |                  |                             |               |
| Local sources   | \$ 33,519                              | \$ 105,556                             | \$ 107,323                           | \$ -             | \$ 29,402                   | \$ 4,501      |
| Intermediate sources  | -                                      | -                                      | -                                    | -                | -                           | -             |
| State sources   | -                                      | -                                      | -                                    | -                | -                           | -             |
| Federal sources   | -                                      | -                                      | -                                    | 11,000           | -                           | -             |
| Temporary loans   | -                                      | -                                      | -                                    | -                | -                           | -             |
| Other   | -                                      | -                                      | -                                    | -                | -                           | -             |
| <b>Total receipts</b>   | <b>33,519</b>                          | <b>105,556</b>                         | <b>107,323</b>                       | <b>11,000</b>    | <b>29,402</b>               | <b>4,501</b>  |
| <b>Disbursements:</b>   |  |  |                                      |                  |                             |               |
| <b>Current:</b>   |  |  |                                      |                  |                             |               |
| Instruction   | 5,774                                  | 119,940                                | 130,109                              | 24,815           | 28,358                      | 2,952         |
| Support services  | 6,204                                  | -                                      | -                                    | -                | -                           | 10,394        |
| Noninstructional services   | -                                      | -                                      | -                                    | -                | -                           | -             |
| Debt services   | -                                      | -                                      | -                                    | -                | -                           | -             |
| Nonprogrammed charges   | -                                      | -                                      | -                                    | -                | -                           | -             |
| <b>Total disbursements</b>  | <b>11,978</b>                          | <b>119,940</b>                         | <b>130,109</b>                       | <b>24,815</b>    | <b>28,358</b>               | <b>13,346</b> |
| Excess (deficiency) of receipts over disbursements  | 21,541                                 | (14,384)                               | (22,786)                             | (13,815)         | 1,044                       | (8,845)       |
| <b>Other financing sources (uses):</b>  |  |  |                                      |                  |                             |               |
| Transfers in  | -                                      | -                                      | -                                    | -                | -                           | -             |
| Transfers out   | -                                      | -                                      | -                                    | -                | -                           | -             |
| <b>Total other financing sources (uses)</b>   | <b>-</b>                               | <b>-</b>                               | <b>-</b>                             | <b>-</b>         | <b>-</b>                    | <b>-</b>      |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 21,541                                 | (14,384)                               | (22,786)                             | (13,815)         | 1,044                       | (8,845)       |
| Cash and investments - beginning  | (21,541)                               | -                                      | -                                    | 30,712           | -                           | 8,845         |
| Cash and investments - ending   | \$ -                                   | \$ (14,384)                            | \$ (22,786)                          | \$ 16,897        | \$ 1,044                    | \$ -          |
| <b>Cash and Investment Assets - Ending</b>  |  |  |                                      |                  |                             |               |
| Cash and investments  | \$ -                                   | \$ (14,384)                            | \$ (22,786)                          | \$ 16,897        | \$ 1,044                    | \$ -          |
| Total cash and investment assets - ending   | \$ -                                   | \$ (14,384)                            | \$ (22,786)                          | \$ 16,897        | \$ 1,044                    | \$ -          |
| <b>Cash and Investment Fund Balance - Ending</b>  |  |  |                                      |                  |                             |               |
| Unrestricted  | -                                      | (14,384)                               | (22,786)                             | 16,897           | 1,044                       | -             |
| Total cash and investment fund balance - ending   | \$ -                                   | \$ (14,384)                            | \$ (22,786)                          | \$ 16,897        | \$ 1,044                    | \$ -          |

COVINGTON COMMUNITY SCHOOL CORPORATION  
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 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

|  | TCAM<br>08-09          | Educational<br>Plate   | Gifted and<br>Talented<br>07-08 | Gifted and<br>Talented<br>08-09 | Medicaid<br>Reimbursement | Non-English<br>Speaking<br>Program |
|--|------------------------|------------------------|---------------------------------|---------------------------------|---------------------------|------------------------------------|
| <b>Receipts:</b>   |                        |                        |                                 |                                 |                           |                                    |
| Local sources  | \$ 110,284             | \$ -                   | \$ -                            | \$ -                            | \$ -                      | \$ -                               |
| Intermediate sources   | -                      | 769                    | -                               | -                               | -                         | -                                  |
| State sources  | -                      | -                      | -                               | 30,065                          | -                         | -                                  |
| Federal sources  | -                      | -                      | -                               | -                               | -                         | -                                  |
| Temporary loans  | -                      | -                      | -                               | -                               | -                         | -                                  |
| Other  | -                      | -                      | -                               | -                               | -                         | -                                  |
| <b>Total receipts</b>  | <b>110,284</b>         | <b>769</b>             | <b>-</b>                        | <b>30,065</b>                   | <b>-</b>                  | <b>-</b>                           |
| <b>Disbursements:</b>  |                        |                        |                                 |                                 |                           |                                    |
| <b>Current:</b>  |                        |                        |                                 |                                 |                           |                                    |
| Instruction  | 79,546                 | -                      | 10,289                          | 28,155                          | -                         | -                                  |
| Support services   | 21,410                 | -                      | 17,227                          | -                               | -                         | -                                  |
| Noninstructional services  | -                      | -                      | -                               | -                               | -                         | -                                  |
| Debt services  | -                      | -                      | -                               | -                               | -                         | -                                  |
| Nonprogrammed charges  | -                      | -                      | -                               | -                               | -                         | -                                  |
| <b>Total disbursements</b>   | <b>100,956</b>         | <b>-</b>               | <b>27,516</b>                   | <b>28,155</b>                   | <b>-</b>                  | <b>-</b>                           |
| <b>Excess (deficiency) of receipts over disbursements</b>  | <b>9,328</b>           | <b>769</b>             | <b>(27,516)</b>                 | <b>1,910</b>                    | <b>-</b>                  | <b>-</b>                           |
| <b>Other financing sources (uses):</b>   |                        |                        |                                 |                                 |                           |                                    |
| Transfers in   | -                      | -                      | -                               | -                               | -                         | -                                  |
| Transfers out  | -                      | -                      | -                               | -                               | -                         | -                                  |
| <b>Total other financing sources (uses)</b>  | <b>-</b>               | <b>-</b>               | <b>-</b>                        | <b>-</b>                        | <b>-</b>                  | <b>-</b>                           |
| <b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b> | <b>9,328</b>           | <b>769</b>             | <b>(27,516)</b>                 | <b>1,910</b>                    | <b>-</b>                  | <b>-</b>                           |
| Cash and investments - beginning   | -                      | 291                    | 27,516                          | -                               | 245                       | 71                                 |
| Cash and investments - ending  | <u>\$ 9,328</u>        | <u>\$ 1,060</u>        | <u>\$ -</u>                     | <u>\$ 1,910</u>                 | <u>\$ 245</u>             | <u>\$ 71</u>                       |
| <b><u>Cash and Investment Assets - Ending</u></b>  |                        |                        |                                 |                                 |                           |                                    |
| Cash and investments   | <u>\$ 9,328</u>        | <u>\$ 1,060</u>        | <u>\$ -</u>                     | <u>\$ 1,910</u>                 | <u>\$ 245</u>             | <u>\$ 71</u>                       |
| <b>Total cash and investment assets - ending</b>   | <b><u>\$ 9,328</u></b> | <b><u>\$ 1,060</u></b> | <b><u>\$ -</u></b>              | <b><u>\$ 1,910</u></b>          | <b><u>\$ 245</u></b>      | <b><u>\$ 71</u></b>                |
| <b><u>Cash and Investment Fund Balance - Ending</u></b>  |                        |                        |                                 |                                 |                           |                                    |
| Unrestricted   | <u>9,328</u>           | <u>1,060</u>           | <u>-</u>                        | <u>1,910</u>                    | <u>245</u>                | <u>71</u>                          |
| <b>Total cash and investment fund balance - ending</b>   | <b><u>\$ 9,328</u></b> | <b><u>\$ 1,060</u></b> | <b><u>\$ -</u></b>              | <b><u>\$ 1,910</u></b>          | <b><u>\$ 245</u></b>      | <b><u>\$ 71</u></b>                |

