

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CLOVERDALE COMMUNITY SCHOOL CORPORATION  
PUTNAM COUNTY, INDIANA

July 1, 2011 to June 30, 2013



**FILED**  
03/03/2014



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Debbie Rollings	07-01-11 to 06-30-14
Superintendent of Schools	Dr. Carrie Milner	07-01-11 to 06-30-16
President of the School Board	Donna Fidler Duane Huges Donna Fidler	07-01-11 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14



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INDEPENDENT AUDITOR'S REPORT

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

***Report on the Financial Statement***

We have audited the accompanying financial statement of the Cloverdale Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated January 14, 2014, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

  
Paul D. Joyce, CPA  
State Examiner

January 14, 2014



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Cloverdale Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated January 14, 2014, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-1 to be material weaknesses.

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

***Compliance and Other Matters***

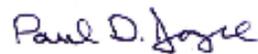
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-1.

***Cloverdale Community School Corporation's Response to Findings***

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

***Purpose of This Report***

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

  
Paul D. Joyce, CPA  
State Examiner

January 14, 2014

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## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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CLOVERDALE COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2012 and 2013

	Cash and Investments 07-01-11		Cash and Investments 06-30-12		Cash and Investments 06-30-13		Other Financing Sources (Uses)	Cash and Investments 06-30-13
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements		
General	\$ 2,300,642	\$ 9,618,468	\$ 10,058,862	\$ 1,860,248	\$ 9,306,089	\$ 9,150,577	\$ -	\$ 2,015,760
Debt Service	1,204,188	1,712,065	1,834,870	1,081,383	1,766,412	1,804,276	-	1,043,519
Retirement/Severance Bond Debt Service	115,158	193,317	192,151	116,324	182,261	188,557	-	110,028
Capital Projects	924,629	1,042,763	1,016,966	950,426	997,250	1,103,615	-	844,061
School Transportation	552,623	870,365	700,200	722,788	895,766	770,133	-	848,421
School Bus Replacement	287,456	253,369	155,714	385,111	140,031	234,637	-	290,505
