

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

COVINGTON COMMUNITY SCHOOL CORPORATION  
FOUNTAIN COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
07/23/2015



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Trudie J. Dillon	07-01-12 to 06-30-15
Superintendent of Schools	T. Kirk Booe	07-01-12 to 06-30-15
President of the School Board	Jeffrey L. Dennis Randy Randles	07-01-12 to 06-30-13 07-01-13 to 06-30-15



**STATE OF INDIANA**  
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**INDEPENDENT AUDITOR'S REPORT**

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

***Report on the Financial Statement***

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

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

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

***Auditor's Responsibility***

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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


*Other Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated May 27, 2015, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

May 27, 2015



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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 COVINGTON COMMUNITY SCHOOL  
CORPORATION, FOUNTAIN 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 Covington Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated May 27, 2015, 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.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



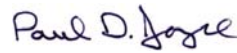
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***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

May 27, 2015

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 1,448,173	\$ 5,535,481	\$ 5,262,144	\$ -	\$ 1,721,510	\$ 5,518,289	\$ 5,450,717	\$ -	\$ 1,789,082
Debt Service	548,406	1,291,171	1,197,761	-	641,816	1,114,311	1,193,371	-	562,756
Capital Projects	478,318	687,233	755,353	-	410,198	733,972	856,019	-	288,151
School Transportation	228,967	435,036	381,290	19,461	302,174	446,837	393,646	-	355,365
School Bus Replacement	127,765	157,171	113,900	-	171,036	161,356	171,000	-	161,392
Rainy Day	1,079,039	-	-	-	1,079,039	-	-	-	1,079,039
Construction	5,506	-	5,506	-	-	45,000	45,000	-	-
School Lunch	94,131	479,699	451,155	-	122,675	444,046	462,013	-	104,708
Textbook Rental	66,816	108,474	53,421	(600)	121,269	106,549	107,283	-	120,535
Joint Services and Supply - Special Education Cooperative	14,066	14,133	20,966	(6,085)	1,148	88,581	77,124	(1,148)	11,457
HS MIMH/MOMH 12-13	-	73,713	80,215	6,085	(417)	8,334	7,917	-	-
MS MIMH/MOMH 13-14	7,190	608	7,798	-	-	104,505	89,722	-	14,783
MS MIMH/MOMH 12-13	-	95,478	95,649	-	(171)	8,372	8,201	-	-
Speech Service to Preschool 13-14	-	-	-	-	-	10,163	7,672	-	2,491
Speech Service to Preschool	-	-	-	-	-	990	2,138	1,148	-
Joint Services and Supply - Area Vocational School	1,656	10,906	8,147	(4,415)	-	41,390	36,222	4,077	9,245
Law Enforcement 12-13	-	31,889	27,768	4,565	8,686	-	4,609	(4,077)	-
TCAM 12-13	-	97,032	92,845	14,470	18,657	-	7,683	(10,974)	-
TCAM 13-14	19,347	-	5,327	(14,020)	-	98,791	88,370	10,974	21,395
Educational License Plates	1,717	94	381	-	1,430	38	-	-	1,468
Miscellaneous Programs	(45)	4,451	4,406	-	-	-	-	-	-
Instruction Support	6,381	-	6,381	-	-	-	-	-	-
G/T High Ability 12-13	-	28,284	28,238	-	46	-	46	-	-
G/T High Ability 13-14	-	-	-	-	-	27,820	27,318	-	502
Step Ahead	-	1,250	1,184	-	66	-	66	-	-
Drug Free Communities	-	-	-	-	-	1,000	1,000	-	-
School Technology	3,531	5,883	7,838	-	1,576	5,880	5,884	-	1,572
Technology Planning Grant	-	30,000	22,834	-	7,166	-	7,166	-	-
Excess PTRC Distributions	16,532	4,830	-	(19,461)	1,901	-	-	-	1,901
Title I 12-13	-	125,333	131,653	-	(6,320)	14,902	8,582	-	-
Title I 13-14	(4,326)	8,985	4,659	-	-	104,787	113,280	-	(8,493)
Special Education Part B 12-13	(8,805)	183,416	184,137	-	(9,526)	195,646	196,730	-	(10,610)
Federal Assistance Educational Preschool Handicapped	(5,586)	19,634	14,048	-	-	6,696	6,696	-	-
Medicaid Reimbursement - Federal	219	-	219	-	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	(2,554)	12,140	9,586	-	-	36,081	36,081	-	-
Education Jobs	(8,890)	37,064	28,174	-	-	-	-	-	-
Payroll Clearing Fund	-	1,236,829	1,236,829	-	-	1,297,084	1,297,084	-	-
Totals	<u>\$ 4,117,554</u>	<u>\$ 10,716,217</u>	<u>\$ 10,239,812</u>	<u>\$ -</u>	<u>\$ 4,593,959</u>	<u>\$ 10,621,420</u>	<u>\$ 10,708,640</u>	<u>\$ -</u>	<u>\$ 4,506,739</u>