COVINGTON COMMUNITY SCHOOL CORPORATION  
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 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

|  | Regional<br>Technology<br>Grant | Professional<br>Development<br>Project | Indiana<br>Virtual<br>Academy | Lowe's Toolbox<br>for Education<br>Grant | Title I<br>07-08 | Title I<br>08-09  |
|--|---------------------------------|--|-------------------------------|--|------------------|-------------------|
| <b>Receipts:</b>   |                                 |  |                               |  |                  |                   |
| Local sources  | \$ -                            | \$ -                                   | \$ 350                        | \$ 5,000                                 | \$ -             | \$ -              |
| Intermediate sources   | -                               | -                                      | -                             | -  | -                | -                 |
| State sources  | 1,116                           | -                                      | -                             | -  | -                | -                 |
| Federal sources  | -                               | -                                      | -                             | -  | 10,000           | 118,448           |
| Temporary loans  | -                               | -                                      | -                             | -  | -                | -                 |
| Other  | -                               | -                                      | -                             | -  | -                | -                 |
| <b>Total receipts</b>  | <b>1,116</b>                    | <b>-</b>                               | <b>350</b>                    | <b>5,000</b>                             | <b>10,000</b>    | <b>118,448</b>    |
| <b>Disbursements:</b>  |                                 |  |                               |  |                  |                   |
| <b>Current:</b>  |                                 |  |                               |  |                  |                   |
| Instruction  | -                               | -                                      | -                             | -  | 10,449           | 127,566           |
| Support services   | 793                             | -                                      | -                             | -  | -                | -                 |
| Noninstructional services  | -                               | -                                      | -                             | -  | -                | -                 |
| Debt services  | -                               | -                                      | -                             | -  | -                | -                 |
| Nonprogrammed charges  | -                               | -                                      | 128                           | -  | -                | -                 |
| <b>Total disbursements</b>   | <b>793</b>                      | <b>-</b>                               | <b>128</b>                    | <b>-</b>                                 | <b>10,449</b>    | <b>127,566</b>    |
| <b>Excess (deficiency) of receipts over disbursements</b>  | <b>323</b>                      | <b>-</b>                               | <b>222</b>                    | <b>5,000</b>                             | <b>(449)</b>     | <b>(9,118)</b>    |
| <b>Other financing sources (uses):</b>   |                                 |  |                               |  |                  |                   |
| Transfers in   | -                               | 730                                    | -                             | -  | -                | -                 |
| Transfers out  | -                               | -                                      | -                             | -  | -                | -                 |
| <b>Total other financing sources (uses)</b>  | <b>-</b>                        | <b>730</b>                             | <b>-</b>                      | <b>-</b>                                 | <b>-</b>         | <b>-</b>          |
| <b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b> | <b>323</b>                      | <b>730</b>                             | <b>222</b>                    | <b>5,000</b>                             | <b>(449)</b>     | <b>(9,118)</b>    |
| <b>Cash and investments - beginning</b>  | <b>239</b>                      | <b>(730)</b>                           | <b>807</b>                    | <b>-</b>                                 | <b>449</b>       | <b>-</b>          |
| <b>Cash and investments - ending</b>   | <b>\$ 562</b>                   | <b>\$ -</b>                            | <b>\$ 1,029</b>               | <b>\$ 5,000</b>                          | <b>\$ -</b>      | <b>\$ (9,118)</b> |
| <b>Cash and Investment Assets - Ending</b>   |                                 |  |                               |  |                  |                   |
| <b>Cash and investments</b>  | <b>\$ 562</b>                   | <b>\$ -</b>                            | <b>\$ 1,029</b>               | <b>\$ 5,000</b>                          | <b>\$ -</b>      | <b>\$ (9,118)</b> |
| <b>Total cash and investment assets - ending</b>   | <b>\$ 562</b>                   | <b>\$ -</b>                            | <b>\$ 1,029</b>               | <b>\$ 5,000</b>                          | <b>\$ -</b>      | <b>\$ (9,118)</b> |
| <b>Cash and Investment Fund Balance - Ending</b>   |                                 |  |                               |  |                  |                   |
| <b>Unrestricted</b>  | <b>562</b>                      | <b>-</b>                               | <b>1,029</b>                  | <b>5,000</b>                             | <b>-</b>         | <b>(9,118)</b>    |
| <b>Total cash and investment fund balance - ending</b>   | <b>\$ 562</b>                   | <b>\$ -</b>                            | <b>\$ 1,029</b>               | <b>\$ 5,000</b>                          | <b>\$ -</b>      | <b>\$ (9,118)</b> |

COVINGTON COMMUNITY SCHOOL CORPORATION  
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 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
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 (Continued)

|  | Title V         | Sliver Fund     | Crawfordsville Co-operative 94-142 | Pre-school Handicap PL 99-457 | Drug Free Schools 08-09 | Medicaid Reimbursement Federal |
|--|-----------------|-----------------|------------------------------------|-------------------------------|-------------------------|--------------------------------|
| <b>Receipts:</b>   |                 |                 |                                    |                               |                         |                                |
| Local sources  | \$ -            | \$ -            | \$ -                               | \$ -                          | \$ -                    | \$ -                           |
| Intermediate sources   | -               | -               | -                                  | -                             | -                       | -                              |
| State sources  | -               | -               | -                                  | -                             | -                       | -                              |
| Federal sources  | -               | -               | 182,278                            | 7,311                         | -                       | -                              |
| Temporary loans  | -               | -               | -                                  | -                             | -                       | -                              |
| Other  | -               | -               | -                                  | -                             | -                       | -                              |
| <b>Total receipts</b>  | <b>-</b>        | <b>-</b>        | <b>182,278</b>                     | <b>7,311</b>                  | <b>-</b>                | <b>-</b>                       |
| <b>Disbursements:</b>  |                 |                 |                                    |                               |                         |                                |
| <b>Current:</b>  |                 |                 |                                    |                               |                         |                                |
| Instruction  | -               | -               | 197,548                            | -                             | -                       | -                              |
| Support services   | -               | -               | -                                  | -                             | 2,244                   | -                              |
| Noninstructional services  | -               | -               | -                                  | -                             | -                       | -                              |
| Debt services  | -               | -               | -                                  | -                             | -                       | -                              |
| Nonprogrammed charges  | -               | -               | -                                  | -                             | -                       | -                              |
| <b>Total disbursements</b>   | <b>-</b>        | <b>-</b>        | <b>197,548</b>                     | <b>-</b>                      | <b>2,244</b>            | <b>-</b>                       |
| <b>Excess (deficiency) of receipts over disbursements</b>  | <b>-</b>        | <b>-</b>        | <b>(15,270)</b>                    | <b>7,311</b>                  | <b>(2,244)</b>          | <b>-</b>                       |
| <b>Other financing sources (uses):</b>   |                 |                 |                                    |                               |                         |                                |
| Transfers in   | -               | -               | -                                  | -                             | -                       | -                              |
| Transfers out  | -               | -               | -                                  | -                             | -                       | -                              |
| <b>Total other financing sources (uses)</b>  | <b>-</b>        | <b>-</b>        | <b>-</b>                           | <b>-</b>                      | <b>-</b>                | <b>-</b>                       |
| <b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b> | <b>-</b>        | <b>-</b>        | <b>(15,270)</b>                    | <b>7,311</b>                  | <b>(2,244)</b>          | <b>-</b>                       |
| Cash and investments - beginning   | 6,188           | 5,670           | (35,055)                           | 15,261                        | 6,435                   | 3,067                          |
| Cash and investments - ending  | <u>\$ 6,188</u> | <u>\$ 5,670</u> | <u>\$ (50,325)</u>                 | <u>\$ 22,572</u>              | <u>\$ 4,191</u>         | <u>\$ 3,067</u>                |
| <b>Cash and Investment Assets - Ending</b>   |                 |                 |                                    |                               |                         |                                |
| Cash and investments   | \$ 6,188        | \$ 5,670        | \$ (50,325)                        | \$ 22,572                     | \$ 4,191                | \$ 3,067                       |
| <b>Total cash and investment assets - ending</b>   | <u>\$ 6,188</u> | <u>\$ 5,670</u> | <u>\$ (50,325)</u>                 | <u>\$ 22,572</u>              | <u>\$ 4,191</u>         | <u>\$ 3,067</u>                |
| <b>Cash and Investment Fund Balance - Ending</b>   |                 |                 |                                    |                               |                         |                                |
| Unrestricted   | 6,188           | 5,670           | (50,325)                           | 22,572                        | 4,191                   | 3,067                          |
| <b>Total cash and investment fund balance - ending</b>   | <u>\$ 6,188</u> | <u>\$ 5,670</u> | <u>\$ (50,325)</u>                 | <u>\$ 22,572</u>              | <u>\$ 4,191</u>         | <u>\$ 3,067</u>                |

