

B35906

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

AUDIT REPORT

OF

CLOVERDALE COMMUNITY SCHOOL CORPORATION

PUTNAM COUNTY, INDIANA

July 1, 2007 to June 30, 2009



FILED

03/11/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Deborah Leonard	07-01-07 to 06-30-10
Superintendent of Schools	Dr. Carrie Milner	07-01-07 to 06-30-10
President of the School Board	David Brinkman Pamela B. Hepfer	07-01-07 to 06-30-08 07-01-08 to 06-30-10



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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cloverdale Community School Corporation (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 23, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

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

U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

STATE BOARD OF ACCOUNTS

February 23, 2010



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cloverdale Community School Corporation (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

February 23, 2010

CLOVERDALE COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 6,572,618	\$ -	\$ 77,728	\$ (6,494,890)
Support services	4,676,372	301,901	352,548	(4,021,923)
Noninstructional services	864,642	-	-	(864,642)
Facilities acquisition and construction	668,754	-	-	(668,754)
Debt service	1,979,701	-	-	(1,979,701)
Nonprogrammed charges	557,622	-	-	(557,622)
Total governmental activities	<u>\$ 15,319,709</u>	<u>\$ 301,901</u>	<u>\$ 430,276</u>	<u>(14,587,532)</u>
General receipts:				
Property taxes				5,320,066
Other local sources				1,137,111
State aid				7,399,663
Grants and contributions not restricted to specific programs				733,953
Investment earnings				155,900
Total general receipts				<u>14,746,693</u>
Change in net assets				159,161
Net assets - beginning				<u>4,725,559</u>
Net assets - ending				<u>\$ 4,884,720</u>
Assets				
Cash and investments				\$ 4,603,472
Restricted assets:				
Cash and investments				<u>281,248</u>
Total assets				<u>\$ 4,884,720</u>
Net Assets				
Restricted for:				
Debt service				\$ 281,248
Unrestricted				<u>4,603,472</u>
Total net assets				<u>\$ 4,884,720</u>

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,971,690	\$ -	\$ 184,556	\$ (6,787,134)
Support services	5,151,092	268,773	395,513	(4,486,806)
Noninstructional services	1,187,136	-	-	(1,187,136)
Facilities acquisition and construction	596,087	-	-	(596,087)
Debt service	1,380,571	-	-	(1,380,571)
Nonprogrammed charges	616,180	-	-	(616,180)
	<u>\$ 15,902,756</u>	<u>\$ 268,773</u>	<u>\$ 580,069</u>	<u>(15,053,914)</u>
General receipts:				
Property taxes				6,329,100
Other local sources				1,004,983
State aid				8,023,117
Grants and contributions not restricted to specific programs				1,784,199
Investment earnings				88,427
Other				700,000
				<u>17,929,826</u>
Change in net assets				2,875,912
Net assets - beginning				<u>4,884,720</u>
Net assets - ending				<u>\$ 7,760,632</u>
<u>Assets</u>				
Cash and investments				\$ 6,451,371
Restricted assets:				
Cash and investments				<u>1,309,261</u>
Total assets				<u>\$ 7,760,632</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,309,261
Unrestricted				<u>6,451,371</u>
Total net assets				<u>\$ 7,760,632</u>