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

COVINGTON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

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

**A. Reporting Entity**

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

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

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

**B. Basis of Accounting**

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

**C. Cash and Investments**

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

**D. Receipts**

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

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

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

COVINGTON 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, self-insurance payments and payroll clearing transactions.

*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.

COVINGTON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**G. Fund Accounting**

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

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

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.



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

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

COVINGTON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. These are the result of the funds being set up for reimbursable grants and funds used for expenditures for joint services. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2013 or 2014.

**Note 8. Holding Corporation**

The School Corporation has entered into capital leases with Covington Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ending June 30, 2013 and 2014, totaled \$543,000 and \$560,000, respectively.

#### OTHER INFORMATION - UNAUDITED

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. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation 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 other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

COVINGTON 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	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction
Cash and investments - beginning	\$ 1,448,173	\$ 548,406	\$ 478,318	\$ 228,967	\$ 127,765	\$ 1,079,039	\$ 5,506
Receipts:							
Local sources	23,944	1,291,171	685,361	390,736	157,171	-	-
Intermediate sources	283	-	-	-	-	-	-
State sources	5,497,422	-	-	-	-	-	-
Federal sources	-	-	-	44,056	-	-	-
Other	13,832	-	1,872	244	-	-	-
Total receipts	5,535,481	1,291,171	687,233	435,036	157,171	-	-
Disbursements:							
Current:							
Instruction	3,405,576	-	-	-	-	-	-
Support services	1,694,088	-	564,224	381,290	82,625	-	-
Noninstructional services	162,480	-	-	-	-	-	-
Facilities acquisition and construction	-	-	191,129	-	-	-	5,506
Debt services	-	1,197,761	-	-	31,275	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	5,262,144	1,197,761	755,353	381,290	113,900	-	5,506
Excess (deficiency) of receipts over disbursements	273,337	93,410	(68,120)	53,746	43,271	-	(5,506)
Other financing sources (uses):							
Transfers in	-	-	-	19,461	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	19,461	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	273,337	93,410	(68,120)	73,207	43,271	-	(5,506)
Cash and investments - ending	\$ 1,721,510	\$ 641,816	\$ 410,198	\$ 302,174	\$ 171,036	\$ 1,079,039	\$ -

COVINGTON 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)