COVINGTON COMMUNITY SCHOOL CORPORATION  
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 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

|   | Title II, Part A<br>06-07 | Title II, Part D<br>07-08 | Title II, Part D<br>Tech Lit. | ARRA<br>Title I<br>2009 | School Bus<br>Replacement | Totals           |
|---|---------------------------|---------------------------|-------------------------------|-------------------------|---------------------------|------------------|
| <b>Receipts:</b>  |                           |                           |                               |                         |                           |                  |
| Local sources   | \$ -                      | \$ -                      | \$ -                          | \$ -                    | \$ 120,384                | \$ 1,201,865     |
| Intermediate sources  | -                         | -                         | -                             | -                       | -                         | 769              |
| State sources   | -                         | -                         | -                             | -                       | -                         | 109,394          |
| Federal sources   | -                         | -                         | -                             | 14,558                  | -                         | 512,618          |
| Temporary loans   | -                         | -                         | -                             | -                       | 113,000                   | 395,000          |
| Other   | -                         | -                         | -                             | -                       | -                         | 32,189           |
| <b>Total receipts</b>   | <b>-</b>                  | <b>-</b>                  | <b>-</b>                      | <b>14,558</b>           | <b>233,384</b>            | <b>2,251,835</b> |
| <b>Disbursements:</b>   |                           |                           |                               |                         |                           |                  |
| <b>Current:</b>   |                           |                           |                               |                         |                           |                  |
| Instruction   | -                         | 354                       | -                             | -                       | -                         | 796,702          |
| Support services  | -                         | -                         | -                             | -                       | 122,867                   | 639,890          |
| Noninstructional services   | -                         | -                         | -                             | -                       | -                         | 441,260          |
| Debt services   | -                         | -                         | -                             | -                       | 80,000                    | 327,000          |
| Nonprogrammed charges   | -                         | -                         | -                             | -                       | -                         | 24,410           |
| <b>Total disbursements</b>  | <b>-</b>                  | <b>354</b>                | <b>-</b>                      | <b>-</b>                | <b>202,867</b>            | <b>2,229,262</b> |
| Excess (deficiency) of receipts over disbursements  | -                         | (354)                     | -                             | 14,558                  | 30,517                    | 22,573           |
| <b>Other financing sources (uses):</b>  |                           |                           |                               |                         |                           |                  |
| Transfers in  | -                         | 65,402                    | 788                           | -                       | -                         | 83,027           |
| Transfers out   | (40,929)                  | -                         | -                             | -                       | -                         | (57,036)         |
| <b>Total other financing sources (uses)</b>   | <b>(40,929)</b>           | <b>65,402</b>             | <b>788</b>                    | <b>-</b>                | <b>-</b>                  | <b>25,991</b>    |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (40,929)                  | 65,048                    | 788                           | 14,558                  | 30,517                    | 48,564           |
| Cash and investments - beginning  | 40,929                    | (65,048)                  | (788)                         | -                       | (11,143)                  | (17,437)         |
| Cash and investments - ending   | \$ -                      | \$ -                      | \$ -                          | \$ 14,558               | \$ 19,374                 | \$ 31,127        |
| <b>Cash and Investment Assets - Ending</b>  |                           |                           |                               |                         |                           |                  |
| Cash and investments  | \$ -                      | \$ -                      | \$ -                          | \$ 14,558               | \$ 19,374                 | \$ 31,127        |
| Total cash and investment assets - ending   | \$ -                      | \$ -                      | \$ -                          | \$ 14,558               | \$ 19,374                 | \$ 31,127        |
| <b>Cash and Investment Fund Balance - Ending</b>  |                           |                           |                               |                         |                           |                  |
| Unrestricted  | -                         | -                         | -                             | 14,558                  | 19,374                    | 31,127           |
| Total cash and investment fund balance - ending   | \$ -                      | \$ -                      | \$ -                          | \$ 14,558               | \$ 19,374                 | \$ 31,127        |

COVINGTON 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, 2010

|  | Transportation    | Special Education<br>Preschool | School Lunch<br>Program | Textbook<br>Rental | High School<br>MIMH/MOMH/SP<br>09-10 | Middle School<br>MIMH/MOMH/SP<br>09-10 | Middle School<br>MIMH/MOMH/SP<br>08-09 |
|--|-------------------|--------------------------------|-------------------------|--------------------|--------------------------------------|--|--|
| <b>Receipts:</b>   |                   |                                |                         |                    |                                      |  |  |
| Local sources  | \$ 484,846        | \$ -                           | \$ 251,050              | \$ 92,639          | \$ 82,392                            | \$ 77,816                              | \$ 29,328                              |
| Intermediate sources   | -                 | -                              | -                       | -                  | -                                    | -                                      | -                                      |
| State sources  | -                 | 26,126                         | 5,797                   | 31,092             | -                                    | -                                      | -                                      |
| Federal sources  | -                 | -                              | 193,566                 | -                  | -                                    | -                                      | -                                      |
| Other  | 29,907            | -                              | -                       | 550                | -                                    | -                                      | -                                      |
| <b>Total receipts</b>  | <b>514,753</b>    | <b>26,126</b>                  | <b>450,413</b>          | <b>124,281</b>     | <b>82,392</b>                        | <b>77,816</b>                          | <b>29,328</b>                          |
| <b>Disbursements:</b>  |                   |                                |                         |                    |                                      |  |  |
| <b>Current:</b>  |                   |                                |                         |                    |                                      |  |  |
| Instruction  | -                 | 4,011                          | -                       | -                  | 77,615                               | 74,474                                 | 9,960                                  |
| Support services   | 365,268           | -                              | 156                     | 85,167             | -                                    | -                                      | -                                      |
| Noninstructional services  | -                 | -                              | 398,795                 | -                  | -                                    | -                                      | -                                      |
| Facilities acquisition and construction  | -                 | -                              | 2,891                   | -                  | -                                    | -                                      | -                                      |
| Debt services  | 136,600           | -                              | -                       | -                  | -                                    | -                                      | -                                      |
| Nonprogrammed charges  | -                 | 19,610                         | -                       | -                  | -                                    | -                                      | -                                      |
| <b>Total disbursements</b>   | <b>501,868</b>    | <b>23,621</b>                  | <b>401,842</b>          | <b>85,167</b>      | <b>77,615</b>                        | <b>74,474</b>                          | <b>9,960</b>                           |
| <b>Excess (deficiency) of receipts over disbursements</b>  | <b>12,885</b>     | <b>2,505</b>                   | <b>48,571</b>           | <b>39,114</b>      | <b>4,777</b>                         | <b>3,342</b>                           | <b>19,368</b>                          |
| <b>Other financing sources (uses):</b>   |                   |                                |                         |                    |                                      |  |  |
| Proceeds of long-term debt   | 136,600           | -                              | -                       | -                  | -                                    | -                                      | -                                      |
| Transfers in   | -                 | -                              | -                       | -                  | -                                    | 5,892                                  | 908                                    |
| Transfers out  | (5,000)           | (19,659)                       | -                       | -                  | -                                    | -                                      | (5,892)                                |
| <b>Total other financing sources (uses)</b>  | <b>131,600</b>    | <b>(19,659)</b>                | <b>-</b>                | <b>-</b>           | <b>-</b>                             | <b>5,892</b>                           | <b>(4,984)</b>                         |
| <b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b> | <b>144,485</b>    | <b>(17,154)</b>                | <b>48,571</b>           | <b>39,114</b>      | <b>4,777</b>                         | <b>9,234</b>                           | <b>14,384</b>                          |
| <b>Cash and investments - beginning</b>  | <b>9,679</b>      | <b>17,154</b>                  | <b>(30,116)</b>         | <b>18,257</b>      | <b>-</b>                             | <b>-</b>                               | <b>(14,384)</b>                        |
| <b>Cash and investments - ending</b>   | <b>\$ 154,164</b> | <b>\$ -</b>                    | <b>\$ 18,455</b>        | <b>\$ 57,371</b>   | <b>\$ 4,777</b>                      | <b>\$ 9,234</b>                        | <b>\$ -</b>                            |
| <b>Cash and Investment Assets - Ending</b>   |                   |                                |                         |                    |                                      |  |  |
| Cash and investments   | \$ 154,164        | \$ -                           | \$ 18,455               | \$ 57,371          | \$ 4,777                             | \$ 9,234                               | \$ -                                   |
| <b>Total cash and investment assets - ending</b>   | <b>\$ 154,164</b> | <b>\$ -</b>                    | <b>\$ 18,455</b>        | <b>\$ 57,371</b>   | <b>\$ 4,777</b>                      | <b>\$ 9,234</b>                        | <b>\$ -</b>                            |
| <b>Cash and Investment Fund Balance - Ending</b>   |                   |                                |                         |                    |                                      |  |  |
| Unrestricted   | 154,164           | -                              | 18,455                  | 57,371             | 4,777                                | 9,234                                  | -                                      |
| <b>Total cash and investment fund balance - ending</b>   | <b>\$ 154,164</b> | <b>\$ -</b>                    | <b>\$ 18,455</b>        | <b>\$ 57,371</b>   | <b>\$ 4,777</b>                      | <b>\$ 9,234</b>                        | <b>\$ -</b>                            |

