

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

AUDIT REPORT  
OF  
CLAY COMMUNITY SCHOOLS  
CLAY COUNTY, INDIANA  
July 1, 2008 to June 30, 2010



**FILED**  
03/01/2011



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards .....	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis .....	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds .....	9-10
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds .....	11-12
Notes to Financial Statements .....	13-21
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	22-35
Schedule of Capital Assets.....	36
Schedule of Long-Term Debt .....	37
Audit Results and Comments:	
Overdrawn Fund Balances .....	38
ECA Deposits .....	38
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	40-41
Schedule of Expenditures of Federal Awards .....	42-43
Notes to Schedule of Expenditures of Federal Awards.....	44
Schedule of Findings and Questioned Costs .....	45
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings .....	46
Exit Conference.....	47

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Business Affairs	Michael Fowler	07-01-08 to 06-30-11
Superintendent of Schools	Daniel Schroeder	07-01-08 to 12-31-10
President of the School Board	Brian Atkinson Ted Jackson Robert Miller	07-01-08 to 06-30-09 07-01-09 to 06-30-10 07-01-10 to 06-30-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE CLAY COMMUNITY SCHOOLS, CLAY COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clay Community Schools (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 27, 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.

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

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 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 School Corporation has not presented Management's Discussion and Analysis, Schedules of Funding Progress, 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 27, 2010



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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 CLAY COMMUNITY SCHOOLS, CLAY COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clay Community Schools (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 27, 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management 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 27, 2010

CLAY COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 21,860,163	\$ -	\$ 579,764	\$ (21,280,399)
Support services	12,742,635	1,007,466	1,280,999	(10,454,170)
Noninstructional services	2,398,061	-	-	(2,398,061)
Facilities acquisition and construction	2,133,622	-	-	(2,133,622)
Debt service	11,875,493	-	-	(11,875,493)
Nonprogrammed charges	8,736	-	-	(8,736)
Total governmental activities	\$ 51,018,710	\$ 1,007,466	\$ 1,860,763	(48,150,481)
General receipts:				
Property taxes				18,342,663
Other local sources				4,030,427
State aid				21,744,288
Bonds and loans				2,979,000
Grants and contributions not restricted to specific programs				4,944,796
Sale of property				2,248
Investment earnings				108,943
Other				106,555
Total general receipts				52,258,920
Change in net assets				4,108,439
Net assets - beginning				11,854,076
Net assets - ending				\$ 15,962,515
<u>Assets</u>				
Cash and investments				\$ 15,812,173
Restricted assets:				
Cash and investments				150,342
Total assets				\$ 15,962,515
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 150,342
Unrestricted				15,812,173
Total net assets				\$ 15,962,515

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

CLAY COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 22,690,468	\$ -	\$ 478,798	\$ (22,211,670)
Support services	12,531,171	974,655	1,316,683	(10,239,833)
Noninstructional services	2,438,611	-	-	(2,438,611)
Facilities acquisition and construction	8,530,736	-	-	(8,530,736)
Debt service	3,917,515	-	-	(3,917,515)
Nonprogrammed charges	19,395	-	-	(19,395)
	<u>\$ 50,127,896</u>	<u>\$ 974,655</u>	<u>\$ 1,795,481</u>	<u>(47,357,760)</u>
Total governmental activities				
General receipts:				
Property taxes				10,202,810
Other local sources				2,473,273
State aid				26,110,633
Bonds and loans				13,585,000
Grants and contributions not restricted to specific programs				4,360,223
Sale of property				32,414
Investment earnings				77,122
Other				166
				<u>56,841,641</u>
Total general receipts				
Change in net assets				
Net assets - beginning				
Net assets - ending				
<u>Assets</u>				
Cash and investments				\$ 24,700,164
Restricted assets:				
Cash and investments				746,232
Total assets				\$ 25,446,396
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 746,232
Unrestricted				24,700,164
Total net assets				\$ 25,446,396

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

CLAY COMMUNITY SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009

	General	Rainy Day	Fiscal Stabilization	Debt Service	Capital Projects	Construction	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 6,745,166	\$ -	\$ -	\$ 6,131,062	\$ 4,631,267	\$ -	\$ 6,190,867	\$ 23,698,362
Intermediate sources	4,326	-	-	-	-	-	1,913	6,239
State sources	22,275,199	-	-	-	-	-	447,284	22,722,483
Federal sources	-	-	2,293,339	-	16,386	-	3,517,639	5,827,364
Interfund loans	-	-	-	200,000	-	-	-	200,000
Other	153	-	-	-	96,912	-	11,189	108,254
<b>Total receipts</b>	<b>29,024,844</b>	<b>-</b>	<b>2,293,339</b>	<b>6,331,062</b>	<b>4,744,565</b>	<b>-</b>	<b>10,168,892</b>	<b>52,562,702</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	19,725,565	106,803	-	-	-	-	2,250,468	22,082,836
Support services	6,914,069	5,498	-	-	1,912,711	-	3,938,332	12,770,610
Noninstructional services	250,028	-	-	-	-	-	2,114,187	2,364,215
Facilities acquisition and construction	1,045	-	-	-	1,050,330	1,048,918	33,329	2,133,622
Debt services	1,840,000	-	-	6,132,462	2,230,000	-	1,673,031	11,875,493
Nonprogrammed charges	8,736	-	-	-	-	-	-	8,736
Interfund loans	200,000	-	-	-	-	-	-	200,000
<b>Total disbursements</b>	<b>28,939,443</b>	<b>112,301</b>	<b>-</b>	<b>6,132,462</b>	<b>5,193,041</b>	<b>1,048,918</b>	<b>10,009,347</b>	<b>51,435,512</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>85,401</b>	<b>(112,301)</b>	<b>2,293,339</b>	<b>198,600</b>	<b>(448,476)</b>	<b>(1,048,918)</b>	<b>159,545</b>	<b>1,127,190</b>
<b>Other financing sources (uses):</b>								
Proceeds of long-term debt	-	-	-	-	-	2,979,000	-	2,979,000
Sale of capital assets	2,249	-	-	-	-	-	-	2,249
Transfers in	-	972,500	-	-	-	-	25,806	998,306
Transfers out	(2,299)	-	-	(551,535)	-	-	(444,472)	(998,306)
<b>Total other financing sources (uses)</b>	<b>(50)</b>	<b>972,500</b>	<b>-</b>	<b>(551,535)</b>	<b>-</b>	<b>2,979,000</b>	<b>(418,666)</b>	<b>2,981,249</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>85,351</b>	<b>860,199</b>	<b>2,293,339</b>	<b>(352,935)</b>	<b>(448,476)</b>	<b>1,930,082</b>	<b>(259,121)</b>	<b>4,108,439</b>
<b>Cash and investments - beginning</b>	<b>2,142,157</b>	<b>2,600,000</b>	<b>-</b>	<b>371,578</b>	<b>2,945,866</b>	<b>-</b>	<b>3,794,475</b>	<b>11,854,076</b>
<b>Cash and investments - ending</b>	<b>\$ 2,227,508</b>	<b>\$ 3,460,199</b>	<b>\$ 2,293,339</b>	<b>\$ 18,643</b>	<b>\$ 2,497,390</b>	<b>\$ 1,930,082</b>	<b>\$ 3,535,354</b>	<b>\$ 15,962,515</b>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 2,227,508	\$ 3,460,199	\$ 2,293,339	\$ -	\$ 2,497,390	\$ 1,930,082	\$ 3,403,655	\$ 15,812,173
Restricted assets:								
Cash and investments	-	-	-	18,643	-	-	131,699	150,342
<b>Total cash and investment assets - ending</b>	<b>\$ 2,227,508</b>	<b>\$ 3,460,199</b>	<b>\$ 2,293,339</b>	<b>\$ 18,643</b>	<b>\$ 2,497,390</b>	<b>\$ 1,930,082</b>	<b>\$ 3,535,354</b>	<b>\$ 15,962,515</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 18,643	\$ -	\$ -	\$ 131,699	\$ 150,342
Unrestricted	2,227,508	3,460,199	2,293,339	-	2,497,390	1,930,082	3,403,655	15,812,173
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,227,508</b>	<b>\$ 3,460,199</b>	<b>\$ 2,293,339</b>	<b>\$ 18,643</b>	<b>\$ 2,497,390</b>	<b>\$ 1,930,082</b>	<b>\$ 3,535,354</b>	<b>\$ 15,962,515</b>