	School Lunch	Textbook Rental	Joint Services and Supply - Special Education Cooperative	HS MIMH/MOMH 12-13	MS MIMH/MOMH 13-14	MS MIMH/MOMH 12-13	Speech Service to Preschool 13-14
Cash and investments - beginning	\$ 94,131	\$ 66,816	\$ 14,066	\$ -	\$ 7,190	\$ -	\$ -
Receipts:							
Local sources	249,632	72,069	14,133	73,713	608	95,478	-
Intermediate sources	-	-	-	-	-	-	-
State sources	5,788	29,398	-	-	-	-	-
Federal sources	224,279	-	-	-	-	-	-
Other	-	7,007	-	-	-	-	-
Total receipts	479,699	108,474	14,133	73,713	608	95,478	-
Disbursements:							
Current:							
Instruction	-	-	20,966	80,215	7,798	95,649	-
Support services	51	53,421	-	-	-	-	-
Noninstructional services	451,104	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	451,155	53,421	20,966	80,215	7,798	95,649	-
Excess (deficiency) of receipts over disbursements	28,544	55,053	(6,833)	(6,502)	(7,190)	(171)	-
Other financing sources (uses):							
Transfers in	-	-	645	6,085	-	-	-
Transfers out	-	(600)	(6,730)	-	-	-	-
Total other financing sources (uses)	-	(600)	(6,085)	6,085	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	28,544	54,453	(12,918)	(417)	(7,190)	(171)	-
Cash and investments - ending	\$ 122,675	\$ 121,269	\$ 1,148	\$ (417)	\$ -	\$ (171)	\$ -

COVINGTON 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)

	Speech Service to Preschool	Joint Services and Supply - Area Vocational School	Law Enforcement 12-13	TCAM 12-13	TCAM 13-14	Educational License Plates
Cash and investments - beginning	\$ -	\$ 1,656	\$ -	\$ -	\$ 19,347	\$ 1,717
Receipts:						
Local sources	-	(92)	30,089	96,938	-	-
Intermediate sources	-	-	-	-	-	94
State sources	-	-	-	-	-	-
Federal sources	-	10,998	-	-	-	-
Other	-	-	1,800	94	-	-
Total receipts	-	10,906	31,889	97,032	-	94
Disbursements:						
Current:						
Instruction	-	8,147	27,768	80,640	3,684	-
Support services	-	-	-	12,205	1,643	381
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	8,147	27,768	92,845	5,327	381
Excess (deficiency) of receipts over disbursements	-	2,759	4,121	4,187	(5,327)	(287)
Other financing sources (uses):						
Transfers in	-	-	4,565	14,470	-	-
Transfers out	-	(4,415)	-	-	(14,020)	-
Total other financing sources (uses)	-	(4,415)	4,565	14,470	(14,020)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,656)	8,686	18,657	(19,347)	(287)
Cash and investments - ending	\$ -	\$ -	\$ 8,686	\$ 18,657	\$ -	\$ 1,430

COVINGTON 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)

	Miscellaneous Programs	Instruction Support	G/T High Ability 12-13	G/T High Ability 13-14	Step Ahead	Drug Free Communities
Cash and investments - beginning	\$ (45)	\$ 6,381	\$ -	\$ -	\$ -	\$ -
Receipts:						
Local sources	1,245	-	-	-	-	-
Intermediate sources	3,206	-	-	-	-	-
State sources	-	-	28,284	-	1,250	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	4,451	-	28,284	-	1,250	-
Disbursements:						
Current:						
Instruction	-	6,381	28,238	-	435	-
Support services	4,406	-	-	-	749	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	4,406	6,381	28,238	-	1,184	-
Excess (deficiency) of receipts over disbursements	45	(6,381)	46	-	66	-
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	45	(6,381)	46	-	66	-
Cash and investments - ending	\$ -	\$ -	\$ 46	\$ -	\$ 66	\$ -

COVINGTON 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)

	School Technology	Technology Planning Grant	Excess PTRC Distributions	Title I 12-13	Title I 13-14	Special Education Part B 12-13
Cash and investments - beginning	\$ 3,531	\$ -	\$ 16,532	\$ -	\$ (4,326)	\$ (8,805)
Receipts:						
Local sources	-	-	4,830	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	5,883	30,000	-	-	-	-
Federal sources	-	-	-	125,333	8,985	183,416
Other	-	-	-	-	-	-
Total receipts	5,883	30,000	4,830	125,333	8,985	183,416
Disbursements:						
Current:						
Instruction	-	-	-	131,653	4,659	184,137
Support services	7,838	22,834	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	7,838	22,834	-	131,653	4,659	184,137
Excess (deficiency) of receipts over disbursements	(1,955)	7,166	4,830	(6,320)	4,326	(721)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(19,461)	-	-	-
Total other financing sources (uses)	-	-	(19,461)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,955)	7,166	(14,631)	(6,320)	4,326	(721)
Cash and investments - ending	\$ 1,576	\$ 7,166	\$ 1,901	\$ (6,320)	\$ -	\$ (9,526)