COVINGTON 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, 2010  
 (Continued)

|   | High School<br>MIMH/MOMH/SP<br>09-10 | Law<br>Enforcement<br>09-10 | Special<br>Needs | Law<br>Enforcement<br>08-09 | TCAM<br>09-10 | TCAM<br>08-09   | Educational<br>Plate |
|---|--------------------------------------|-----------------------------|------------------|-----------------------------|---------------|-----------------|----------------------|
| <b>Receipts:</b>  |                                      |                             |                  |                             |               |                 |                      |
| Local sources   | \$ 34,506                            | \$ 26,577                   | \$ -             | \$ 2,694                    | \$ 95,099     | \$ 5,914        | \$ -                 |
| Intermediate sources  | -                                    | -                           | -                | -                           | -             | -               | 244                  |
| State sources   | -                                    | -                           | -                | -                           | -             | -               | -                    |
| Federal sources   | -                                    | 11,000                      | -                | -                           | -             | -               | -                    |
| Other   | -                                    | -                           | -                | -                           | 2,209         | -               | -                    |
| <b>Total receipts</b>   | <b>34,506</b>                        | <b>37,577</b>               | <b>-</b>         | <b>2,694</b>                | <b>97,308</b> | <b>5,914</b>    | <b>244</b>           |
| <b>Disbursements:</b>   |                                      |                             |                  |                             |               |                 |                      |
| <b>Current:</b>   |                                      |                             |                  |                             |               |                 |                      |
| Instruction   | 10,812                               | 39,631                      | 356              | 353                         | 76,722        | 3,373           | -                    |
| Support services  | -                                    | -                           | -                | -                           | 22,788        | 425             | -                    |
| Noninstructional services   | -                                    | -                           | -                | -                           | -             | -               | -                    |
| Facilities acquisition and construction   | -                                    | -                           | -                | -                           | -             | -               | -                    |
| Debt services   | -                                    | -                           | -                | -                           | -             | -               | -                    |
| Nonprogrammed charges   | -                                    | -                           | -                | -                           | -             | -               | -                    |
| <b>Total disbursements</b>  | <b>10,812</b>                        | <b>39,631</b>               | <b>356</b>       | <b>353</b>                  | <b>99,510</b> | <b>3,798</b>    | <b>-</b>             |
| Excess (deficiency) of receipts over disbursements  | 23,694                               | (2,054)                     | (356)            | 2,341                       | (2,202)       | 2,116           | 244                  |
| <b>Other financing sources (uses):</b>  |                                      |                             |                  |                             |               |                 |                      |
| Proceeds of long-term debt  | -                                    | -                           | -                | -                           | -             | -               | -                    |
| Transfers in  | -                                    | 3,385                       | -                | -                           | 11,444        | -               | -                    |
| Transfers out   | (908)                                | -                           | (16,541)         | (3,385)                     | -             | (11,444)        | -                    |
| <b>Total other financing sources (uses)</b>   | <b>(908)</b>                         | <b>3,385</b>                | <b>(16,541)</b>  | <b>(3,385)</b>              | <b>11,444</b> | <b>(11,444)</b> | <b>-</b>             |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 22,786                               | 1,331                       | (16,897)         | (1,044)                     | 9,242         | (9,328)         | 244                  |
| Cash and investments - beginning  | (22,786)                             | -                           | 16,897           | 1,044                       | -             | 9,328           | 1,060                |
| Cash and investments - ending   | \$ -                                 | \$ 1,331                    | \$ -             | \$ -                        | \$ 9,242      | \$ -            | \$ 1,304             |
| <b>Cash and Investment Assets - Ending</b>  |                                      |                             |                  |                             |               |                 |                      |
| Cash and investments  | \$ -                                 | \$ 1,331                    | \$ -             | \$ -                        | \$ 9,242      | \$ -            | \$ 1,304             |
| Total cash and investment assets - ending   | \$ -                                 | \$ 1,331                    | \$ -             | \$ -                        | \$ 9,242      | \$ -            | \$ 1,304             |
| <b>Cash and Investment Fund Balance - Ending</b>  |                                      |                             |                  |                             |               |                 |                      |
| Unrestricted  | -                                    | 1,331                       | -                | -                           | 9,242         | -               | 1,304                |
| Total cash and investment fund balance - ending   | \$ -                                 | \$ 1,331                    | \$ -             | \$ -                        | \$ 9,242      | \$ -            | \$ 1,304             |

COVINGTON 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, 2010  
 (Continued)