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

CLAY COMMUNITY SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2010

	General	Rainy Day	Fiscal Stabilization	Debt Service	Capital Projects	Construction	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 269,026	\$ -	\$ -	\$ 4,317,525	\$ 3,668,101	\$ 27,868	\$ 5,593,185	\$ 13,875,705
Intermediate sources	115	-	-	-	-	-	1,050	1,165
State sources	26,541,829	-	-	-	-	-	402,009	26,943,838
Federal sources	-	-	914,510	-	4,386	-	4,403,602	5,322,498
Interfund loans	200,000	-	-	-	-	-	-	200,000
Other	124	-	-	-	42	-	570	736
<b>Total receipts</b>	<b>27,011,094</b>	<b>-</b>	<b>914,510</b>	<b>4,317,525</b>	<b>3,672,529</b>	<b>27,868</b>	<b>10,400,416</b>	<b>46,343,942</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	16,862,017	198,026	3,207,849	-	-	-	2,593,716	22,861,608
Support services	7,177,894	60,405	-	-	1,674,840	16,567	3,620,682	12,550,388
Noninstructional services	257,677	-	-	-	-	-	2,140,160	2,397,837
Facilities acquisition and construction	-	-	-	-	1,148,657	7,230,471	151,608	8,530,736
Debt services	-	-	-	3,569,559	-	-	347,956	3,917,515
Nonprogrammed charges	8,760	-	-	-	-	-	10,635	19,395
Interfund loans	-	-	-	200,000	-	-	-	200,000
<b>Total disbursements</b>	<b>24,306,348</b>	<b>258,431</b>	<b>3,207,849</b>	<b>3,769,559</b>	<b>2,823,497</b>	<b>7,247,038</b>	<b>8,864,757</b>	<b>50,477,479</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>2,704,746</b>	<b>(258,431)</b>	<b>(2,293,339)</b>	<b>547,966</b>	<b>849,032</b>	<b>(7,219,170)</b>	<b>1,535,659</b>	<b>(4,133,537)</b>
<b>Other financing sources (uses):</b>								
Proceeds of long-term debt	-	-	-	-	-	13,585,000	-	13,585,000
Sale of capital assets	3,773	-	-	-	28,641	-	-	32,414
Transfers in	565,726	550,000	-	-	-	-	52,599	1,168,325
Transfers out	(550,000)	-	-	(20,022)	-	-	(598,303)	(1,168,325)
<b>Total other financing sources (uses)</b>	<b>19,499</b>	<b>550,000</b>	<b>-</b>	<b>(20,022)</b>	<b>28,641</b>	<b>13,585,000</b>	<b>(545,704)</b>	<b>13,617,414</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>2,724,245</b>	<b>291,569</b>	<b>(2,293,339)</b>	<b>527,944</b>	<b>877,673</b>	<b>6,365,830</b>	<b>989,955</b>	<b>9,483,877</b>
<b>Cash and investments - beginning</b>	<b>2,227,507</b>	<b>3,460,199</b>	<b>2,293,339</b>	<b>18,643</b>	<b>2,497,389</b>	<b>1,930,082</b>	<b>3,535,360</b>	<b>15,962,519</b>
<b>Cash and investments - ending</b>	<b>\$ 4,951,752</b>	<b>\$ 3,751,768</b>	<b>\$ -</b>	<b>\$ 546,587</b>	<b>\$ 3,375,062</b>	<b>\$ 8,295,912</b>	<b>\$ 4,525,315</b>	<b>\$ 25,446,396</b>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 4,951,752	\$ 3,751,768	\$ -	\$ -	\$ 3,375,062	\$ 8,295,912	\$ 4,325,670	\$ 24,700,164
Restricted assets:								
Cash and investments	-	-	-	546,587	-	-	199,645	746,232
<b>Total cash and investment assets - ending</b>	<b>\$ 4,951,752</b>	<b>\$ 3,751,768</b>	<b>\$ -</b>	<b>\$ 546,587</b>	<b>\$ 3,375,062</b>	<b>\$ 8,295,912</b>	<b>\$ 4,525,315</b>	<b>\$ 25,446,396</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 546,587	\$ -	\$ -	\$ 199,645	\$ 746,232
Unrestricted	4,951,752	3,751,768	-	-	3,375,062	8,295,912	4,325,670	24,700,164
<b>Total cash and investment fund balance - ending</b>	<b>\$ 4,951,752</b>	<b>\$ 3,751,768</b>	<b>\$ -</b>	<b>\$ 546,587</b>	<b>\$ 3,375,062</b>	<b>\$ 8,295,912</b>	<b>\$ 4,525,315</b>	<b>\$ 25,446,396</b>