Rainy Day	1,682,558	-	-	1,682,558	-	-	20,826	1,703,384
Retirement/Severance Bond	635,240	-	31,750	603,490	-	13,025	-	590,465
School Lunch	22,318	671,541	632,809	61,050	662,894	650,495	-	73,449
Textbook Rental	188,004	115,854	98,186	205,672	99,691	(9,143)	-	314,506
Levy Excess	16,038	-	-	16,038	-	-	-	16,038
Educational License Plates	5,756	488	2,287	3,957	150	2,168	-	1,939
Alternative Education	3,706	-	-	3,706	-	-	-	3,706
SAFE School Haven	1,957	-	338	1,619	-	-	-	1,619
Early Intervention Grant	11,217	13,080	7,723	16,574	9,700	130	-	26,144
Miscellaneous Programs	4,407	6,242	6,021	4,628	16,074	14,626	-	6,076
Knoy Center College Success	146	20,000	16,520	3,626	5,000	1,262	-	7,364
Instruction Support	559	29,234	-	29,793	29,126	19,976	-	38,943
Non-English Speaking Programs P.L. 273-1999	458	-	-	458	94	132	-	420
School Technology	20,180	11,477	16,966	14,691	21,153	2,808	-	33,036
Surplus PTRC	20,826	-	-	20,826	-	-	(20,826)	-
Access Indiana	2,500	-	2,500	-	-	-	-	-
Senator David Ford Technology	-	-	-	-	1,140	1,140	-	-
Title I	(59,265)	451,130	426,196	(34,331)	401,704	384,434	-	(17,061)
Serve America	1,857	-	1,857	-	-	-	-	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	30,441	30,441	-	-
Project Peace	337	-	337	-	-	-	-	-
Title IV - Part A 09-10 Grant	5,005	-	1,880	3,125	-	800	-	2,325
21st Century - Cohort 5 - Yr 1	(16,682)	19,064	16,479	(14,097)	-	-	-	(14,097)
21st Century - Cohort 4 - Yr 3	(4,112)	4,112	-	-	-	-	-	-
21st Century - Cohort 4 - Yr 2	(22,692)	257,348	234,784	(128)	19,397	19,269	-	-
21st Century - Cohort 4 - Yr 4	-	-	35,247	(35,247)	249,865	216,100	-	(1,482)
21st Century - Cohort 5 - Yr 2	-	310,675	310,675	-	-	-	-	-
21st Century - Cohort 5 - Yr 3	-	-	712	(712)	304,840	308,442	-	(4,314)
21st Century - Cohort 6 - Yr 1	-	-	-	-	-	2,132	-	(2,132)
Improving Teaching Quality, No Child Left, Title II, Part A	(16,193)	23,290	7,097	-	67,596	68,631	-	(1,035)
ITQ, Enhanced Education Through Technology, Title II, Part D	10,800	-	6,085	4,715	-	-	-	4,715
Rural Schools Achievement	27,918	36,948	65,271	(405)	-	-	-	(405)
Rural Schools and Low Income Program - Pass Through State	(47,979)	44,175	(3,750)	(54)	24,905	24,905	-	(54)
Title I - Grants to LEAs	(105,620)	-	(105,620)	-	-	149,431	-	(149,431)
Title I - School Improvement	38,213	-	-	38,213	-	38,213	-	-
Education Jobs	-	322,347	322,347	-	-	-	-	-
Payroll Withholding	39,853	2,257,566	2,300,953	(3,534)	2,230,743	2,221,897	-	5,312
<b>Totals</b>	<b>\$ 7,852,006</b>	<b>\$ 18,284,918</b>	<b>\$ 18,394,413</b>	<b>\$ 7,742,511</b>	<b>\$ 17,462,322</b>	<b>\$ 17,413,109</b>	<b>\$ -</b>	<b>\$ 7,791,724</b>