|   | Early<br>Childhood<br>Intervention | Gifted and<br>Talented<br>09-10 | Gifted and<br>Talented<br>08-09 | Tobacco<br>Cessation<br>Grant | Medicaid<br>Reimbursement | Non-English<br>Speaking<br>Program | Regional<br>Technology<br>Grant |
|---|------------------------------------|---------------------------------|---------------------------------|-------------------------------|---------------------------|------------------------------------|---------------------------------|
| <b>Receipts:</b>  |                                    |                                 |                                 |                               |                           |                                    |                                 |
| Local sources   | \$ -                               | \$ -                            | \$ -                            | \$ -                          | \$ -                      | \$ -                               | \$ -                            |
| Intermediate sources  | -                                  | -                               | -                               | -                             | -                         | -                                  | -                               |
| State sources   | 44,500                             | 29,345                          | -                               | 1,050                         | -                         | -                                  | -                               |
| Federal sources   | -                                  | -                               | -                               | -                             | -                         | -                                  | -                               |
| Other   | -                                  | -                               | -                               | -                             | -                         | -                                  | -                               |
| <b>Total receipts</b>   | <b>44,500</b>                      | <b>29,345</b>                   | <b>-</b>                        | <b>1,050</b>                  | <b>-</b>                  | <b>-</b>                           | <b>-</b>                        |
| <b>Disbursements:</b>   |                                    |                                 |                                 |                               |                           |                                    |                                 |
| <b>Current:</b>   |                                    |                                 |                                 |                               |                           |                                    |                                 |
| Instruction   | 44,500                             | 22,530                          | 1,910                           | -                             | -                         | -                                  | -                               |
| Support services  | -                                  | -                               | -                               | 671                           | -                         | -                                  | 562                             |
| Noninstructional services   | -                                  | -                               | -                               | -                             | -                         | -                                  | -                               |
| Facilities acquisition and construction   | -                                  | -                               | -                               | -                             | -                         | -                                  | -                               |
| Debt services   | -                                  | -                               | -                               | -                             | -                         | -                                  | -                               |
| Nonprogrammed charges   | -                                  | -                               | -                               | -                             | -                         | -                                  | -                               |
| <b>Total disbursements</b>  | <b>44,500</b>                      | <b>22,530</b>                   | <b>1,910</b>                    | <b>671</b>                    | <b>-</b>                  | <b>-</b>                           | <b>562</b>                      |
| Excess (deficiency) of receipts over disbursements  | -                                  | 6,815                           | (1,910)                         | 379                           | -                         | -                                  | (562)                           |
| <b>Other financing sources (uses):</b>  |                                    |                                 |                                 |                               |                           |                                    |                                 |
| Proceeds of long-term debt  | -                                  | -                               | -                               | -                             | -                         | -                                  | -                               |
| Transfers in  | -                                  | -                               | -                               | -                             | -                         | -                                  | -                               |
| Transfers out   | -                                  | -                               | -                               | -                             | -                         | -                                  | -                               |
| <b>Total other financing sources (uses)</b>   | <b>-</b>                           | <b>-</b>                        | <b>-</b>                        | <b>-</b>                      | <b>-</b>                  | <b>-</b>                           | <b>-</b>                        |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | -                                  | 6,815                           | (1,910)                         | 379                           | -                         | -                                  | (562)                           |
| Cash and investments - beginning  | -                                  | -                               | 1,910                           | -                             | 245                       | 71                                 | 562                             |
| Cash and investments - ending   | \$ -                               | \$ 6,815                        | \$ -                            | \$ 379                        | \$ 245                    | \$ 71                              | \$ -                            |
| <b>Cash and Investment Assets - Ending</b>  |                                    |                                 |                                 |                               |                           |                                    |                                 |
| Cash and investments  | \$ -                               | \$ 6,815                        | \$ -                            | \$ 379                        | \$ 245                    | \$ 71                              | \$ -                            |
| Total cash and investment assets - ending   | \$ -                               | \$ 6,815                        | \$ -                            | \$ 379                        | \$ 245                    | \$ 71                              | \$ -                            |
| <b>Cash and Investment Fund Balance - Ending</b>  |                                    |                                 |                                 |                               |                           |                                    |                                 |
| Unrestricted  | -                                  | 6,815                           | -                               | 379                           | 245                       | 71                                 | -                               |
| Total cash and investment fund balance - ending   | \$ -                               | \$ 6,815                        | \$ -                            | \$ 379                        | \$ 245                    | \$ 71                              | \$ -                            |

COVINGTON 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, 2010  
 (Continued)

|   | Indiana<br>Virtual<br>Academy | Lowe's Toolbox<br>for Education<br>Grant | Excess PTRC<br>Distribution | Title I<br>09-10 | Title I<br>08-09 | Title V        |
|---|-------------------------------|--|-----------------------------|------------------|------------------|----------------|
| <b>Receipts:</b>  |                               |  |                             |                  |                  |                |
| Local sources   | \$ -                          | \$ -                                     | \$ -                        | \$ -             | \$ -             | \$ -           |
| Intermediate sources  | -                             | -  | -                           | -                | -                | -              |
| State sources   | -                             | -  | -                           | -                | -                | -              |
| Federal sources   | -                             | -  | -                           | 136,888          | 18,423           | 579            |
| Other   | -                             | -  | -                           | -                | -                | -              |
| <b>Total receipts</b>   | <b>-</b>                      | <b>-</b>                                 | <b>-</b>                    | <b>136,888</b>   | <b>18,423</b>    | <b>579</b>     |
| <b>Disbursements:</b>   |                               |  |                             |                  |                  |                |
| <b>Current:</b>   |                               |  |                             |                  |                  |                |
| Instruction   | -                             | -  | -                           | 133,974          | 3,566            | -              |
| Support services  | -                             | 4,971                                    | -                           | -                | -                | 2,778          |
| Noninstructional services   | -                             | -  | -                           | -                | -                | -              |
| Facilities acquisition and construction   | -                             | -  | -                           | -                | -                | -              |
| Debt services   | -                             | -  | -                           | -                | -                | -              |
| Nonprogrammed charges   | 918                           | -  | -                           | -                | -                | -              |
| <b>Total disbursements</b>  | <b>918</b>                    | <b>4,971</b>                             | <b>-</b>                    | <b>133,974</b>   | <b>3,566</b>     | <b>2,778</b>   |
| Excess (deficiency) of receipts over disbursements  | (918)                         | (4,971)                                  | -                           | 2,914            | 14,857           | (2,199)        |
| <b>Other financing sources (uses):</b>  |                               |  |                             |                  |                  |                |
| Proceeds of long-term debt  | -                             | -  | -                           | -                | -                | -              |
| Transfers in  | -                             | -  | 13,607                      | 5,739            | -                | -              |
| Transfers out   | (111)                         | -  | -                           | -                | (5,739)          | (3,989)        |
| <b>Total other financing sources (uses)</b>   | <b>(111)</b>                  | <b>-</b>                                 | <b>13,607</b>               | <b>5,739</b>     | <b>(5,739)</b>   | <b>(3,989)</b> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (1,029)                       | (4,971)                                  | 13,607                      | 8,653            | 9,118            | (6,188)        |
| Cash and investments - beginning  | 1,029                         | 5,000                                    | -                           | -                | (9,118)          | 6,188          |
| Cash and investments - ending   | \$ -                          | \$ 29                                    | \$ 13,607                   | \$ 8,653         | \$ -             | \$ -           |
| <b>Cash and Investment Assets - Ending</b>  |                               |  |                             |                  |                  |                |
| Cash and investments  | \$ -                          | \$ 29                                    | \$ 13,607                   | \$ 8,653         | \$ -             | \$ -           |
| <b>Total cash and investment assets - ending</b>  | <b>\$ -</b>                   | <b>\$ 29</b>                             | <b>\$ 13,607</b>            | <b>\$ 8,653</b>  | <b>\$ -</b>      | <b>\$ -</b>    |
| <b>Cash and Investment Fund Balance - Ending</b>  |                               |  |                             |                  |                  |                |
| Unrestricted  | -                             | 29                                       | 13,607                      | 8,653            | -                | -              |
| <b>Total cash and investment fund balance - ending</b>  | <b>\$ -</b>                   | <b>\$ 29</b>                             | <b>\$ 13,607</b>            | <b>\$ 8,653</b>  | <b>\$ -</b>      | <b>\$ -</b>    |