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

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

	Pension Trust Funds	Agency Funds
Additions:		
Investment earnings:		
Interest	\$ 6,925	
Excess of total additions over total deductions	6,925	
Cash and investment fund balance - beginning	<u>855,607</u>	
Cash and investment fund balance - ending	<u>\$ 862,532</u>	<u>\$ (10,552)</u>
Net assets:		
Cash and investments	<u>\$ 862,532</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 862,532</u>	

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

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

	Pension Trust Funds	Agency Funds
Additions:		
Interest	\$ 13,962	
Excess of total additions over total deductions	13,962	
Cash and investment fund balance - beginning	862,532	
Cash and investment fund balance - ending	\$ 876,494	\$ (5,004)
Net assets:		
Cash and investments	\$ 876,494	
Total net assets - cash and investment basis held in trust	\$ 876,494	

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

CLAY COMMUNITY SCHOOLS  
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: Clay Community Schools

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

Joint Venture

The School Corporation is a participant with Vigo County School Corporation in a joint venture to operate Area 35 Vocational Education District which was created to provide vocational education to students. The School Corporation is obligated by contract to remit a variable amount annually based on the number of its participating students to supplement the Area 35 Vocational Education District. Complete financial statements for the Area 35 Vocational Education District can be obtained from the Vigo County School Corporation, the administrative and fiscal agent for the program, at 686 Wabash Avenue, Terre Haute, IN 47803.

Related Organizations

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

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. The School Corporation does not have any business-type activities.

CLAY COMMUNITY SCHOOLS  
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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. However, at this time, the School Corporation has not established any proprietary funds. 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 locally adopted resolution.

The fiscal stabilization (stimulus) 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 in advance for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

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

The construction fund accounts for funds borrowed in advance from the holding corporation during the remodeling and upgrading of some of the schools buildings.

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for the activities of the retirement/severance pension benefit fund, which accumulates resources for pension benefit payments.

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

CLAY COMMUNITY SCHOOLS  
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

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. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

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.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary 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.

CLAY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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."

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. 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.
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.

CLAY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

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 January 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 are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

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

B. Cash 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:

CLAY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund	2008-2009	2009-2010
Textbook Rental	\$ 24,687	\$ -
Perf/Life/Insurance	10,891	-
Special Education Part B Stimulus	-	48,688
Section 125	-	5,161

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 School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$26,317,880.

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.

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	Rainy Day Fund	\$ -	\$ 550,000
	Other Governmental Funds	2,299	-
Debt Service Fund	Rainy Day Fund	550,000	-
	Other Governmental Funds	1,535	20,022
Other Governmental Funds	General Fund	-	565,726
	Rainy Day Fund	422,500	-
	Other Governmental Funds	21,972	32,577
Totals		<u>\$ 998,306</u>	<u>\$ 1,168,325</u>

CLAY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); 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.

B. Holding Corporation

The School Corporation has entered into a capital lease with Clay Community 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 years 2009 and 2010 totaled \$3,308,000, and \$2,700,000 respectively.

C. Termination Benefits

Retirement Benefits were offered to eligible retirees only, there was no buyout during this audit period.

D. Other Postemployment Benefits

Defined Contribution Healthcare Plan

Plan Description

Anthem Healthcare Plan is a defined contribution healthcare plan administered by Anthem. The plan provides medical and vision insurance benefits to eligible retirees and their spouses. Board policy and the master teacher contract assigns the authority to establish and amend benefit provisions to the School Corporation.

Funding Policy

The contribution requirements of plan members for the Anthem Healthcare Plan are established by the School Corporation's governing board. The required contribution is 90%. For the year ended June 30, 2010, the School Corporation contributed \$1,276,098 to the plan. Plan members receiving benefits contributed \$3,821,768.

CLAY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (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

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 \$909,940.

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.

CLAY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy

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 audit period were \$1,944,972.

CLAY COMMUNITY SCHOOLS  
 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 Operating	Pre-School Education	School Lunch	Textbook Rental	Levy Excess	Educational License Plate	Alternative Education
<b>Receipts:</b>							
Local sources	\$ 2,892,904	\$ 31,677	\$ 903,355	\$ 180,920	\$ 77,907	\$ -	\$ -
Intermediate sources	-	-	-	-	-	1,913	-
State sources	-	182,923	21,072	155,549	-	-	13,585
Federal sources	-	-	1,087,992	-	-	-	-
Other	9,489	-	1	-	-	-	-
<b>Total receipts</b>	<b>2,902,393</b>	<b>214,600</b>	<b>2,012,420</b>	<b>336,469</b>	<b>77,907</b>	<b>1,913</b>	<b>13,585</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	139,587	-	-	-	-	14,954
Support services	2,086,376	-	75	511,879	-	-	-
Noninstructional services	-	-	2,044,946	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	1,260,000	-	-	-	-	-	-
<b>Total disbursements</b>	<b>3,346,376</b>	<b>139,587</b>	<b>2,045,021</b>	<b>511,879</b>	<b>-</b>	<b>-</b>	<b>14,954</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(443,983)</b>	<b>75,013</b>	<b>(32,601)</b>	<b>(175,410)</b>	<b>77,907</b>	<b>1,913</b>	<b>(1,369)</b>
<b>Other financing sources (uses):</b>							
Transfers in	24,271	-	-	1,535	-	-	-
Transfers out	-	(21,972)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>24,271</b>	<b>(21,972)</b>	<b>-</b>	<b>1,535</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(419,712)</b>	<b>53,041</b>	<b>(32,601)</b>	<b>(173,875)</b>	<b>77,907</b>	<b>1,913</b>	<b>(1,369)</b>
Cash and investments - beginning	1,180,020	479,908	559,672	149,188	-	28,275	16,371
<b>Cash and investments - ending</b>	<b>\$ 760,308</b>	<b>\$ 532,949</b>	<b>\$ 527,071</b>	<b>\$ (24,687)</b>	<b>\$ 77,907</b>	<b>\$ 30,188</b>	<b>\$ 15,002</b>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 760,308	\$ 532,949	\$ 527,071	\$ (24,687)	\$ 77,907	\$ 30,188	\$ 15,002
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 760,308</b>	<b>\$ 532,949</b>	<b>\$ 527,071</b>	<b>\$ (24,687)</b>	<b>\$ 77,907</b>	<b>\$ 30,188</b>	<b>\$ 15,002</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	760,308	532,949	527,071	(24,687)	77,907	30,188	15,002
<b>Total cash and investment fund balance - ending</b>	<b>\$ 760,308</b>	<b>\$ 532,949</b>	<b>\$ 527,071</b>	<b>\$ (24,687)</b>	<b>\$ 77,907</b>	<b>\$ 30,188</b>	<b>\$ 15,002</b>