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

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

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

CLOVERDALE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*E. Disbursements*

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

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

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

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

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

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

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

*F. Other Financing Sources and Uses*

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

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

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

CLOVERDALE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

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

**Note 7. Negative Receipts and Disbursements**

The financial statement contains some receipts and/or disbursements which appear as negative entries. This is a result of the correction of errors from prior periods. The errors made in the prior period were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative receipt/disbursement was shown in the current period.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of reimbursements for expenditures made by the School Corporation not being received by June 30, 2012 and 2013.

CLOVERDALE COMMUNITY SCHOOL CORPORATION  
 NOTES TO FINANCIAL STATEMENT  
 (Continued)

**Note 9. Restatements**

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

<u>New Fund</u>	<u>Balance as of June 30, 2011</u>	<u>Prior Period Adjustment</u>	<u>Balance as of July 1, 2011</u>
Payroll Withholding	<u>\$ -</u>	<u>\$ 39,853</u>	<u>\$ 39,853</u>

**Note 10. Holding Corporations**

The School Corporation has entered into a capital lease with Cloverdale 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 2012 and 2013 totaled \$941,000 each year.

The School Corporation has entered into a capital lease with Cloverdale Community 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 2012 and 2013 totaled \$210,500 and \$105,500, respectively.

The School Corporation has entered into a capital lease with Cloverdale High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2012 and 2013 totaled \$195,000 and \$321,000, respectively.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 2,300,642	\$ 1,204,188	\$ 115,158	\$ 924,629	\$ 552,623	\$ 287,456	\$ 1,682,558	\$ 635,240	\$ 22,318
Receipts:									
Local sources	153,388	1,712,065	193,317	1,042,763	870,365	253,369	-	-	238,128
Intermediate sources	122	-	-	-	-	-	-	-	-
State sources	9,464,958	-	-	-	-	-	-	-	4,934
Federal sources	-	-	-	-	-	-	-	-	428,479
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>9,618,468</u>	<u>1,712,065</u>	<u>193,317</u>	<u>1,042,763</u>	<u>870,365</u>	<u>253,369</u>	<u>-</u>	<u>-</u>	<u>671,541</u>
Disbursements:									
Current:									
Instruction	6,910,704	-	-	-	-	-	-	25,150	-
Support services	3,020,956	-	-	472,539	700,200	155,714	-	6,600	-
Noninstructional services	127,202	-	-	-	-	-	-	-	632,809
Facilities acquisition and construction	-	-	-	544,427	-	-	-	-	-
Debt services	-	1,834,870	192,151	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>10,058,862</u>	<u>1,834,870</u>	<u>192,151</u>	<u>1,016,966</u>	<u>700,200</u>	<u>155,714</u>	<u>-</u>	<u>31,750</u>	<u>632,809</u>
Excess (deficiency) of receipts over disbursements	<u>(440,394)</u>	<u>(122,805)</u>	<u>1,166</u>	<u>25,797</u>	<u>170,165</u>	<u>97,655</u>	<u>-</u>	<u>(31,750)</u>	<u>38,732</u>
Cash and investments - ending	<u>\$ 1,860,248</u>	<u>\$ 1,081,383</u>	<u>\$ 116,324</u>	<u>\$ 950,426</u>	<u>\$ 722,788</u>	<u>\$ 385,111</u>	<u>\$ 1,682,558</u>	<u>\$ 603,490</u>	<u>\$ 61,050</u>

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

	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	SAFE School Haven	Early Intervention Grant	Miscellaneous Programs	Knoy Center College Success
Cash and investments - beginning	\$ 188,004	\$ 16,038	\$ 5,756	\$ 3,706	\$ 1,957	\$ 11,217	\$ 4,407	\$ 146
Receipts:								
Local sources	52,785	-	-	-	-	-	6,242	20,000
Intermediate sources	-	-	488	-	-	-	-	-
State sources	63,069	-	-	-	-	13,080	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	115,854	-	488	-	-	13,080	6,242	20,000
Disbursements:								
Current:								
Instruction	-	-	-	-	-	7,723	4,079	16,520
Support services	98,186	-	2,287	-	338	-	414	-
Noninstructional services	-	-	-	-	-	-	1,528	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	98,186	-	2,287	-	338	7,723	6,021	16,520
Excess (deficiency) of receipts over disbursements	17,668	-	(1,799)	-	(338)	5,357	221	3,480
Cash and investments - ending	\$ 205,672	\$ 16,038	\$ 3,957	\$ 3,706	\$ 1,619	\$ 16,574	\$ 4,628	\$ 3,626

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

	Instruction Support	Non-English Speaking Programs P.L. 273-1999	School Technology	Surplus PTRC	Access Indiana	Title I	Serve America	Project Peace
Cash and investments - beginning	\$ 559	\$ 458	\$ 20,180	\$ 20,826	\$ 2,500	\$ (59,265)	\$ 1,857	\$ 337
Receipts:								
Local sources	-	-	10,532	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	29,234	-	945	-	-	-	-	-
Federal sources	-	-	-	-	-	451,130	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	29,234	-	11,477	-	-	451,130	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	2,500	369,574	-	337
Support services	-	-	16,966	-	-	54,287	1,857	-
Noninstructional services	-	-	-	-	-	2,335	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	16,966	-	2,500	426,196	1,857	337
Excess (deficiency) of receipts over disbursements	29,234	-	(5,489)	-	(2,500)	24,934	(1,857)	(337)
Cash and investments - ending	\$ 29,793	\$ 458	\$ 14,691	\$ 20,826	\$ -	\$ (34,331)	\$ -	\$ -