COVINGTON 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, 2010  
 (Continued)

|   | Sliver<br>Fund  | Crawfordsville<br>Co-operative<br>94-142 | Pre-school<br>Handicap<br>PL 99-457 | Drug Free<br>Schools<br>08-09 | Drug Free<br>Schools<br>09-10 | Medicaid<br>Reimbursement<br>Federal |
|---|-----------------|--|-------------------------------------|-------------------------------|-------------------------------|--------------------------------------|
| <b>Receipts:</b>  |                 |  |                                     |                               |                               |                                      |
| Local sources   | \$ -            | \$ -                                     | \$ -                                | \$ -                          | \$ -                          | \$ -                                 |
| Intermediate sources  | -               | -  | -                                   | -                             | -                             | -                                    |
| State sources   | -               | -  | -                                   | -                             | 2,688                         | -                                    |
| Federal sources   | -               | 173,334                                  | 6,997                               | -                             | -                             | -                                    |
| Other   | -               | -  | -                                   | -                             | -                             | -                                    |
| <b>Total receipts</b>   | <b>-</b>        | <b>173,334</b>                           | <b>6,997</b>                        | <b>-</b>                      | <b>2,688</b>                  | <b>-</b>                             |
| <b>Disbursements:</b>   |                 |  |                                     |                               |                               |                                      |
| <b>Current:</b>   |                 |  |                                     |                               |                               |                                      |
| Instruction   | 4,272           | 165,320                                  | -                                   | -                             | -                             | -                                    |
| Support services  | -               | -  | -                                   | 1,554                         | 1,912                         | -                                    |
| Noninstructional services   | -               | -  | -                                   | -                             | -                             | -                                    |
| Facilities acquisition and construction   | -               | -  | -                                   | -                             | -                             | -                                    |
| Debt services   | -               | -  | -                                   | -                             | -                             | -                                    |
| Nonprogrammed charges   | -               | -  | 27,015                              | -                             | -                             | -                                    |
| <b>Total disbursements</b>  | <b>4,272</b>    | <b>165,320</b>                           | <b>27,015</b>                       | <b>1,554</b>                  | <b>1,912</b>                  | <b>-</b>                             |
| Excess (deficiency) of receipts over disbursements  | (4,272)         | 8,014                                    | (20,018)                            | (1,554)                       | 776                           | -                                    |
| <b>Other financing sources (uses):</b>  |                 |  |                                     |                               |                               |                                      |
| Proceeds of long-term debt  | -               | -  | -                                   | -                             | -                             | -                                    |
| Transfers in  | -               | 54,274                                   | -                                   | -                             | -                             | -                                    |
| Transfers out   | -               | -  | -                                   | -                             | -                             | -                                    |
| <b>Total other financing sources (uses)</b>   | <b>-</b>        | <b>54,274</b>                            | <b>-</b>                            | <b>-</b>                      | <b>-</b>                      | <b>-</b>                             |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (4,272)         | 62,288                                   | (20,018)                            | (1,554)                       | 776                           | -                                    |
| Cash and investments - beginning  | 5,670           | (50,325)                                 | 22,572                              | 4,191                         | -                             | 3,067                                |
| Cash and investments - ending   | <u>\$ 1,398</u> | <u>\$ 11,963</u>                         | <u>\$ 2,554</u>                     | <u>\$ 2,637</u>               | <u>\$ 776</u>                 | <u>\$ 3,067</u>                      |
| <b>Cash and Investment Assets - Ending</b>  |                 |  |                                     |                               |                               |                                      |
| Cash and investments  | \$ 1,398        | \$ 11,963                                | \$ 2,554                            | \$ 2,637                      | \$ 776                        | \$ 3,067                             |
| Total cash and investment assets - ending   | <u>\$ 1,398</u> | <u>\$ 11,963</u>                         | <u>\$ 2,554</u>                     | <u>\$ 2,637</u>               | <u>\$ 776</u>                 | <u>\$ 3,067</u>                      |
| <b>Cash and Investment Fund Balance - Ending</b>  |                 |  |                                     |                               |                               |                                      |
| Unrestricted  | 1,398           | 11,963                                   | 2,554                               | 2,637                         | 776                           | 3,067                                |
| Total cash and investment fund balance - ending   | <u>\$ 1,398</u> | <u>\$ 11,963</u>                         | <u>\$ 2,554</u>                     | <u>\$ 2,637</u>               | <u>\$ 776</u>                 | <u>\$ 3,067</u>                      |

COVINGTON 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, 2010  
 (Continued)

|   | Title II, Part A<br>09-10 | ARRA<br>Title I<br>2009 | ARRA<br>Special Ed<br>Stimulus<br>2009 | ARRA<br>Special Ed<br>Preschool<br>2009 | School Bus<br>Replacement | Totals            |
|---|---------------------------|-------------------------|--|---|---------------------------|-------------------|
| <b>Receipts:</b>  |                           |                         |  |   |                           |                   |
| Local sources   | \$ -                      | \$ -                    | \$ -                                   | \$ -                                    | \$ 345,890                | \$ 1,528,751      |
| Intermediate sources  | -                         | -                       | -                                      | -                                       | -                         | 244               |
| State sources   | -                         | -                       | -                                      | -                                       | -                         | 140,598           |
| Federal sources   | 61,509                    | 57,600                  | 99,901                                 | 4,088                                   | -                         | 763,885           |
| Other   | -                         | -                       | -                                      | -                                       | -                         | 32,666            |
| <b>Total receipts</b>   | <b>61,509</b>             | <b>57,600</b>           | <b>99,901</b>                          | <b>4,088</b>                            | <b>345,890</b>            | <b>2,466,144</b>  |
| <b>Disbursements:</b>   |                           |                         |  |   |                           |                   |
| <b>Current:</b>   |                           |                         |  |   |                           |                   |
| Instruction   | 49,392                    | 58,804                  | 3,555                                  | -                                       | -                         | 785,130           |
| Support services  | -                         | -                       | 44,925                                 | -                                       | 143,952                   | 675,129           |
| Noninstructional services   | -                         | -                       | -                                      | -                                       | -                         | 398,795           |
| Facilities acquisition and construction   | -                         | -                       | -                                      | -                                       | -                         | 2,891             |
| Debt services   | -                         | -                       | -                                      | -                                       | 93,482                    | 230,082           |
| Nonprogrammed charges   | -                         | -                       | 59,327                                 | 4,088                                   | -                         | 110,958           |
| <b>Total disbursements</b>  | <b>49,392</b>             | <b>58,804</b>           | <b>107,807</b>                         | <b>4,088</b>                            | <b>237,434</b>            | <b>2,202,985</b>  |
| Excess (deficiency) of receipts over disbursements  | 12,117                    | (1,204)                 | (7,906)                                | -                                       | 108,456                   | 263,159           |
| <b>Other financing sources (uses):</b>  |                           |                         |  |   |                           |                   |
| Proceeds of long-term debt  | -                         | -                       | -                                      | -                                       | 43,482                    | 180,082           |
| Transfers in  | -                         | -                       | -                                      | -                                       | -                         | 95,249            |
| Transfers out   | -                         | -                       | -                                      | -                                       | (51,500)                  | (124,168)         |
| <b>Total other financing sources (uses)</b>   | <b>-</b>                  | <b>-</b>                | <b>-</b>                               | <b>-</b>                                | <b>(8,018)</b>            | <b>151,163</b>    |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 12,117                    | (1,204)                 | (7,906)                                | -                                       | 100,438                   | 414,322           |
| Cash and investments - beginning  | -                         | 14,558                  | -                                      | -                                       | 19,374                    | 31,127            |
| Cash and investments - ending   | <u>\$ 12,117</u>          | <u>\$ 13,354</u>        | <u>\$ (7,906)</u>                      | <u>\$ -</u>                             | <u>\$ 119,812</u>         | <u>\$ 445,449</u> |
| <b>Cash and Investment Assets - Ending</b>  |                           |                         |  |   |                           |                   |
| Cash and investments  | \$ 12,117                 | \$ 13,354               | \$ (7,906)                             | \$ -                                    | \$ 119,812                | \$ 445,449        |
| <b>Total cash and investment assets - ending</b>  | <b>\$ 12,117</b>          | <b>\$ 13,354</b>        | <b>\$ (7,906)</b>                      | <b>\$ -</b>                             | <b>\$ 119,812</b>         | <b>\$ 445,449</b> |
| <b>Cash and Investment Fund Balance - Ending</b>  |                           |                         |  |   |                           |                   |
| Unrestricted  | 12,117                    | 13,354                  | (7,906)                                | -                                       | 119,812                   | 445,449           |
| <b>Total cash and investment fund balance - ending</b>  | <b>\$ 12,117</b>          | <b>\$ 13,354</b>        | <b>\$ (7,906)</b>                      | <b>\$ -</b>                             | <b>\$ 119,812</b>         | <b>\$ 445,449</b> |