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Debt Service	Capital Projects	Other	Totals
Receipts:					
Local sources	\$ 2,349,514	\$ 1,884,669	\$ 1,085,365	\$ 1,594,709	\$ 6,914,257
Intermediate sources	199	-	-	525	724
State sources	7,445,655	-	-	191,405	7,637,060
Federal sources	-	-	-	926,830	926,830
Total receipts	9,795,368	1,884,669	1,085,365	2,713,469	15,478,871
Disbursements:					
Current:					
Instruction	6,057,031	-	-	515,587	6,572,618
Support services	3,248,283	-	367,529	1,060,560	4,676,372
Noninstructional services	207,374	-	-	657,268	864,642
Facilities acquisition and construction	-	-	526,444	142,310	668,754
Debt services	-	1,723,373	-	256,328	1,979,701
Nonprogrammed charges	557,622	-	-	-	557,622
Total disbursements	10,070,310	1,723,373	893,973	2,632,053	15,319,709
Excess (deficiency) of receipts over disbursements	(274,942)	161,296	191,392	81,416	159,162
Other financing sources (uses):					
Transfers in	-	-	-	93,224	93,224
Transfers out	-	-	-	(93,224)	(93,224)
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(274,942)	161,296	191,392	81,416	159,162
Cash and investments - beginning	3,676,535	88,225	346,509	614,289	4,725,558
Cash and investments - ending	\$ 3,401,593	\$ 249,521	\$ 537,901	\$ 695,705	\$ 4,884,720
Cash and Investment Assets - Ending					
Cash and investments	\$ 3,401,593	\$ -	\$ 537,901	\$ 663,978	\$ 4,603,472
Restricted assets:					
Cash and investments	-	249,521	-	31,727	281,248
Total cash and investment assets - ending	\$ 3,401,593	\$ 249,521	\$ 537,901	\$ 695,705	\$ 4,884,720
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ 249,521	\$ -	\$ 31,727	\$ 281,248
Unrestricted	3,401,593	-	537,901	663,978	4,603,472
Total cash and investment fund balance - ending	\$ 3,401,593	\$ 249,521	\$ 537,901	\$ 695,705	\$ 4,884,720

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

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

	General	Fiscal Stabilization	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 2,256,758	\$ -	\$ 2,258,945	\$ 1,284,629	\$ 1,890,246	\$ 7,690,578
Intermediate sources	122	-	-	-	581	703
State sources	8,184,965	-	-	-	224,772	8,409,737
Federal sources	-	842,504	-	-	1,135,147	1,977,651
Other	700,000	-	-	-	-	700,000
Total receipts	11,141,845	842,504	2,258,945	1,284,629	3,250,746	18,778,669
Disbursements:						
Current:						
Instruction	6,249,743	-	-	-	721,947	6,971,690
Support services	3,834,407	-	-	326,307	990,378	5,151,092
Noninstructional services	181,291	-	66,523	36,269	903,053	1,187,136
Facilities acquisition and construction	-	-	-	596,087	-	596,087
Debt services	-	-	1,189,543	-	191,028	1,380,571
Nonprogrammed charges	616,180	-	-	-	-	616,180
Total disbursements	10,881,621	-	1,256,066	958,663	2,806,406	15,902,756
Excess of receipts over disbursements	260,224	842,504	1,002,879	325,966	444,340	2,875,913
Other financing sources (uses):						
Transfers in	-	-	-	-	125,000	125,000
Transfers out	-	-	-	-	(125,000)	(125,000)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	260,224	842,504	1,002,879	325,966	444,340	2,875,913
Cash and investments - beginning	3,401,591	-	249,521	537,902	695,705	4,884,719
Cash and investments - ending	\$ 3,661,815	\$ 842,504	\$ 1,252,400	\$ 863,868	\$ 1,140,045	\$ 7,760,632
Cash and Investment Assets - Ending						
Cash and investments	\$ 3,661,815	\$ 842,504	\$ -	\$ 863,868	\$ 1,083,184	\$ 6,451,371
Restricted assets:						
Cash and investments	-	-	1,252,400	-	56,861	1,309,261
Total cash and investment assets - ending	\$ 3,661,815	\$ 842,504	\$ 1,252,400	\$ 863,868	\$ 1,140,045	\$ 7,760,632
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 1,252,400	\$ -	\$ 56,861	\$ 1,309,261
Unrestricted	3,661,815	842,504	-	863,868	1,083,184	6,451,371
Total cash and investment fund balance - ending	\$ 3,661,815	\$ 842,504	\$ 1,252,400	\$ 863,868	\$ 1,140,045	\$ 7,760,632