COVINGTON 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)

	Federal Assistance Educational Preschool Handicapped	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Education Jobs	Payroll Clearing Fund	Totals
Cash and investments - beginning	\$ (5,586)	\$ 219	\$ (2,554)	\$ (8,890)	\$ -	\$ 4,117,554
Receipts:						
Local sources	-	-	-	-	-	3,187,026
Intermediate sources	-	-	-	-	-	3,583
State sources	-	-	-	-	-	5,598,025
Federal sources	19,634	-	12,140	37,064	-	665,905
Other	-	-	-	-	1,236,829	1,261,678
Total receipts	19,634	-	12,140	37,064	1,236,829	10,716,217
Disbursements:						
Current:						
Instruction	14,048	-	9,586	28,174	-	4,137,754
Support services	-	219	-	-	-	2,825,974
Noninstructional services	-	-	-	-	-	613,584
Facilities acquisition and construction	-	-	-	-	-	196,635
Debt services	-	-	-	-	-	1,229,036
Nonprogrammed charges	-	-	-	-	1,236,829	1,236,829
Total disbursements	14,048	219	9,586	28,174	1,236,829	10,239,812
Excess (deficiency) of receipts over disbursements	5,586	(219)	2,554	8,890	-	476,405
Other financing sources (uses):						
Transfers in	-	-	-	-	-	45,226
Transfers out	-	-	-	-	-	(45,226)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,586	(219)	2,554	8,890	-	476,405
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,593,959

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction
Cash and investments - beginning	\$ 1,721,510	\$ 641,816	\$ 410,198	\$ 302,174	\$ 171,036	\$ 1,079,039	\$ -
Receipts:							
Local sources	19,310	1,114,311	724,143	401,433	161,356	-	-
Intermediate sources	283	-	-	-	-	-	-
State sources	5,485,796	-	-	-	-	-	-
Federal sources	-	-	-	45,404	-	-	-
Other	12,900	-	9,829	-	-	-	45,000
Total receipts	5,518,289	1,114,311	733,972	446,837	161,356	-	45,000
Disbursements:							
Current:							
Instruction	3,515,014	-	-	-	-	-	-
Support services	1,765,547	-	686,317	393,646	171,000	-	-
Noninstructional services	170,156	-	-	-	-	-	-
Facilities acquisition and construction	-	-	169,702	-	-	-	45,000
Debt services	-	1,193,371	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	5,450,717	1,193,371	856,019	393,646	171,000	-	45,000
Excess (deficiency) of receipts over disbursements	67,572	(79,060)	(122,047)	53,191	(9,644)	-	-
Other financing sources (uses):							
Transfers in	1,200	-	-	-	-	-	-
Transfers out	(1,200)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	67,572	(79,060)	(122,047)	53,191	(9,644)	-	-
Cash and investments - ending	\$ 1,789,082	\$ 562,756	\$ 288,151	\$ 355,365	\$ 161,392	\$ 1,079,039	\$ -