COVINGTON COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended June 30, 2010

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<br/>Balance</u>   |
|--|-----------------------------|
| Governmental activities:   |                             |
| Capital assets, not being depreciated:                                 |                             |
| Land   | \$ 56,675                   |
| Buildings  | 20,160,718                  |
| Improvements other than buildings                                      | 7,283,897                   |
| Machinery and equipment  | 1,676,597                   |
| Construction in progress   | <u>26,050</u>               |
| Total governmental activities, capital<br>assets not being depreciated | <u><u>\$ 29,203,937</u></u> |

COVINGTON COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2010

The School has entered into the following debt:

| Description of Debt                | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |
|------------------------------------|--------------------------------|---|
| Governmental activities:           |                                |   |
| Capital leases:                    |                                |   |
| Buses                              | \$ 71,037                      | \$ 29,746   |
| Building Corp Lease Agreement      | 6,735,000                      | 540,500   |
| Notes and loans payable:           |                                |   |
| State Rainy Day Loan               | 1,620,000                      | 436,500   |
| Common School Loan 1994            | 270,125                        | 80,193  |
| Common School Loan 2008            | 1,048,125                      | 95,138  |
| Bonds payable:                     |                                |   |
| General Obligation Bonds           | <u>1,150,000</u>               | <u>158,793</u>                                      |
| Total governmental activities debt | <u>\$ 10,894,287</u>           | <u>\$ 1,340,870</u>                                 |

COVINGTON COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

ERRORS ON CLAIMS

The following deficiencies were noted regarding claims during the audit period:

- (1) One disbursement did not have a claim prepared or include an itemized invoice.
- (2) Thirty-seven claims did not have School Board approval. Twelve of the thirty-seven that did not have School Board approval were written between School Board meetings and were not presented at the next School Board meeting.

IC 5-11-10-1.6 states in part:

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

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

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

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
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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 COVINGTON COMMUNITY  
SCHOOL CORPORATION, FOUNTAIN COUNTY, INDIANA

Compliance

We have audited the compliance of the Covington 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, 2009 and 2010. 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, 2009 and 2010.

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 federal program in order to determine our auditing procedures for the purpose of expressing our opinion

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)

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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board of Trustees, 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

December 16, 2010

COVINGTON COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010

| Federal Grantor Agency/Pass-Through Entity<br>Cluster Title/Program Title/Project Title | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Total<br>Federal Awards<br>Expended<br>06-30-09 | Total<br>Federal Awards<br>Expended<br>06-30-10 |
|---|---------------------------|--|---|---|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>   |                           |  |   |   |
| Pass-Through Indiana Department of Education  |                           |  |   |   |
| Child Nutrition Cluster   |                           |  |   |   |
| School Breakfast Program  | 10.553                    | FY 08-09<br>FY 09-10                                       | \$ 38,425<br>-                                  | \$ -<br>36,279                                  |
| Total for program   |                           |  | <u>38,425</u>                                   | <u>36,279</u>                                   |
| National School Lunch Program   | 10.555                    | FY 08-09<br>FY 09-10                                       | 189,491<br>-                                    | -<br>213,471                                    |
| Total for program   |                           |  | <u>189,491</u>                                  | <u>213,471</u>                                  |
| Total for cluster   |                           |  | <u>227,916</u>                                  | <u>249,750</u>                                  |
| Total for federal grantor agency  |                           |  | <u>227,916</u>                                  | <u>249,750</u>                                  |
| <b>U.S. DEPARTMENT OF EDUCATION</b>   |                           |  |   |   |
| Pass-Through Indiana Department of Education  |                           |  |   |   |
| Title I, Part A Cluster   |                           |  |   |   |
| Title I Grants to Local Educational Agencies  | 84.010                    | 09-2440<br>10-2440   | 127,566<br>-                                    | 3,566<br>133,974                                |
| Total for program   |                           |  | <u>127,566</u>                                  | <u>137,540</u>                                  |
| ARRA - Title I Grants to Local Educational Agencies, Recovery Act                       | 84.389                    | FY 09-10   | -   | 58,803  |
| Total for program   |                           |  | <u>-</u>  | <u>58,803</u>                                   |
| Total for cluster   |                           |  | <u>127,566</u>                                  | <u>196,343</u>                                  |
| Pass-Through Crawfordsville Community School Corporation                                |                           |  |   |   |
| Special Education Cluster   |                           |  |   |   |
| Special Education - Grants to States  | 84.027                    | FY 08-09<br>FY 09-10                                       | 182,278<br>-                                    | -<br>193,190                                    |
| Total for program   |                           |  | <u>182,278</u>                                  | <u>193,190</u>                                  |
| Pass-Through Indiana Department of Education  |                           |  |   |   |
| Special Education - Preschool Grants  |                           |  |   |   |
| Special Education - Preschool Grants  | 84.173                    | FY 08-09<br>FY 09-10                                       | 7,311<br>-                                      | -<br>7,774                                      |
| Total for program   |                           |  | <u>7,311</u>                                    | <u>7,774</u>                                    |
| ARRA - Special Education - Grants to States, Recovery Act                               | 84.391                    | FY 09-10   | -   | 107,808   |
| ARRA - Special Education - Preschool Grants, Recovery Act                               | 84.392                    | FY 09-10   | -   | 4,088   |
| Total for cluster   |                           |  | <u>189,589</u>                                  | <u>312,860</u>                                  |
| Career and Technical Education - Basic Grants to States                                 | 84.048                    | FY 08-09<br>FY 09-10                                       | 24,815<br>-                                     | -<br>356  |
| Total for program   |                           |  | <u>24,815</u>                                   | <u>356</u>                                      |
| Safe and Drug-Free Schools and Communities - State Grants                               | 84.186                    | FY 08-09<br>FY 09-10                                       | 2,244<br>-                                      | -<br>1,912                                      |
| Total for program   |                           |  | <u>2,244</u>                                    | <u>1,912</u>                                    |
| Improving Teacher Quality State Grants  | 84.367                    | FY 08-09<br>FY 09-10                                       | 40,929<br>-                                     | -<br>41,330                                     |
| Total for program   |                           |  | <u>40,929</u>                                   | <u>41,330</u>                                   |
| State Fiscal Stabilization Fund Cluster   |                           |  |   |   |
| ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act    | 84.394                    | FY 08-09<br>FY 09-10                                       | 255,323<br>-                                    | -<br>395,061                                    |
| Total for cluster   |                           |  | <u>255,323</u>                                  | <u>395,061</u>                                  |
| Total for federal grantor agency  |                           |  | <u>640,466</u>                                  | <u>947,862</u>                                  |
| Total federal awards expended   |                           |  | <u>\$ 868,382</u>                               | <u>\$ 1,197,612</u>                             |

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

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with 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, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

| Program Title                 | Federal<br>CFDA<br>Number | 2008-2009 | 2009-2010 |
|-------------------------------|---------------------------|-----------|-----------|
| School Breakfast Program      | 10.553                    | \$ 3,116  | \$ 5,000  |
| National School Lunch Program | 10.555                    | 20,468    | 19,905    |

COVINGTON 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?  | yes           |
| Significant deficiencies 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            |
| Significant deficiencies 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<br>Number | Name of Federal Program or Cluster      |
|----------------|---|
|                | Child Nutrition Cluster                 |
|                | Title I, Part A Cluster                 |
|                | Special Education Cluster               |
|                | State Fiscal Stabilization Fund Cluster |

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

Auditee qualified as low-risk auditee? no

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

Section II – Financial Statement Findings

FINDING 2010-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

During the first eight months of the audit period, the Treasurer submitted an accounts payable register to the School Board of Trustees at their monthly meeting. However, there was no evidence that the School Board of Trustees certified the register. The School Corporation on February 24, 2009, appointed a new treasurer. The new treasurer presented an accounts payable register to the School Board of Trustees at the monthly School Board meeting which included disbursements that were ready to be paid as of that date. The register was certified by the School Board of Trustees. However, disbursements were being made between School Board meetings and not being presented to the School Board of Trustees for approval. The lack of approval by the School Board of Trustees could result in the payment of erroneous or fraudulent claims

We recommended that the School Corporation implement internal controls which provide reasonable assurance as to the validity of cash disbursements and proper processing of information for effective and efficient operations.