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund - Donations</u>	<u>Agency Fund - Payroll Withholdings</u>
Additions:			
Contributions:			
Other	\$ -	\$ 6,900	
Investment earnings:			
Interest	<u>31,916</u>	<u>-</u>	
Total additions	<u>31,916</u>	<u>6,900</u>	
Deductions:			
Benefits	43,048	-	
Administrative and general	<u>-</u>	<u>12,308</u>	
Total deductions	<u>43,048</u>	<u>12,308</u>	
Deficiency of total additions over total deductions	(11,132)	(5,408)	
Cash and investment fund balance - beginning	<u>753,431</u>	<u>6,783</u>	
Cash and investment fund balance - ending	<u>\$ 742,299</u>	<u>\$ 1,375</u>	<u>\$ 4,913</u>
Net assets:			
Cash and investments	<u>\$ 742,299</u>	<u>\$ 1,375</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 742,299</u>	<u>\$ 1,375</u>	

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund - Donations</u>	<u>Agency Fund - Payroll Withholdings</u>
Additions:			
Contributions:			
Other	\$ -	\$ 1,942	
Investment earnings:			
Interest	<u>13,743</u>	<u>-</u>	
Total additions	<u>13,743</u>	<u>1,942</u>	
Deductions:			
Benefits	55,550	-	
Administrative and general	<u>-</u>	<u>2,303</u>	
Total deductions	<u>55,550</u>	<u>2,303</u>	
Deficiency of total additions over total deductions	(41,807)	(361)	
Other financing uses:			
Transfers out	<u>(700,000)</u>	<u>-</u>	
Deficiency of receipts over disbursements and other financing uses	(741,807)	(361)	
Cash and investment fund balance - beginning	<u>742,299</u>	<u>1,375</u>	
Cash and investment fund balance - ending	<u>\$ 492</u>	<u>\$ 1,014</u>	<u>\$ (11,345)</u>
Net assets:			
Cash and investments	<u>\$ 492</u>	<u>\$ 1,014</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 492</u>	<u>\$ 1,014</u>	

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Cloverdale Community School Corporation

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

Joint Venture

The School Corporation is a participant in a joint venture to operate Old National Trail Special Education Cooperative which was created to provide instruction for handicapped children. The School Corporation is obligated by contract to remit \$285,511 annually to supplement the Old National Trail Special Education Cooperative. Complete financial statements for the Old National Trail Special Education Cooperative can be obtained from the administrative office at 1 Calbert Way, Suite B, Greencastle, Indiana.

The School Corporation is a participant in a joint venture to operate Area 30 Career Center which was created to provide vocational education to students. The School Corporation is obligated by contract to remit \$335,962 annually to supplement the Area 30 Career Center. Complete financial statements for the Area 30 Career Center can be obtained from the administrative office at 1 Calbert Way, Suite A, Greencastle, Indiana.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds,

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

Fiscal stabilization – education (stimulus) fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

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

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

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the school cooperation in a trustee capacity.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit various school projects.

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

C. Measurement Focus and Basis of Accounting

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

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to December 31 of the year collected.

4. Capital Assets

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Program Receipts

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

F. Internal and Interfund Activities

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

Fund Financial Statements

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

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

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal activities within the primary government.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2008, disbursements exceeded budgeted appropriations in the following fund by the amount below:

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	2008
Debt Service	\$ <u>115,718</u>

These disbursements were funded by available fund balances.

C. Cash and Investment Balance Deficits

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

Fund	June 30, 2009
School Lunch	\$ (74,799)
Title I 2008/2009	(22,422)
Title IV Part A	(149)
Project Lead the Way 2008/2009	(18,238)
Payroll Deduction	(11,345)

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2009, the School Corporation had deposit balances in the amount of \$7,750,793.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

As of December 31, 2009, the School Corporation had no investments.