CLAY COMMUNITY SCHOOLS  
 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)

	Early Intervention Grant	Gifted Education 2007-08	Gifted Education 2008-09	Extra-Curricular LEAAP Center	Non-English Speaking Program	School Technology	Technology Grants - Equipment
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ 680	\$ -	\$ 42,133	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	22,802	-	45,944	-	2,909	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>22,802</b>	<b>-</b>	<b>45,944</b>	<b>680</b>	<b>2,909</b>	<b>42,133</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	28,167	6,242	45,236	-	4,146	-	-
Support services	-	-	708	-	-	-	-
Noninstructional services	-	-	-	78	-	-	-
Facilities acquisition and construction	-	-	-	-	-	19,346	6,000
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>28,167</b>	<b>6,242</b>	<b>45,944</b>	<b>78</b>	<b>4,146</b>	<b>19,346</b>	<b>6,000</b>
Excess (deficiency) of receipts over disbursements	(5,365)	(6,242)	-	602	(1,237)	22,787	(6,000)
<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>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,365)	(6,242)	-	602	(1,237)	22,787	(6,000)
Cash and investments - beginning	14,450	6,242	-	3,778	1,237	68,295	6,000
Cash and investments - ending	\$ 9,085	\$ -	\$ -	\$ 4,380	\$ -	\$ 91,082	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 9,085	\$ -	\$ -	\$ 4,380	\$ -	\$ 91,082	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 9,085</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,380</b>	<b>\$ -</b>	<b>\$ 91,082</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	9,085	-	-	4,380	-	91,082	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 9,085</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,380</b>	<b>\$ -</b>	<b>\$ 91,082</b>	<b>\$ -</b>

CLAY COMMUNITY SCHOOLS  
 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)

	Access Indiana Grant	Family Literacy - DCS Grant	Title I - FY 2007-08	Title I - FY 2008-09	Special Education - FY 2008-10	Special Education - FY 2007-09
<b>Receipts:</b>						
Local sources	\$ -	\$ 16,241	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	2,500	-	-	-	-	-
Federal sources	-	-	56,700	955,420	866,723	195,000
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>2,500</b>	<b>16,241</b>	<b>56,700</b>	<b>955,420</b>	<b>866,723</b>	<b>195,000</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	125,947	508,861	709,214	170,762
Support services	1,380	-	74,017	166,382	157,444	36,986
Noninstructional services	-	16,574	1,752	9,132	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,380</b>	<b>16,574</b>	<b>201,716</b>	<b>684,375</b>	<b>866,658</b>	<b>207,748</b>
Excess (deficiency) of receipts over disbursements	1,120	(333)	(145,016)	271,045	65	(12,748)
<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	1,120	(333)	(145,016)	271,045	65	(12,748)
Cash and investments - beginning	2,500	2,673	145,016	-	-	12,748
Cash and investments - ending	\$ 3,620	\$ 2,340	\$ -	\$ 271,045	\$ 65	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 3,620	\$ 2,340	\$ -	\$ 271,045	\$ 65	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 3,620</b>	<b>\$ 2,340</b>	<b>\$ -</b>	<b>\$ 271,045</b>	<b>\$ 65</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,620	2,340	-	271,045	65	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 3,620</b>	<b>\$ 2,340</b>	<b>\$ -</b>	<b>\$ 271,045</b>	<b>\$ 65</b>	<b>\$ -</b>

CLAY COMMUNITY SCHOOLS  
 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)

	Pre-School Special Education - FY 2007-09	Drug-Free Schools and Communities FY 2007-09	Drug-Free Schools and Communities FY 2006-08	Project Respect FY 2006-07	Carl D. Perkins Act FY 2008-09	Carl D. Perkins Act FY 2007-08
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 8,000	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	45,505	17,062	-	-	32,657	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>45,505</b>	<b>17,062</b>	<b>-</b>	<b>8,000</b>	<b>32,657</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	42,452	8,515	9,225	-	18,258	-
Support services	-	-	2,500	-	12,237	4,924
Noninstructional services	-	-	-	7,980	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>42,452</b>	<b>8,515</b>	<b>11,725</b>	<b>7,980</b>	<b>30,495</b>	<b>4,924</b>
Excess (deficiency) of receipts over disbursements	3,053	8,547	(11,725)	20	2,162	(4,924)
<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	3,053	8,547	(11,725)	20	2,162	(4,924)
Cash and investments - beginning	324	-	11,725	-	-	4,924
Cash and investments - ending	\$ 3,377	\$ 8,547	\$ -	\$ 20	\$ 2,162	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 3,377	\$ 8,547	\$ -	\$ 20	\$ 2,162	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 3,377</b>	<b>\$ 8,547</b>	<b>\$ -</b>	<b>\$ 20</b>	<b>\$ 2,162</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,377	8,547	-	20	2,162	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 3,377</b>	<b>\$ 8,547</b>	<b>\$ -</b>	<b>\$ 20</b>	<b>\$ 2,162</b>	<b>\$ -</b>

CLAY COMMUNITY SCHOOLS  
 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)

	Disaster Expense - Lighting	Teacher Quality Enhancement Grants	Class Size Reduction FY 07-08	Enhancing Education Through Technology	Retirement/ Severance Bond	PDS Site Block Grant
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 541,149	\$ 1,800
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	3,000	234,480	23,100	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>3,000</b>	<b>234,480</b>	<b>23,100</b>	<b>541,149</b>	<b>1,800</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	196,229	-	-	1,769
Support services	-	4,826	26,223	23,271	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	7,983	-	-
Debt services	-	-	-	-	413,031	-
<b>Total disbursements</b>	<b>-</b>	<b>4,826</b>	<b>222,452</b>	<b>31,254</b>	<b>413,031</b>	<b>1,769</b>
Excess (deficiency) of receipts over disbursements	-	(1,826)	12,028	(8,154)	128,118	31
<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	-	(1,826)	12,028	(8,154)	128,118	31
Cash and investments - beginning	21,728	1,826	15,780	19,620	3,581	-
Cash and investments - ending	<u>\$ 21,728</u>	<u>\$ -</u>	<u>\$ 27,808</u>	<u>\$ 11,466</u>	<u>\$ 131,699</u>	<u>\$ 31</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 21,728	\$ -	\$ 27,808	\$ 11,466	\$ -	\$ 31
Restricted assets:						
Cash and investments	-	-	-	-	131,699	-
<b>Total cash and investment assets - ending</b>	<u>\$ 21,728</u>	<u>\$ -</u>	<u>\$ 27,808</u>	<u>\$ 11,466</u>	<u>\$ 131,699</u>	<u>\$ 31</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 131,699	\$ -
Unrestricted	21,728	-	27,808	11,466	-	31
<b>Total cash and investment fund balance - ending</b>	<u>\$ 21,728</u>	<u>\$ -</u>	<u>\$ 27,808</u>	<u>\$ 11,466</u>	<u>\$ 131,699</u>	<u>\$ 31</u>