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

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

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

Covington Community School Corporation – November 23, 2010  
Summary Schedule of Prior Audit Findings

2008-1 Lack of Segregation of Duties – Financial Statement  
2008-4 Lack of Segregation of Duties - Federal

Federal Agency: U.S. Dept of Agriculture and U.S. Dept of Education  
Federal Program: Child Nutrition Cluster and Title I Grants to Local Educational  
Agencies

CFDA Number: 10.555 and 84.010

Pass-through Entity: Indiana Department of Education

A. Segregation of Payroll Duties has been corrected in the following manner:

1. The Board of School Trustees approves all pay rates in advance.
2. The Building Principals and/or Supervisors review and sign all time cards and submit to Payroll Supervisor for processing.
3. The Payroll Supervisor prepares the payroll from the time cards and time sheets presented.
4. The Superintendent and/or Treasurer approve each payroll distribution of funds before the payroll process is completed.
4. The Treasurer verifies the payroll reports following the payroll processes.
5. The Payroll Supervisor prepares the payroll claims for employee deductions, for all federal tax payments and state and county tax payments. The Treasurer reviews and processes the claims through Komputrol software system.
6. The Treasurer prepares the reports and claims on a quarterly basis and presents to the Treasurer for claims processing.

B. Segregation of Accounts Payable Duties has been corrected in the following manner:

1. The Administrative Assistant sorts the mail and distributes. In the absence of the Administrative Assistant, the Treasurer sorts and distributes the mail.
2. The Treasurer prepares and processes the accounts payable vouchers for corporation expenditures.
3. The Food Service Direction receives and verifies the Food Service invoices. She presents those invoices to the Treasurer for payment. The Treasurer reviews attaches the invoices to claim vouchers, processes and mails the payments.
4. The Administrative Assistant verifies the accounts payable vouchers with the edit reports printed from the Komputrol software system and initials those reports.
5. The Superintendent approves all bills prior to payment
6. The Board of School Trustees is active in the business activities. A copy of the list of vouchers awaiting payment and a list of payments made during the payroll cycle and necessary to be paid before the board meeting are included in the board members' agenda packet mailed to them for their review before their regular

monthly board meeting. The vouchers are available on the board table for their review at their monthly meetings. The approval of claims and a claims approval page signed by the board are a part of the board minutes.

C. Segregation of the Bank Reconciliation/Statements has been corrected in the following manner:

1. The Treasurer downloads the bank statement, from the Old National Bank Business Bank Connect on-line site, on or around the first day of the month following the month to be reconciled. The Treasurer reconciles the Fund, Revenue, Appropriation and Encumbered Funds Reports with the Komputrol Bank Reconciliation Statement and the bank statement downloaded from Old National Bank.
2. The Superintendent receives the Bank Statement from Old National Bank when it arrives in the mail. The Superintendent verifies the balances with the reconciled documentation.

D. Segregation of the Purchasing and Monitoring of Funds as been corrected in the following manner:

- 1, The Building Principals and Superintendent approve and sign all purchase requisitions. Approved requisitions are presented to the Treasurer and a purchase order is generated by the Corporation Treasurer.
2. The Superintendent serves as the purchasing agent for the school corporation.
3. Purchases of supplies and/or materials in excess of \$5,000 are approved by the Board of School Trustees prior to purchase.

2008-2 Lack of Documentation – Financial Statement

2008-5 Lack of Documentation – Federal

Federal Agency: U.S. Dept of Agriculture and U.S. Dept of Education

Federal Program: Child Nutrition Cluster and Title I Grants to Local Educational Agencies

CFDA Number: 10.555 and 84.010

Pass-through Entity: Indiana Department of Education

A. The Lack of Documentation for Disbursements has been corrected in the following manner:

1. Itemization is documented on Accounts Payable Voucher School Form No. 523 and supporting documentation is attached to the accounts payable voucher.

B. The Lack of Documentation in the Minute Book of the Board of School Trustees has been corrected in the following manner:

1. Minutes of the Regular and Special Meetings of the Board of School Trustees are taken by the Executive Secretary appointed by the board. Appointment is done annually at the June board public board meeting.
2. It is the duty of the secretary to keep the minutes. The minutes of each meeting are approved by the governing body and signed by the members attending.
3. All business transacted by the governing body are recorded in the minutes of the meetings.
4. Copies of all supporting documentation such as but not limited to, all Original Budget forms, bids awarded, Transfer of Funds Ordinance, Resolutions Passed, Resignations, Recommendations for Employment and other pertinent information are placed in the Minute Book.
5. A copy of the minutes is available on the corporation website.

C. Lack of Documentation for credit card usage has been corrected in the following manner:

1. A charge account is in place at Menards in Danville, Illinois for use by the Maintenance Supervisor and the Director of Building and Grounds. Receipts are presented to the Treasurer for supplies and/or materials purchased.
2. A Direct Account was established at Sam's Club which requires a purchase order for purchases made.
3. A credit card policy has been established by a resolution passed and documented in the minutes of the board of School Trustees. However, there has not been a credit card applied for at this time.

2008-3 Management Override of Controls – Financial Statement

2008-6 Management Override of Controls – Federal

Federal Agency: U.S. Dept of Agriculture and U.S. Dept of Education

Federal Program: Child Nutrition Cluster and Title I Grants to Local Educational Agencies

CFDA Number: 10.55 and 84.010

Pass-through Entity: Indiana Department of Education

A. The Override of Control of the Accounting Software has been corrected in the following manner:

1. The Corporation Treasurer and Payroll Supervisor/Administrative Assistant have full access to the Komputrol accounting software system. The Superintendent

has read-only access to the finance program to be able to see all activity in the accounts. Passwords have been changed and profiles corrected.

B. The Override of Controls in regards to the Bid Process as been corrected in the following manner:

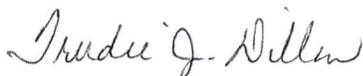
1. Covington Community School Corporation follows the bid process as stated in the Public Works Law. Bids are awarded in public session of the Board of School Trustees. A copy of the winning bid is placed in the minute book maintained by the governing body.

C. The Override of Controls to the Financial Statement Information has been corrected in the following manner:

1. The Board of School Trustees are presented accurate financial statements created directly from the accounting software system. These reports are provided to them prior to their monthly meetings.

D. The Override of Controls with Expenditures has been corrected in the following manner:

1. Expenditures are expended as stated in the original budget as authorized by the Board of School Trustees. Any adjustments necessary to the original budget appropriations shall be through the governing board.



Trudie J. Dillon  
Corporation Treasurer



December 1, 2010

**CORRECTIVE ACTION PLAN**

**Section II – Financial Statement Findings**

**2010-1, Internal Controls Over Financial Transactions and Reporting**

**Auditee Contact Person: Trudie Dillon**  
**Title of Contact Person: Treasurer**  
**Contact Telephone: (765) 793-4877**  
**Expected Completion Date: November 8, 2010**

The Treasurer shall present to the Board of School Trustees at their monthly meeting an Accounts Payable register for the following:

1. Claims ready to be paid as of the board meeting date
2. Necessary disbursements made between board meetings
3. Payroll claim listings

The Board of School Trustees will be presented with a docket listing the consecutive voucher numbers for their signature. This signature page as well as the Accounts Payable registers shall become a part of the minute book.

A handwritten signature in cursive script that reads "Trudie J. Dillon".

Trudie J. Dillon  
Corporation Treasurer

COVINGTON COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on December 16, 2010, with Trudie J. Dillon, Treasurer; T. Kirk Booe, Superintendent of Schools; and Jeffrey L. Dennis, President of the School Board. The officials concurred with our audit finding.