Statutory Authorization for Investments

IC 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

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

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

Investment Custodial Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years. The School Corporation does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School Corporation does not have a formal investment policy for credit risk for investments.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Concentration of Credit Risk

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

Foreign Currency Risk

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

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2007-2008</u>	<u>2008-2009</u>
Other governmental funds	Other governmental funds	\$ 93,224	\$ 125,000

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

C. Restatements and Reclassifications

For the year ended June 30, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

<u>Opinion Unit</u>	<u>Balance as Reported June 30, 2007</u>	<u>Fund Reclassification</u>	<u>Balance as Restated July 1, 2007</u>
Major funds	\$ 4,116,426	\$ (5,157)	\$ 4,111,269
Other governmental funds	615,915	(1,626)	614,289
Fiduciary funds	753,431	6,783	760,214

IV. Other Information

A. Risk Management

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

During 1992, the School Corporation joined with other governmental entities to form the Wabash Valley/West Central Indiana School Trust, a public entity risk pool currently operating as a common risk management and insurance program for 17 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

benefits to employees, retirees and beneficiaries. The School Corporation pays an annual premium to the risk pool for its medical benefits to employees, retirees and beneficiaries coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$5,000,000 limit.

During 2008, the School Corporation joined with other governmental entities to form the Educational Service Centers Risk Funding Trust, a public entity risk pool currently operating as a common risk management and insurance program for 27 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The School Corporation pays an annual premium to the risk pool for its torts; theft of, damage to and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members.

B. 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 2007-2008 and 2008-2009 school years totaled \$941,000 and \$470,500, respectively.

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 2007-2008 and 2008-2009 school years totaled \$210,500 and \$107,500, 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 2007-2008 and 2008-2009 school years totaled \$0 and \$108,000, respectively.

C. Other Postemployment Benefits

Defined Contribution Healthcare Plan

Plan Description

Wabash Valley/West Central Indiana School Trust Healthcare Plan is a defined contribution healthcare plan administered by Anthem Blue Cross Blue Shield. The plan provides medical insurance benefits to eligible retirees and their spouses. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the School Corporation.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy

The contribution requirements of plan members for the Wabash Valley/West Central Indiana School Trust Healthcare Plan are established by the School Corporation's governing board. The School Corporation provides 100% of these postemployment benefits. For the year ended June 30, 2009, the School Corporation contributed \$15,111 to the plan.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$163,273.

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

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy

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

The contribution requirements of plan members and the School Corporation are established by the Board of Trustees of PERF. The School Corporation's contributions to the plan during the period were \$419,440.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Transportation Operating	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Levy Excess	Education License Plate
Receipts:							
Local sources	\$ 751,848	\$ 10,883	\$ -	\$ 287,127	\$ 75,396	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	525
State sources	-	85,520	-	6,277	39,503	-	-
Federal sources	-	-	-	291,863	-	-	-
Total receipts	751,848	96,403	-	585,267	114,899	-	525
Disbursements:							
Current:							
Instruction	-	100,925	-	-	-	-	-
Support services	509,107	-	-	-	81,890	-	-
Noninstructional services	-	-	-	655,284	-	-	-
Facilities acquisition and construction	-	-	125,000	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	509,107	100,925	125,000	655,284	81,890	-	-
Excess (deficiency) of receipts over disbursements	242,741	(4,522)	(125,000)	(70,017)	33,009	-	525
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(47,249)	-	-	-	-	-	-
Total other financing sources (uses)	(47,249)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	195,492	(4,522)	(125,000)	(70,017)	33,009	-	525
Cash and investments - beginning	24,252	125,344	125,000	72,599	(10,418)	118,702	4,425
Cash and investments - ending	\$ 219,744	\$ 120,822	\$ -	\$ 2,582	\$ 22,591	\$ 118,702	\$ 4,950
Cash and Investment Assets - Ending							
Cash and investments	\$ 219,744	\$ 120,822	\$ -	\$ 2,582	\$ 22,591	\$ 118,702	\$ 4,950
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 219,744	\$ 120,822	\$ -	\$ 2,582	\$ 22,591	\$ 118,702	\$ 4,950
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	219,744	120,822	-	2,582	22,591	118,702	4,950
Total cash and investment fund balance - ending	\$ 219,744	\$ 120,822	\$ -	\$ 2,582	\$ 22,591	\$ 118,702	\$ 4,950