CLAY COMMUNITY SCHOOLS  
 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)

	Conference Fund	Lilly Extension Coordinator Cost	Transportation To Work Program	Community Foundation and Other Fund	Clay City High School Fitness Program	Scholarship Fund
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 3,644	\$ 5,649	\$ 5,020	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>3,644</b>	<b>5,649</b>	<b>5,020</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	5,219	-	-	-
Support services	-	-	-	-	-	-
Noninstructional services	-	24,800	-	4,017	4,908	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>24,800</b>	<b>5,219</b>	<b>4,017</b>	<b>4,908</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	-	(24,800)	(1,575)	1,632	112	-
<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	-	(24,800)	(1,575)	1,632	112	-
Cash and investments - beginning	6,142	24,800	4,491	1,928	4,724	6,535
Cash and investments - ending	<u>\$ 6,142</u>	<u>\$ -</u>	<u>\$ 2,916</u>	<u>\$ 3,560</u>	<u>\$ 4,836</u>	<u>\$ 6,535</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 6,142	\$ -	\$ 2,916	\$ 3,560	\$ 4,836	\$ 6,535
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 6,142</u>	<u>\$ -</u>	<u>\$ 2,916</u>	<u>\$ 3,560</u>	<u>\$ 4,836</u>	<u>\$ 6,535</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	6,142	-	2,916	3,560	4,836	6,535
<b>Total cash and investment fund balance - ending</b>	<u>\$ 6,142</u>	<u>\$ -</u>	<u>\$ 2,916</u>	<u>\$ 3,560</u>	<u>\$ 4,836</u>	<u>\$ 6,535</u>

CLAY COMMUNITY SCHOOLS  
 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)

	Teacher Awards	Barbara Bush Foundation Grant	Lilly Endowment	Lilly- Earnings From Investments	School Bus Replacement	Totals
<b>Receipts:</b>						
Local sources	\$ 3,000	\$ 58,089	\$ 137,898	\$ -	\$ 1,280,801	\$ 6,190,867
Intermediate sources	-	-	-	-	-	1,913
State sources	-	-	-	-	-	447,284
Federal sources	-	-	-	-	-	3,517,639
Other	-	-	-	1,699	-	11,189
<b>Total receipts</b>	<b>3,000</b>	<b>58,089</b>	<b>137,898</b>	<b>1,699</b>	<b>1,280,801</b>	<b>10,168,892</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	49,542	166,143	-	-	2,250,468
Support services	3,714	-	-	24,261	801,129	3,938,332
Noninstructional services	-	-	-	-	-	2,114,187
Facilities acquisition and construction	-	-	-	-	-	33,329
Debt services	-	-	-	-	-	1,673,031
<b>Total disbursements</b>	<b>3,714</b>	<b>49,542</b>	<b>166,143</b>	<b>24,261</b>	<b>801,129</b>	<b>10,009,347</b>
Excess (deficiency) of receipts over disbursements	(714)	8,547	(28,245)	(22,562)	479,672	159,545
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	25,806
Transfers out	-	-	-	-	(422,500)	(444,472)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(422,500)</b>	<b>(418,666)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(714)	8,547	(28,245)	(22,562)	57,172	(259,121)
Cash and investments - beginning	1,017	-	103,132	168,705	717,120	3,794,475
Cash and investments - ending	\$ 303	\$ 8,547	\$ 74,887	\$ 146,143	\$ 774,292	\$ 3,535,354
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 303	\$ 8,547	\$ 74,887	\$ 146,143	\$ 774,292	\$ 3,403,655
Restricted assets:						
Cash and investments	-	-	-	-	-	131,699
<b>Total cash and investment assets - ending</b>	<b>\$ 303</b>	<b>\$ 8,547</b>	<b>\$ 74,887</b>	<b>\$ 146,143</b>	<b>\$ 774,292</b>	<b>\$ 3,535,354</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,699
Unrestricted	303	8,547	74,887	146,143	774,292	3,403,655
<b>Total cash and investment fund balance - ending</b>	<b>\$ 303</b>	<b>\$ 8,547</b>	<b>\$ 74,887</b>	<b>\$ 146,143</b>	<b>\$ 774,292</b>	<b>\$ 3,535,354</b>

CLAY COMMUNITY SCHOOLS  
 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 Operating	Pre-School Education	School Lunch	Textbook Rental	Levy Excess	Educational License Plate	Alternative Education
<b>Receipts:</b>							
Local sources	\$ 2,566,100	\$ -	\$ 883,873	\$ 170,953	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	1,050	-
State sources	-	101,750	19,494	140,631	-	-	13,471
Federal sources	-	-	1,152,172	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>2,566,100</b>	<b>101,750</b>	<b>2,055,539</b>	<b>311,584</b>	<b>-</b>	<b>1,050</b>	<b>13,471</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	68,973	-	-	-	-	14,859
Support services	2,144,019	-	75	289,961	-	-	-
Noninstructional services	-	-	2,061,734	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,144,019</b>	<b>68,973</b>	<b>2,061,809</b>	<b>289,961</b>	<b>-</b>	<b>-</b>	<b>14,859</b>
Excess (deficiency) of receipts over disbursements	422,081	32,777	(6,270)	21,623	-	1,050	(1,388)
<b>Other financing sources (uses):</b>							
Transfers in	32,577	-	-	20,022	-	-	-
Transfers out	-	(565,726)	-	-	(32,577)	-	-
<b>Total other financing sources (uses)</b>	<b>32,577</b>	<b>(565,726)</b>	<b>-</b>	<b>20,022</b>	<b>(32,577)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	454,658	(532,949)	(6,270)	41,645	(32,577)	1,050	(1,388)
Cash and investments - beginning	760,308	532,949	527,071	(24,686)	77,907	30,188	15,002
Cash and investments - ending	\$ 1,214,966	\$ -	\$ 520,801	\$ 16,959	\$ 45,330	\$ 31,238	\$ 13,614
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 1,214,966	\$ -	\$ 520,801	\$ 16,959	\$ 45,330	\$ 31,238	\$ 13,614
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 1,214,966</b>	<b>\$ -</b>	<b>\$ 520,801</b>	<b>\$ 16,959</b>	<b>\$ 45,330</b>	<b>\$ 31,238</b>	<b>\$ 13,614</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,214,966	-	520,801	16,959	45,330	31,238	13,614
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,214,966</b>	<b>\$ -</b>	<b>\$ 520,801</b>	<b>\$ 16,959</b>	<b>\$ 45,330</b>	<b>\$ 31,238</b>	<b>\$ 13,614</b>