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

	School Lunch	Textbook Rental	Joint Services and Supply - Special Education Cooperative	HS MIMH/MOMH 12-13	MS MIMH/MOMH 13-14	MS MIMH/MOMH 12-13	Speech Service to Preschool 13-14
Cash and investments - beginning	\$ 122,675	\$ 121,269	\$ 1,148	\$ (417)	\$ -	\$ (171)	\$ -
Receipts:							
Local sources	228,870	77,043	88,581	8,334	104,505	8,372	10,163
Intermediate sources	-	-	-	-	-	-	-
State sources	6,272	28,906	-	-	-	-	-
Federal sources	208,904	-	-	-	-	-	-
Other	-	600	-	-	-	-	-
Total receipts	444,046	106,549	88,581	8,334	104,505	8,372	10,163
Disbursements:							
Current:							
Instruction	-	-	77,124	7,917	89,722	8,201	7,672
Support services	160	107,283	-	-	-	-	-
Noninstructional services	432,688	-	-	-	-	-	-
Facilities acquisition and construction	29,165	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	462,013	107,283	77,124	7,917	89,722	8,201	7,672
Excess (deficiency) of receipts over disbursements	(17,967)	(734)	11,457	417	14,783	171	2,491
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(1,148)	-	-	-	-
Total other financing sources (uses)	-	-	(1,148)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17,967)	(734)	10,309	417	14,783	171	2,491
Cash and investments - ending	\$ 104,708	\$ 120,535	\$ 11,457	\$ -	\$ 14,783	\$ -	\$ 2,491

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

	Speech Service to Preschool	Joint Services and Supply - Area Vocational School	Law Enforcement 12-13	TCAM 12-13	TCAM 13-14	Educational License Plates
Cash and investments - beginning	\$ -	\$ -	\$ 8,686	\$ 18,657	\$ -	\$ 1,430
Receipts:						
Local sources	990	31,390	-	-	98,791	-
Intermediate sources	-	-	-	-	-	38
State sources	-	-	-	-	-	-
Federal sources	-	10,000	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	990	41,390	-	-	98,791	38
Disbursements:						
Current:						
Instruction	2,019	36,222	4,609	5,876	75,762	-
Support services	119	-	-	1,807	12,608	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	2,138	36,222	4,609	7,683	88,370	-
Excess (deficiency) of receipts over disbursements	(1,148)	5,168	(4,609)	(7,683)	10,421	38
Other financing sources (uses):						
Transfers in	1,148	4,077	-	-	10,974	-
Transfers out	-	-	(4,077)	(10,974)	-	-
Total other financing sources (uses)	1,148	4,077	(4,077)	(10,974)	10,974	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	9,245	(8,686)	(18,657)	21,395	38
Cash and investments - ending	\$ -	\$ 9,245	\$ -	\$ -	\$ 21,395	\$ 1,468

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

	Miscellaneous Programs	Instruction Support	G/T High Ability 12-13	G/T High Ability 13-14	Step Ahead	Drug Free Communities
Cash and investments - beginning	\$ -	\$ -	\$ 46	\$ -	\$ 66	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	27,820	-	1,000
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	-	27,820	-	1,000
Disbursements:						
Current:						
Instruction	-	-	46	27,318	66	552
Support services	-	-	-	-	-	448
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	-	46	27,318	66	1,000
Excess (deficiency) of receipts over disbursements	-	-	(46)	502	(66)	-
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	-	-	(46)	502	(66)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 502	\$ -	\$ -

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

	School Technology	Technology Planning Grant	Excess PTRC Distributions	Title I 12-13	Title I 13-14	Special Education Part B 12-13
Cash and investments - beginning	\$ 1,576	\$ 7,166	\$ 1,901	\$ (6,320)	\$ -	\$ (9,526)
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	5,880	-	-	-	-	-
Federal sources	-	-	-	14,902	104,787	195,646
Other	-	-	-	-	-	-
Total receipts	5,880	-	-	14,902	104,787	195,646
Disbursements:						
Current:						
Instruction	-	-	-	8,582	106,364	196,730
Support services	5,884	7,166	-	-	6,916	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	5,884	7,166	-	8,582	113,280	196,730
Excess (deficiency) of receipts over disbursements	(4)	(7,166)	-	6,320	(8,493)	(1,084)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4)	(7,166)	-	6,320	(8,493)	(1,084)
Cash and investments - ending	\$ 1,572	\$ -	\$ 1,901	\$ -	\$ (8,493)	\$ (10,610)