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Alternative Education	Early Intervention Grant	Gifted and Talented	Non-English Speaking Program	School Technology	Title I 2006/2007	Title I 2007/2008
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 17,845	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	8,519	19,852	31,572	162	-	-	-
Federal sources	-	-	-	-	-	34,100	394,273
Total receipts	8,519	19,852	31,572	162	17,845	34,100	394,273
Disbursements:							
Current:							
Instruction	-	1,441	1,930	-	-	38,718	355,294
Support services	-	-	-	-	26,494	7,013	21,928
Noninstructional services	-	-	-	-	-	-	1,984
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	1,441	1,930	-	26,494	45,731	379,206
Excess (deficiency) of receipts over disbursements	8,519	18,411	29,642	162	(8,649)	(11,631)	15,067
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	8,519	18,411	29,642	162	(8,649)	(11,631)	15,067
Cash and investments - beginning	11,559	4,129	-	64	20,912	11,631	-
Cash and investments - ending	<u>\$ 20,078</u>	<u>\$ 22,540</u>	<u>\$ 29,642</u>	<u>\$ 226</u>	<u>\$ 12,263</u>	<u>\$ -</u>	<u>\$ 15,067</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 20,078	\$ 22,540	\$ 29,642	\$ 226	\$ 12,263	\$ -	\$ 15,067
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 20,078</u>	<u>\$ 22,540</u>	<u>\$ 29,642</u>	<u>\$ 226</u>	<u>\$ 12,263</u>	<u>\$ -</u>	<u>\$ 15,067</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	20,078	22,540	29,642	226	12,263	-	15,067
Total cash and investment fund balance - ending	<u>\$ 20,078</u>	<u>\$ 22,540</u>	<u>\$ 29,642</u>	<u>\$ 226</u>	<u>\$ 12,263</u>	<u>\$ -</u>	<u>\$ 15,067</u>

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title V 05-273	Title V Part A	Title V Part A	Title IV Part A	Project Peace	Title IV Part A	Project Lead the Way 2006/2007
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,379
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	7,491	-	7,414	-
Total receipts	-	-	-	7,491	-	7,414	25,379
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	15,827
Support services	4,943	1,879	2,523	-	-	-	6,850
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	4,943	1,879	2,523	-	-	-	22,677
Excess (deficiency) of receipts over disbursements	(4,943)	(1,879)	(2,523)	7,491	-	7,414	2,702
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,943)	(1,879)	(2,523)	7,491	-	7,414	2,702
Cash and investments - beginning	4,943	1,879	2,523	-	500	-	(2,702)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 7,491	\$ 500	\$ 7,414	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ 7,491	\$ 500	\$ 7,414	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ 7,491	\$ 500	\$ 7,414	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	7,491	500	7,414	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 7,491	\$ 500	\$ 7,414	\$ -