CLAY COMMUNITY SCHOOLS  
 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 Intervention Grant	Gifted Education 2009-10	Extra-Curricular LEAAP Center	Non-English Speaking Program	School Technology	Access Indiana Grant	Family Literacy - DCS Grant
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ 846	\$ -	\$ 309,490	\$ -	\$ 39,566
Intermediate sources	-	-	-	-	-	-	-
State sources	44,119	44,849	-	3,252	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>44,119</b>	<b>44,849</b>	<b>846</b>	<b>3,252</b>	<b>309,490</b>	<b>-</b>	<b>39,566</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	42,808	38,580	-	2,221	-	-	11,250
Support services	-	399	-	-	-	-	-
Noninstructional services	-	-	2,206	-	-	-	18,410
Facilities acquisition and construction	-	-	-	-	24,604	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	10,396	-	-	-	-	-	-
<b>Total disbursements</b>	<b>53,204</b>	<b>38,979</b>	<b>2,206</b>	<b>2,221</b>	<b>24,604</b>	<b>-</b>	<b>29,660</b>
Excess (deficiency) of receipts over disbursements	(9,085)	5,870	(1,360)	1,031	284,886	-	9,906
<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>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,085)	5,870	(1,360)	1,031	284,886	-	9,906
Cash and investments - beginning	9,085	-	4,380	-	91,082	3,620	2,341
Cash and investments - ending	\$ -	\$ 5,870	\$ 3,020	\$ 1,031	\$ 375,968	\$ 3,620	\$ 12,247
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 5,870	\$ 3,020	\$ 1,031	\$ 375,968	\$ 3,620	\$ 12,247
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 5,870</b>	<b>\$ 3,020</b>	<b>\$ 1,031</b>	<b>\$ 375,968</b>	<b>\$ 3,620</b>	<b>\$ 12,247</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	5,870	3,020	1,031	375,968	3,620	12,247
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 5,870</b>	<b>\$ 3,020</b>	<b>\$ 1,031</b>	<b>\$ 375,968</b>	<b>\$ 3,620</b>	<b>\$ 12,247</b>

CLAY COMMUNITY SCHOOLS  
 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)

	Excess PTRC Distribution	Title I - FY 2009-10	Title I - FY 2008-09	Title V - FY 2007-08	Special Education - FY 2008-10	Special Education - FY 2009-11	Pre-School Special Education - FY 2007-09
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	34,443	-	-	-	-	-	-
Federal sources	-	1,064,182	(37,588)	3,019	175,000	892,749	31,453
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>34,443</b>	<b>1,064,182</b>	<b>(37,588)</b>	<b>3,019</b>	<b>175,000</b>	<b>892,749</b>	<b>31,453</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	605,774	178,741	-	145,734	614,534	12,202
Support services	-	104,141	49,646	3,019	29,331	175,781	-
Noninstructional services	-	16,593	5,070	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>726,508</b>	<b>233,457</b>	<b>3,019</b>	<b>175,065</b>	<b>790,315</b>	<b>12,202</b>
Excess (deficiency) of receipts over disbursements	34,443	337,674	(271,045)	-	(65)	102,434	19,251
<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>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	34,443	337,674	(271,045)	-	(65)	102,434	19,251
Cash and investments - beginning	-	-	271,045	-	65	-	3,378
Cash and investments - ending	\$ 34,443	\$ 337,674	\$ -	\$ -	\$ -	\$ 102,434	\$ 22,629
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 34,443	\$ 337,674	\$ -	\$ -	\$ -	\$ 102,434	\$ 22,629
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 34,443	\$ 337,674	\$ -	\$ -	\$ -	\$ 102,434	\$ 22,629
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	34,443	337,674	-	-	-	102,434	22,629
Total cash and investment fund balance - ending	\$ 34,443	\$ 337,674	\$ -	\$ -	\$ -	\$ 102,434	\$ 22,629

CLAY COMMUNITY SCHOOLS  
 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)

	Drug-Free FY 2007-09	Drug-Free FY 2009-10	Project Respect FY 2006-07	Carl D. Perkins Act FY 2008-09	Carl D. Perkins Act FY 2009-10	Disaster Expense - Lighting	Class Size Reduction FY 07-08
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ 10,000	\$ -	\$ 1,130	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	13,393	-	-	60,518	-	212,553
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>13,393</b>	<b>10,000</b>	<b>-</b>	<b>61,648</b>	<b>-</b>	<b>212,553</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	6,047	9,359	-	1,264	34,774	-	201,376
Support services	2,500	-	-	898	18,464	-	38,960
Noninstructional services	-	-	8,390	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>8,547</b>	<b>9,359</b>	<b>8,390</b>	<b>2,162</b>	<b>53,238</b>	<b>-</b>	<b>240,336</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(8,547)</b>	<b>4,034</b>	<b>1,610</b>	<b>(2,162)</b>	<b>8,410</b>	<b>-</b>	<b>(27,783)</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>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(8,547)</b>	<b>4,034</b>	<b>1,610</b>	<b>(2,162)</b>	<b>8,410</b>	<b>-</b>	<b>(27,783)</b>
<b>Cash and investments - beginning</b>	<b>8,547</b>	<b>-</b>	<b>20</b>	<b>2,162</b>	<b>-</b>	<b>21,728</b>	<b>27,808</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 4,034</b>	<b>\$ 1,630</b>	<b>\$ -</b>	<b>\$ 8,410</b>	<b>\$ 21,728</b>	<b>\$ 25</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 4,034	\$ 1,630	\$ -	\$ 8,410	\$ 21,728	\$ 25
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 4,034</b>	<b>\$ 1,630</b>	<b>\$ -</b>	<b>\$ 8,410</b>	<b>\$ 21,728</b>	<b>\$ 25</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	4,034	1,630	-	8,410	21,728	25
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 4,034</b>	<b>\$ 1,630</b>	<b>\$ -</b>	<b>\$ 8,410</b>	<b>\$ 21,728</b>	<b>\$ 25</b>