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

	Title IV - Part A 09-10 Grant	21st Century - Cohort 5 - Yr 1	21st Century - Cohort 4 - Yr 3	21st Century - Cohort 4 - Yr 2	21st Century - Cohort 4 - Yr 4	21st Century - Cohort 5 - Yr 2	21st Century - Cohort 5 - Yr 3	Improving Teaching Quality No Child Left Title II, Part A
Cash and investments - beginning	\$ 5,005	\$ (16,682)	\$ (4,112)	\$ (22,692)	\$ -	\$ -	\$ -	\$ (16,193)
Receipts:								
Local sources	-	-	4,112	257,348	-	310,675	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	19,064	-	-	-	-	-	23,290
Other	-	-	-	-	-	-	-	-
Total receipts	-	19,064	4,112	257,348	-	310,675	-	23,290
Disbursements:								
Current:								
Instruction	1,880	(14,975)	-	-	-	-	-	12,947
Support services	-	-	-	23,053	3,976	-	-	(5,850)
Noninstructional services	-	31,454	-	211,731	31,271	310,675	712	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,880	16,479	-	234,784	35,247	310,675	712	7,097
Excess (deficiency) of receipts over disbursements	(1,880)	2,585	4,112	22,564	(35,247)	-	(712)	16,193
Cash and investments - ending	\$ 3,125	\$ (14,097)	\$ -	\$ (128)	\$ (35,247)	\$ -	\$ (712)	\$ -

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

	ITQ Enhanced Education Through Technology Title II, Part D	Rural Schools Achievement	Rural Schools and Low Income Program Pass Through State	Title I Grants to LEAs	Title I School Improvement	Education Jobs	Payroll Withholding	Totals
Cash and investments - beginning	\$ 10,800	\$ 27,918	\$ (47,979)	\$ (105,620)	\$ 38,213	\$ -	\$ 39,853	\$ 7,852,006
Receipts:								
Local sources	-	-	-	-	-	-	-	5,125,089
Intermediate sources	-	-	-	-	-	-	-	610
State sources	-	-	-	-	-	-	-	9,576,220
Federal sources	-	36,948	44,175	-	-	322,347	-	1,325,433
Other	-	-	-	-	-	-	2,257,566	2,257,566
Total receipts	-	36,948	44,175	-	-	322,347	2,257,566	18,284,918
Disbursements:								
Current:								
Instruction	-	-	-	(54,708)	-	322,347	-	7,604,078
Support services	6,085	65,271	(3,750)	(50,999)	-	-	-	4,568,130
Noninstructional services	-	-	-	87	-	-	-	1,349,804
Facilities acquisition and construction	-	-	-	-	-	-	-	544,427
Debt services	-	-	-	-	-	-	-	2,027,021
Nonprogrammed charges	-	-	-	-	-	-	2,300,953	2,300,953
Total disbursements	6,085	65,271	(3,750)	(105,620)	-	322,347	2,300,953	18,394,413
Excess (deficiency) of receipts over disbursements	(6,085)	(28,323)	47,925	105,620	-	-	(43,387)	(109,495)
Cash and investments - ending	\$ 4,715	\$ (405)	\$ (54)	\$ -	\$ 38,213	\$ -	\$ (3,534)	\$ 7,742,511

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,860,248	\$ 1,081,383	\$ 116,324	\$ 950,426	\$ 722,788	\$ 385,111	\$ 1,682,558	\$ 603,490	\$ 61,050	\$ 205,672
Receipts:										
Local sources	118,420	1,766,412	182,261	997,250	895,766	140,031	-	-	215,179	42,038
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	9,187,669	-	-	-	-	-	-	-	4,851	57,653
Federal sources	-	-	-	-	-	-	-	-	442,864	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	9,306,089	1,766,412	182,261	997,250	895,766	140,031	-	-	662,894	99,691
Disbursements:										
Current:										
Instruction	7,824,119	-	-	354,796	399,100	-	-	13,025	344,741	1,216
Support services	1,267,766	-	-	241,463	371,033	234,637	-	-	-	(10,359)
Noninstructional services	58,692	-	-	-	-	-	-	-	305,754	-
Facilities acquisition and construction	-	-	-	507,356	-	-	-	-	-	-
Debt services	-	1,804,276	188,557	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,150,577	1,804,276	188,557	1,103,615	770,133	234,637	-	13,025	650,495	(9,143)
Excess (deficiency) of receipts over disbursements	155,512	(37,864)	(6,296)	(106,365)	125,633	(94,606)	-	(13,025)	12,399	108,834
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	20,826	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	20,826	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	155,512	(37,864)	(6,296)	(106,365)	125,633	(94,606)	20,826	(13,025)	12,399	108,834
Cash and investments - ending	\$ 2,015,760	\$ 1,043,519	\$ 110,028	\$ 844,061	\$ 848,421	\$ 290,505	\$ 1,703,384	\$ 590,465	\$ 73,449	\$ 314,506