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title II Part A	Title II Part D	Title VI Rural and Low Income	Pension Debt Retirement	School Bus Replacement	Construction	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ 192,027	\$ 216,894	\$ 17,310	\$ 1,594,709
Intermediate sources	-	-	-	-	-	-	525
State sources	-	-	-	-	-	-	191,405
Federal sources	-	169,818	21,871	-	-	-	926,830
Total receipts	-	169,818	21,871	192,027	216,894	17,310	2,713,469
Disbursements:							
Current:							
Instruction	1,452	-	-	-	-	-	515,587
Support services	-	226,160	-	-	171,773	-	1,060,560
Noninstructional services	-	-	-	-	-	-	657,268
Facilities acquisition and construction	-	-	-	-	-	17,310	142,310
Debt services	-	-	-	188,594	67,734	-	256,328
Total disbursements	1,452	226,160	-	188,594	239,507	17,310	2,632,053
Excess (deficiency) of receipts over disbursements	(1,452)	(56,342)	21,871	3,433	(22,613)	-	81,416
Other financing sources (uses):							
Transfers in	-	45,975	-	-	47,249	-	93,224
Transfers out	(45,975)	-	-	-	-	-	(93,224)
Total other financing sources (uses)	(45,975)	45,975	-	-	47,249	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(47,427)	(10,367)	21,871	3,433	24,636	-	81,416
Cash and investments - beginning	79,381	10,367	-	28,294	(19,095)	-	614,289
Cash and investments - ending	<u>\$ 31,954</u>	<u>\$ -</u>	<u>\$ 21,871</u>	<u>\$ 31,727</u>	<u>\$ 5,541</u>	<u>\$ -</u>	<u>\$ 695,705</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 31,954	\$ -	\$ 21,871	\$ -	\$ 5,541	\$ -	\$ 663,978
Restricted assets:							
Cash and investments	-	-	-	31,727	-	-	31,727
Total cash and investment assets - ending	<u>\$ 31,954</u>	<u>\$ -</u>	<u>\$ 21,871</u>	<u>\$ 31,727</u>	<u>\$ 5,541</u>	<u>\$ -</u>	<u>\$ 695,705</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 31,727	\$ -	\$ -	\$ 31,727
Unrestricted	31,954	-	21,871	-	5,541	-	663,978
Total cash and investment fund balance - ending	<u>\$ 31,954</u>	<u>\$ -</u>	<u>\$ 21,871</u>	<u>\$ 31,727</u>	<u>\$ 5,541</u>	<u>\$ -</u>	<u>\$ 695,705</u>

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Transportation Operating	Special Education Pre-School	Rainy Day	School Lunch	Textbook Rental	Levy Excess	Educational License Plate
Receipts:							
Local sources	\$ 925,864	\$ 7,546	\$ 7,558	\$ 263,991	\$ 73,010	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	581
State sources	-	96,635	-	6,497	43,280	-	-
Federal sources	-	-	-	336,874	-	-	-
Total receipts	925,864	104,181	7,558	607,362	116,290	-	581
Disbursements:							
Current:							
Instruction	-	152,999	-	-	-	-	-
Support services	616,868	-	-	-	54,963	-	-
Noninstructional services	31,103	-	-	684,743	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	647,971	152,999	-	684,743	54,963	-	-
Excess (deficiency) of receipts over disbursements	277,893	(48,818)	7,558	(77,381)	61,327	-	581
Other financing sources (uses):							
Transfers in	-	-	125,000	-	-	-	-
Transfers out	(125,000)	-	-	-	-	-	-
Total other financing sources (uses)	(125,000)	-	125,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	152,893	(48,818)	132,558	(77,381)	61,327	-	581
Cash and investments - beginning	219,744	120,822	-	2,582	22,591	118,702	4,950
Cash and investments - ending	\$ 372,637	\$ 72,004	\$ 132,558	\$ (74,799)	\$ 83,918	\$ 118,702	\$ 5,531
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 372,637	\$ 72,004	\$ 132,558	\$ (74,799)	\$ 83,918	\$ 118,702	\$ 5,531
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 372,637	\$ 72,004	\$ 132,558	\$ (74,799)	\$ 83,918	\$ 118,702	\$ 5,531
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	372,637	72,004	132,558	(74,799)	83,918	118,702	5,531
Total cash and investment fund balance - ending	\$ 372,637	\$ 72,004	\$ 132,558	\$ (74,799)	\$ 83,918	\$ 118,702	\$ 5,531