CLAY COMMUNITY SCHOOLS  
 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)

	Enhancing Education Through Technology	LEA Title I Stimulus	Special Education Part - B Stimulus	Pre-school Special Education Stimulus	Education Technology Stimulus	School Lunch Equipment Stimulus	Retirement/ Severance Bond
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 415,901
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	180,706	443,789	39,474	150,000	22,182	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>180,706</b>	<b>443,789</b>	<b>39,474</b>	<b>150,000</b>	<b>22,182</b>	<b>415,901</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	55,395	339,211	39,474	-	-	-
Support services	11,226	121,116	153,266	-	7,623	2,084	-
Noninstructional services	-	-	-	-	-	20,098	-
Facilities acquisition and construction	-	-	-	-	127,004	-	-
Debt services	-	-	-	-	-	-	347,956
Nonprogrammed charges	239	-	-	-	-	-	-
<b>Total disbursements</b>	<b>11,465</b>	<b>176,511</b>	<b>492,477</b>	<b>39,474</b>	<b>134,627</b>	<b>22,182</b>	<b>347,956</b>
Excess (deficiency) of receipts over disbursements	(11,465)	4,195	(48,688)	-	15,373	-	67,945
<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>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,465)	4,195	(48,688)	-	15,373	-	67,945
Cash and investments - beginning	11,465	-	-	-	-	-	131,700
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 4,195</b>	<b>\$ (48,688)</b>	<b>\$ -</b>	<b>\$ 15,373</b>	<b>\$ -</b>	<b>\$ 199,645</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 4,195	\$ (48,688)	\$ -	\$ 15,373	\$ -	\$ -
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	199,645
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 4,195</b>	<b>\$ (48,688)</b>	<b>\$ -</b>	<b>\$ 15,373</b>	<b>\$ -</b>	<b>\$ 199,645</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 199,645
Unrestricted	-	4,195	(48,688)	-	15,373	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 4,195</b>	<b>\$ (48,688)</b>	<b>\$ -</b>	<b>\$ 15,373</b>	<b>\$ -</b>	<b>\$ 199,645</b>

CLAY COMMUNITY SCHOOLS  
 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)

	PDS Site Block Grant	Conference Fund	Transportation To Work Program	Community Foundation and Other Fund	Clay City High School Fitness Program	Scholarship Fund
<b>Receipts:</b>						
Local sources	\$ 1,800	\$ -	\$ 3,096	\$ 2,422	\$ 5,000	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>1,800</b>	<b>-</b>	<b>3,096</b>	<b>2,422</b>	<b>5,000</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,586	-	3,635	-	-	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	2,558	5,101	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,586</b>	<b>-</b>	<b>3,635</b>	<b>2,558</b>	<b>5,101</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>214</b>	<b>-</b>	<b>(539)</b>	<b>(136)</b>	<b>(101)</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>214</b>	<b>-</b>	<b>(539)</b>	<b>(136)</b>	<b>(101)</b>	<b>-</b>
Cash and investments - beginning	31	6,142	2,916	3,561	4,837	6,535
Cash and investments - ending	<u>245</u>	<u>6,142</u>	<u>2,377</u>	<u>3,425</u>	<u>4,736</u>	<u>6,535</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 245	\$ 6,142	\$ 2,377	\$ 3,425	\$ 4,736	\$ 6,535
<b>Restricted assets:</b>						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 245</u>	<u>\$ 6,142</u>	<u>\$ 2,377</u>	<u>\$ 3,425</u>	<u>\$ 4,736</u>	<u>\$ 6,535</u>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	245	6,142	2,377	3,425	4,736	6,535
<b>Total cash and investment fund balance - ending</b>	<u>\$ 245</u>	<u>\$ 6,142</u>	<u>\$ 2,377</u>	<u>\$ 3,425</u>	<u>\$ 4,736</u>	<u>\$ 6,535</u>

CLAY COMMUNITY SCHOOLS  
 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)

	Teacher Awards	Barbara Bush Foundation Grant	Lilly Endowment	Lilly-Earnings From Investments	School Bus Replacement	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ 106,454	\$ 30,235	\$ -	\$ 1,046,319	\$ 5,593,185
Intermediate sources	-	-	-	-	-	1,050
State sources	-	-	-	-	-	402,009
Federal sources	-	-	-	-	-	4,403,602
Other	-	-	-	570	-	570
<b>Total receipts</b>	<b>-</b>	<b>106,454</b>	<b>30,235</b>	<b>570</b>	<b>1,046,319</b>	<b>10,400,416</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	64,123	101,796	-	-	2,593,716
Support services	152	-	-	19,065	448,956	3,620,682
Noninstructional services	-	-	-	-	-	2,140,160
Facilities acquisition and construction	-	-	-	-	-	151,608
Debt services	-	-	-	-	-	347,956
Nonprogrammed charges	-	-	-	-	-	10,635
<b>Total disbursements</b>	<b>152</b>	<b>64,123</b>	<b>101,796</b>	<b>19,065</b>	<b>448,956</b>	<b>8,864,757</b>
Excess (deficiency) of receipts over disbursements	(152)	42,331	(71,561)	(18,495)	597,363	1,535,659
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	52,599
Transfers out	-	-	-	-	-	(598,303)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(545,704)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(152)	42,331	(71,561)	(18,495)	597,363	989,955
Cash and investments - beginning	304	8,546	74,888	146,143	774,292	3,535,360
Cash and investments - ending	<u>152</u>	<u>50,877</u>	<u>3,327</u>	<u>127,648</u>	<u>1,371,655</u>	<u>4,525,315</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 152	\$ 50,877	\$ 3,327	\$ 127,648	\$ 1,371,655	\$ 4,325,670
Restricted assets:						
Cash and investments	-	-	-	-	-	199,645
<b>Total cash and investment assets - ending</b>	<b><u>152</u></b>	<b><u>50,877</u></b>	<b><u>3,327</u></b>	<b><u>127,648</u></b>	<b><u>1,371,655</u></b>	<b><u>4,525,315</u></b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 199,645
Unrestricted	152	50,877	3,327	127,648	1,371,655	4,325,670
<b>Total cash and investment fund balance - ending</b>	<b><u>152</u></b>	<b><u>50,877</u></b>	<b><u>3,327</u></b>	<b><u>127,648</u></b>	<b><u>1,371,655</u></b>	<b><u>4,525,315</u></b>