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

	Levy Excess	Educational License Plates	Alternative Education	SAFE School Haven	Early Intervention Grant	Miscellaneous Programs	Knoy Center College Success	Instruction Support	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ 16,038	\$ 3,957	\$ 3,706	\$ 1,619	\$ 16,574	\$ 4,628	\$ 3,626	\$ 29,793	\$ 458	\$ 14,691
Receipts:										
Local sources	-	-	-	-	-	16,074	5,000	-	-	19,152
Intermediate sources	-	150	-	-	-	-	-	-	-	-
State sources	-	-	-	-	9,700	-	-	29,126	94	2,001
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	150	-	-	9,700	16,074	5,000	29,126	94	21,153
Disbursements:										
Current:										
Instruction	-	2,168	-	-	130	3,996	1,262	19,976	132	1,368
Support services	-	-	-	-	-	10,630	-	-	-	1,440
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	2,168	-	-	130	14,626	1,262	19,976	132	2,808
Excess (deficiency) of receipts over disbursements	-	(2,018)	-	-	9,570	1,448	3,738	9,150	(38)	18,345
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,018)	-	-	9,570	1,448	3,738	9,150	(38)	18,345
Cash and investments - ending	\$ 16,038	\$ 1,939	\$ 3,706	\$ 1,619	\$ 26,144	\$ 6,076	\$ 7,364	\$ 38,943	\$ 420	\$ 33,036

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

	Surplus PTRC	Senator David Ford Technology	Title I	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Title IV - Part A 09-10 Grant	21st Century - Cohort 5 - Yr 1	21st Century - Cohort 4 - Yr 2	21st Century - Cohort 4 - Yr 4	21st Century - Cohort 5 - Yr 3
Cash and investments - beginning	\$ 20,826	\$ -	\$ (34,331)	\$ -	\$ 3,125	\$ (14,097)	\$ (128)	\$ (35,247)	\$ (712)
Receipts:									
Local sources	-	-	-	-	-	-	19,397	249,865	304,840
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	1,140	-	-	-	-	-	-	-
Federal sources	-	-	401,704	30,441	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	1,140	401,704	30,441	-	-	19,397	249,865	304,840
Disbursements:									
Current:									
Instruction	-	-	355,375	30,441	800	-	-	91,625	156,041
Support services	-	1,140	29,059	-	-	-	17,269	10,354	-
Noninstructional services	-	-	-	-	-	-	2,000	114,121	152,401
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,140	384,434	30,441	800	-	19,269	216,100	308,442
Excess (deficiency) of receipts over disbursements	-	-	17,270	-	(800)	-	128	33,765	(3,602)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(20,826)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(20,826)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20,826)	-	17,270	-	(800)	-	128	33,765	(3,602)
Cash and investments - ending	\$ -	\$ -	\$ (17,061)	\$ -	\$ 2,325	\$ (14,097)	\$ -	\$ (1,482)	\$ (4,314)