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Alternative Education	Safe Haven School	Early Intervention Grant	Gifted and Talented	Non English Speaking Program	School Technology Fund	Access Indiana
Receipts:							
Local sources	\$ -	\$ 2,222	\$ -	\$ -	\$ -	\$ 14,261	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	4,358	-	-	31,572	-	-	2,500
Federal sources	-	-	-	-	-	-	-
Total receipts	4,358	2,222	-	31,572	-	14,261	2,500
Disbursements:							
Current:							
Instruction	7,400	-	-	30,457	-	-	-
Support services	-	-	-	-	-	12,485	-
Noninstructional services	-	-	-	-	226	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	7,400	-	-	30,457	226	12,485	-
Excess (deficiency) of receipts over disbursements	(3,042)	2,222	-	1,115	(226)	1,776	2,500
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	(3,042)	2,222	-	1,115	(226)	1,776	2,500
Cash and investments - beginning	20,078	-	22,540	29,642	226	12,263	-
Cash and investments - ending	\$ 17,036	\$ 2,222	\$ 22,540	\$ 30,757	\$ -	\$ 14,039	\$ 2,500
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 17,036	\$ 2,222	\$ 22,540	\$ 30,757	\$ -	\$ 14,039	\$ 2,500
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 17,036	\$ 2,222	\$ 22,540	\$ 30,757	\$ -	\$ 14,039	\$ 2,500
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	17,036	2,222	22,540	30,757	-	14,039	2,500
Total cash and investment fund balance - ending	\$ 17,036	\$ 2,222	\$ 22,540	\$ 30,757	\$ -	\$ 14,039	\$ 2,500

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Second Grade Laptop Program	Title I 2007/2008	Title I 2008/2009	Title V Part A	Title V Part A	Serve America	Title IV Part A
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	39,930	-	-	-	-	-	-
Federal sources	-	38,500	386,499	2,370	231	-	-
Total receipts	39,930	38,500	386,499	2,370	231	5,000	-
Disbursements:							
Current:							
Instruction	39,930	41,952	400,690	-	-	-	-
Support services	-	11,414	5,466	-	-	2,710	7,640
Noninstructional services	-	201	2,765	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	39,930	53,567	408,921	-	-	2,710	7,640
Excess (deficiency) of receipts over disbursements	-	(15,067)	(22,422)	2,370	231	2,290	(7,640)
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	-	(15,067)	(22,422)	2,370	231	2,290	(7,640)
Cash and investments - beginning	-	15,067	-	-	-	-	7,491
Cash and investments - ending	\$ -	\$ -	\$ (22,422)	\$ 2,370	\$ 231	\$ 2,290	\$ (149)
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ -	\$ (22,422)	\$ 2,370	\$ 231	\$ 2,290	\$ (149)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ (22,422)	\$ 2,370	\$ 231	\$ 2,290	\$ (149)
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	(22,422)	2,370	231	2,290	(149)
Total cash and investment fund balance - ending	\$ -	\$ -	\$ (22,422)	\$ 2,370	\$ 231	\$ 2,290	\$ (149)