# Clay Community Schools



Dr. Dan Schroeder, Superintendent  
Ms. Kimberly Tucker, Assistant Superintendent for Curriculum & Instruction  
Mr. Mike Fowler, Business Manager/Treasurer  
Mrs. Kathy Knust, Curriculum and Grants Coordinator  
Mrs. Carolyn Kumpf, Director of Personnel, Data, & Food Service  
Mr. Tom Reberger, Director of Buildings & Grounds

9750 N Crawford Street  
PO Box 169  
Knightsville, IN 47857  
Phone: 812-443-4461  
Fax: 812-442-0849

## CLAY COMMUNITY SCHOOLS 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 Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 50,703
Buildings	58,708,585
Improvements other than buildings	2,962,784
Machinery and equipment	<u>10,078,695</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 71,800,767</u>

# Clay Community Schools



Dr. Dan Schroeder, Superintendent  
 Ms. Kimberly Tucker, Assistant Superintendent for Curriculum & Instruction  
 Mr. Mike Fowler, Business Manager/Treasurer  
 Mrs. Kathy Knust, Curriculum and Grants Coordinator  
 Mrs. Carolyn Kumpf, Director of Personnel, Data, & Food Service  
 Mr. Tom Reberger, Director of Buildings & Grounds

9750 N Crawford Street  
 PO Box 169  
 Knightsville, IN 47857  
 Phone: 812-443-4461  
 Fax: 812-442-0849

CLAY COMMUNITY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2010

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 2,367,323	\$ 621,394
Bonds payable:		
General obligation bonds:		
Funding of existing retirement or severance liability	2,431,020	346,976
2008 Series, School renovations	<u>24,886,260</u>	<u>2,735,855</u>
Total governmental activities debt	<u>\$ 29,684,603</u>	<u>\$ 3,704,225</u>

CLAY COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The Textbook Rental and the PERF/Life/Insurance Funds were overdrawn in 2008-2009. The Special Education Part B Stimulus and Section 125 Funds were overdrawn in 2009-2010.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

ECA DEPOSITS (Applies to Northview High School)

Receipts were not always deposited within a reasonable time. Receipts, in some instances, were held for periods in excess of three months before depositing. Additionally, receipts, in some cases, accumulated to over \$100,000 before a deposit was made.

IC 20-5-7-4 states in part: ". . . receipts shall be deposited without unreasonable delay."

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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 CLAY COMMUNITY SCHOOLS, CLAY COUNTY, INDIANA

Compliance

We have audited the compliance of the Clay Community Schools (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 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.

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)

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

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

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

This report is intended solely for the information and use of the School Corporation's management 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 27, 2010

CLAY COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
National School Lunch Program	10.555		\$ 846,348	\$ 881,073
School Breakfast Program	10.553		241,644	266,078
ARRA - National School Lunch Program	10.555		-	22,182
			<u>1,087,992</u>	<u>1,169,333</u>
Total for federal grantor agency				
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Special Education Cluster				
Special Education - Grants to States	84.027	14208-007-PN01	207,748	-
		14209-207-PN01	866,658	175,065
		14210-007-PN01	-	790,314
			<u>1,074,406</u>	<u>965,379</u>
Total for program				
Special Education - Preschool Grants	84.173	14209-007-PN01	2,324	-
		14210-007-PN01	40,127	3,378
		14211-007-PN01	-	8,824
			<u>42,451</u>	<u>12,202</u>
Total for program				
ARRA - Special Education - Preschool Grants, Recovery Act	84.392		-	39,474
ARRA - Special Education - Grants to States, Recovery Act	84.391		-	492,477
			<u>1,116,857</u>	<u>1,509,532</u>
Total for cluster				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	07-1125	201,716	-
		08-1125	684,375	233,457
		09-1125	-	726,509
			<u>886,091</u>	<u>959,966</u>
Total for cluster				
Pass-Through Vigo County Community School Corporation				
Vocational Education - Basic Grants to States	84.048	FY 07-08	4,924	-
		FY 08-09	30,495	2,162
		FY 09-10	-	53,237
			<u>35,419</u>	<u>55,399</u>
Total for program				
Safe and Drug Free Schools and Communities	84.186	06-1125	11,725	-
		07-1125	8,515	8,547
		08-1125	-	9,359
			<u>20,240</u>	<u>17,906</u>
Total for program				
Innovative Education Program Strategies	84.298	07-1125	-	3,019

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

CLAY COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Vigo County Community School Corporation (continued)				
Educational Technology State Grants Cluster				
Education Technology State Grants	84.318	S318X060014 S318X070014	19,620 <u>11,635</u>	- <u>11,465</u>
Total for cluster			<u>31,255</u>	<u>11,465</u>
Improving Teacher Quality State Grants				
	84.367	07-1125 08-1125 09-1125 10-1125	77,339 145,114 4,826 <u>-</u>	- - 161,747 <u>78,589</u>
Total for program			<u>227,279</u>	<u>240,336</u>
Educational Technology State Grants Cluster				
ARRA - Education Technology State Grants, Recovery Act	84.386		<u>-</u>	<u>134,628</u>
Total for cluster			<u>258,534</u>	<u>386,429</u>
Title I, Part A Cluster				
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389		<u>-</u>	<u>176,511</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		<u>-</u>	<u>3,207,850</u>
Total for federal grantor agency			<u>2,317,141</u>	<u>6,316,612</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Indiana State Department of Health				
Abstinence Education Block Grant	93.235	AEBG 415-1	<u>3,468</u>	<u>12,901</u>
Total federal awards expended			<u>\$ 3,408,601</u>	<u>\$ 7,498,846</u>

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

CLAY COMMUNITY SCHOOLS  
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 Clay Community Schools (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 CFDA Number	2009	2010
National School Lunch Program	10.555	\$ 118,494	\$ 109,816

CLAY COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
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 Number	Name of Federal Program or Cluster
84.010	Special Education Cluster
84.394	Title I, Part A 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? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CLAY COMMUNITY SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CLAY COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on December 27, 2010, with Daniel Schroeder, Superintendent of Schools; Michael Fowler, Director of Business Affairs; and Ron Scherb, School Board member. The officials concurred with our audit findings.