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

	21st Century - Cohort 6 - Yr 1	Improving Teaching Quality No Child Left Title II, Part A	ITQ Enhanced Education Through Technology Title II, Part D	Rural Schools Achievement	Rural Schools and Low Income Program Pass Through State	Title I Grants to LEAs	Title I School Improvement	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 4,715	\$ (405)	\$ (54)	\$ -	\$ 38,213	\$ (3,534)	\$ 7,742,511
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,971,685
Intermediate sources	-	-	-	-	-	-	-	-	150
State sources	-	-	-	-	-	-	-	-	9,292,234
Federal sources	-	67,596	-	-	24,905	-	-	-	967,510
Other	-	-	-	-	-	-	-	2,230,743	2,230,743
Total receipts	-	67,596	-	-	24,905	-	-	2,230,743	17,462,322
Disbursements:									
Current:									
Instruction	2,132	52,196	-	-	-	65,051	38,213	-	9,757,903
Support services	-	16,435	-	-	24,905	83,196	-	-	2,298,968
Noninstructional services	-	-	-	-	-	1,184	-	-	634,152
Facilities acquisition and construction	-	-	-	-	-	-	-	-	507,356
Debt services	-	-	-	-	-	-	-	-	1,992,833
Nonprogrammed charges	-	-	-	-	-	-	-	2,221,897	2,221,897
Total disbursements	2,132	68,631	-	-	24,905	149,431	38,213	2,221,897	17,413,109
Excess (deficiency) of receipts over disbursements	(2,132)	(1,035)	-	-	-	(149,431)	(38,213)	8,846	49,213
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	20,826
Transfers out	-	-	-	-	-	-	-	-	(20,826)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,132)	(1,035)	-	-	-	(149,431)	(38,213)	8,846	49,213
Cash and investments - ending	\$ (2,132)	\$ (1,035)	\$ 4,715	\$ (405)	\$ (54)	\$ (149,431)	\$ -	\$ 5,312	\$ 7,791,724

CLOVERDALE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2013

<u>School Corporation</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 44,239</u>	<u>\$ 132,739</u>

CLOVERDALE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Common School A0400		\$ 284,065	1996	2021
Common School A0440		159,289	2000	2025
Cloverdale Multi School 1st Mortgage 2005		941,000	2005	2025
CHS Building Corp 1st Mortgage 2008		222,000	2009	2019
CHS Building Corp Bond Series 2012		214,000	2013	2021
Pension Bonds		<u>192,151</u>	2005	2029
Total of annual lease payments		<u>\$ 2,012,505</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
	Common School A0400		\$ 1,631,237	\$ 284,065
	Common School A0440		1,197,477	159,289
	Cloverdale Multi School 1st Mortgage 2005		8,340,000	934,037
	CHS Building Corp 1st Mortgage 2008		1,200,000	222,000
	CHS Building Corp Bond Series 2012		2,000,000	214,000
	Pension Bonds		<u>1,995,000</u>	<u>192,151</u>
Totals			<u>\$ 16,363,714</u>	<u>\$ 2,005,542</u>

CLOVERDALE COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2013

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

	Ending Balance
Governmental activities:	
Land	\$ -
Infrastructure	-
Buildings	52,539,700
Improvements other than buildings	-
Machinery, equipment, and vehicles	4,860,000
Books and other	-
Total capital assets	\$ 57,399,700

CLOVERDALE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

***BANK ACCOUNT RECONCILIATIONS (Applies to Cloverdale Elementary School, Cloverdale Middle School, and Cloverdale High School)***

Depository reconciliations of the fund balances to the bank account balances were incorrect. The Cloverdale Elementary School cash in the bank, adjusted for outstanding checks, exceeds the fund balance by \$343.60 at June 30, 2013. The Cloverdale Middle School bank balance, adjusted for outstanding checks, is \$576.42 less than the book balance at June 30, 2013. The reconciled bank balance for Cloverdale High School is \$5,200.53 less than the book balance at June 30, 2013.

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

***APPROPRIATIONS***

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
School Bus Replacement Fund	2012	<u>\$ 59,981</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

We have audited the Cloverdale Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013.

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

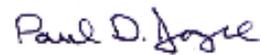
***Report on Internal Control Over Compliance***