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

	Federal Assistance Educational Preschool Handicapped	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Education Jobs	Payroll Clearing Fund	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,593,959
Receipts:						
Local sources	-	-	-	-	-	3,077,592
Intermediate sources	-	-	-	-	-	321
State sources	-	-	-	-	-	5,555,674
Federal sources	6,696	-	36,081	-	-	622,420
Other	-	-	-	-	1,297,084	1,365,413
Total receipts	6,696	-	36,081	-	1,297,084	10,621,420
Disbursements:						
Current:						
Instruction	6,696	-	36,081	-	-	4,212,573
Support services	-	-	-	-	-	3,158,901
Noninstructional services	-	-	-	-	-	602,844
Facilities acquisition and construction	-	-	-	-	-	243,867
Debt services	-	-	-	-	-	1,193,371
Nonprogrammed charges	-	-	-	-	1,297,084	1,297,084
Total disbursements	6,696	-	36,081	-	1,297,084	10,708,640
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(87,220)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	17,399
Transfers out	-	-	-	-	-	(17,399)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	(87,220)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,506,739

COVINGTON COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 42,135</u>	<u>\$ -</u>



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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Covington Multi School Building Corporation	Improvements to all school buildings	\$ 287,497	6/1/2014	12/30/2017
Covington Multi School Building Corporation	Building Corp Lease Rental - Construction	<u>574,500</u>	5/26/2004	1/15/2027
Total of annual lease payments		<u><u>\$ 861,997</u></u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	GO Bond 2008 - Building Improvement	\$ 660,000	\$ 160,976
Notes and loans payable	Common School Loan - Building Improvement	833,125	86,538
Notes and loans payable	Other DLGF Approved Debt - State Loan	<u>180,000</u>	<u>184,500</u>
Totals		<u><u>\$ 1,673,125</u></u>	<u><u>\$ 432,014</u></u>

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COVINGTON COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2014

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	\$ 56,675
Buildings	20,233,493
Improvements other than buildings	7,555,906
Machinery, equipment, and vehicles	<u>2,100,887</u>
Total capital assets	<u><u>\$ 29,946,961</u></u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

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

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


***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

May 27, 2015

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 2011-2012 FY 2012-2013 FY 2013-2014	\$ 8,281 33,659 -	\$ - 7,405 26,881
Total - School Breakfast Program				41,940	34,286
National School Lunch Program		10.555	FY 2011-2012 FY 2012-2013 FY 2013-2014	36,367 177,404 -	- 34,188 172,953
Total - National School Lunch Program				213,771	207,141
Total - Department of Agriculture				255,711	241,427
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	FY 2011-2012 FY 2012-2013 FY 2013-2014	8,984 125,333 -	- 14,902 104,767
Total - Title I, Part A Cluster				134,317	119,669
Special Education Cluster (IDEA)					
Special Education_Grants to States	Indiana Department of Education	84.027	14212-075-PN01 14213-075-PN01 14214-075- PN01	32,964 150,453 -	- 42,932 152,713
Total - Special Education_Grants to States				183,417	195,645
Special Education_Preschool Grants	Indiana Department of Education	84.173	45711-075-PN01 45712-075-PN01 45713-075-PN01 45714-075-PN01	7,081 5,586 6,967 -	- - - 6,696
Total - Special Education_Preschool Grants				19,634	6,696
Total - Special Education Cluster (IDEA)				203,051	202,341
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	FY 2012 FY 2013	12,142 -	- 36,081
Total - Improving Teacher Quality State Grants				12,142	36,081
Education Jobs Fund	Indiana Department of Education	84.410	FY 2011	37,065	-
Total - Department of Education				386,575	358,091
Total federal awards expended				\$ 642,286	\$ 599,518

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

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

**Note 1. Basis of Presentation**

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2013</u>	<u>2014</u>
National School Lunch Program	10.555	<u>\$ 31,432</u>	<u>\$ 32,525</u>

COVINGTON 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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

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:

Name of Federal Program or Cluster

Child Nutrition Cluster  
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

No matters are reportable.

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

No matters are reportable.

#### OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.