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

  
Paul D. Joyce, CPA  
State Examiner

January 14, 2014

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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CLOVERDALE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Child Nutrition Cluster	Pass-Through Indiana Department of Education				
Summer Food Service Program for Children		10.559		\$ 8,842	\$ 8,950
School Breakfast Program		10.553		102,076	99,596
National School Lunch Program		10.555		<u>317,561</u>	<u>343,268</u>
Total for federal grantor agency				<u>428,479</u>	<u>451,814</u>
<u>U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>					
Grants to States	Pass-Through Indiana State Library	45.310		-	6,432
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Title I, Part A Cluster	Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies		84.010	10-6750	191,322	-
			11-6750	259,807	128,601
			12-6750	<u>-</u>	<u>273,103</u>
Total for Title I, Part A Cluster				<u>451,129</u>	<u>401,704</u>
Educational Technology State Grants Cluster	Pass-Through Indiana Department of Education				
Educational Technology State Grants		84.318		-	38,213
Total for Educational Technology State Grants Cluster				<u>-</u>	<u>38,213</u>
School Improvements Grants Cluster	Pass-Through Indiana Department of Education				
ARRA - School Improvement Grants, Recovery Act		84.388		36,948	-
Total for School Improvements Grants Cluster				<u>36,948</u>	<u>-</u>
Safe and Drug Free Schools and Communities - State Grants	Pass-Through Indiana Department of Education	84.186		<u>1,880</u>	<u>800</u>
Twenty-First Century Community Learning Centers	Pass-Through Indiana Department of Education				
Cohort 4		84.287	FY11	4,112	-
Cohort 4			FY12	257,348	19,396
Cohort 4			FY13	-	249,865
Cohort 5			FY12	310,000	-
Cohort 5			FY13	<u>19,064</u>	<u>304,840</u>
Total for program				<u>590,524</u>	<u>574,101</u>
Rural Education	Pass-Through Indiana Department of Education	84.358		<u>44,175</u>	<u>24,905</u>
Improving Teacher Quality State Grants	Pass-Through Indiana Department of Education	84.367		<u>23,291</u>	<u>67,596</u>
Education Jobs Fund	Pass-Through Indiana Department of Education	84.410		<u>322,346</u>	<u>-</u>
Total for federal grantor agency				<u>1,470,293</u>	<u>1,107,319</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>					
Learn and Serve America - School and Community Based Programs	Pass-Through Indiana Department of Education	94.004		<u>1,857</u>	<u>-</u>
Total federal awards expended				<u>\$ 1,900,629</u>	<u>\$ 1,565,565</u>

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

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

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Cloverdale Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2012	2013
National School Lunch Program	10.555	\$ 41,378	\$ 42,026

CLOVERDALE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

**FINDING 2013-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

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

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

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

During the audit of the SEFA, we noted the following errors: Two grants with funds received in the prior audit period were still being expended in this audit period but were omitted from the schedule. Grant funds passed through the Indiana State Library were federally funded unbeknownst to the School Corporation. This grant was omitted from the SEFA. Certain grants were reported when reimbursement was received and proper cut off was not used in the reporting for one grant. The State match to the Child Nutrition Cluster was included in the federal awards reported but should not have been.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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

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

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.

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

- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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

No matters are reportable.

# *Cloverdale Community School Corporation*

310 East Logan St. • Cloverdale, Indiana 46120 • (765) 795-4664 • (765) 795-5166 Fax

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*Lynn Lotz*  
Executive Secretary

*Dr. Carolyn Milner*  
Superintendent

*Debbie Rollings*  
Treasurer

## CORRECTIVE ACTION PLAN

### Section II – FINANCIAL STATEMENT FINDING

#### FINDING 2013-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

When the Schedule of Federal Awards is prepared for the Year 2013-14, the Treasurer will go to the Federal Clearing House website to verify that each and every fund title reported agrees with the CFDA number.

Once the SEFA is prepared, the Treasurer will have the Superintendent of the Corporation review the schedule for reasonableness before it is submitted. A copy of the schedule will be printed, signed by the Superintendent, and retained for Audit.

Date 1-10-14

Signed: *Debbie Rollings*

Debbie Rollings, Corporation Treasurer

Signed: *Dr. Carrie Milner*

Dr. Carrie Milner, Superintendent

CLOVERDALE COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on January 14, 2014, with Dr. Carrie Milner, Superintendent of Schools; Debbie Rollings, Treasurer; and Donna Fidler, President of the School Board. The officials concurred with our audit findings.

The contents of this report were discussed on January 14, 2014, with Stacey K. Baugh, Principal, Cloverdale K-8; Glee Kerr, Treasurer, Cloverdale K-8; and Debbie Fidler, Treasurer, Cloverdale High School. The officials concurred with our audit findings.