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Project Peace	Title IV Part A 2007/2008	Drug Free Grant	Project Lead the Way 2008/2009	21st Century Learning Center	Title II Part A
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	6,199	-	184,000	59,366
Total receipts	-	-	6,199	-	184,000	59,366
Disbursements:						
Current:						
Instruction	-	-	930	15,638	-	31,951
Support services	-	7,154	-	2,600	5,126	-
Noninstructional services	-	-	-	-	169,917	-
Debt services	-	-	-	-	-	-
Total disbursements	-	7,154	930	18,238	175,043	31,951
Excess (deficiency) of receipts over disbursements	-	(7,154)	5,269	(18,238)	8,957	27,415
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	-	(7,154)	5,269	(18,238)	8,957	27,415
Cash and investments - beginning	500	7,414	-	-	-	31,954
Cash and investments - ending	<u>\$ 500</u>	<u>\$ 260</u>	<u>\$ 5,269</u>	<u>\$ (18,238)</u>	<u>\$ 8,957</u>	<u>\$ 59,369</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 500	\$ 260	\$ 5,269	\$ (18,238)	\$ 8,957	\$ 59,369
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 500</u>	<u>\$ 260</u>	<u>\$ 5,269</u>	<u>\$ (18,238)</u>	<u>\$ 8,957</u>	<u>\$ 59,369</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	500	260	5,269	(18,238)	8,957	59,369
Total cash and investment fund balance - ending	<u>\$ 500</u>	<u>\$ 260</u>	<u>\$ 5,269</u>	<u>\$ (18,238)</u>	<u>\$ 8,957</u>	<u>\$ 59,369</u>

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Title II Part D	Title VI Rural and Low Income	ARRA - Title I School Improvement	Pension Debt Retirement	School Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 223,402	\$ 367,392	\$ 1,890,246
Intermediate sources	-	-	-	-	-	581
State sources	-	-	-	-	-	224,772
Federal sources	23,950	57,561	39,597	-	-	1,135,147
Total receipts	23,950	57,561	39,597	223,402	367,392	3,250,746
Disbursements:						
Current:						
Instruction	-	-	-	-	-	721,947
Support services	8,000	-	-	-	255,952	990,378
Noninstructional services	-	-	-	7,240	6,858	903,053
Debt services	-	-	-	191,028	-	191,028
Total disbursements	8,000	-	-	198,268	262,810	2,806,406
Excess (deficiency) of receipts over disbursements	15,950	57,561	39,597	25,134	104,582	444,340
Other financing sources (uses):						
Transfers in	-	-	-	-	-	125,000
Transfers out	-	-	-	-	-	(125,000)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	15,950	57,561	39,597	25,134	104,582	444,340
Cash and investments - beginning	-	21,871	-	31,727	5,541	695,705
Cash and investments - ending	\$ 15,950	\$ 79,432	\$ 39,597	\$ 56,861	\$ 110,123	\$ 1,140,045
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 15,950	\$ 79,432	\$ 39,597	\$ -	\$ 110,123	\$ 1,083,184
Restricted assets:						
Cash and investments	-	-	-	56,861	-	56,861
Total cash and investment assets - ending	\$ 15,950	\$ 79,432	\$ 39,597	\$ 56,861	\$ 110,123	\$ 1,140,045
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 56,861	\$ -	\$ 56,861
Unrestricted	15,950	79,432	39,597	-	110,123	1,083,184
Total cash and investment fund balance - ending	\$ 15,950	\$ 79,432	\$ 39,597	\$ 56,861	\$ 110,123	\$ 1,140,045

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For the Year Ended June 30, 2009

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
JR/SR High School Buildings - 2008	\$ 1,675,000	\$ 104,000
JR/SR High School Buildings - 1997	750,000	319,000
Middle School Building	9,985,000	1,411,500
Notes and loans payable	4,745,657	728,790
Bonds payable:		
General obligation bonds:		
Pension Debt	<u>2,255,000</u>	<u>189,643</u>
Total governmental activities debt	<u><u>\$ 19,410,657</u></u>	<u><u>\$ 2,752,933</u></u>

CLOVERDALE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The School Lunch Fund, Title I 2008/2009 Fund, Title IV, Part A Fund, Project Lead the Way 2008/2009 Fund and the Payroll Deduction Fund were overdrawn at June 30, 2009.

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

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Debt Service	2008	<u>\$ 115,718</u>

IC 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."

OFFICIAL BONDS

All bonds were continuation certificates.

"The State Board of Accounts is of the audit position a new bond should be obtained each year and continuation certificates should not be used in lieu of obtaining a new bond." (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

CLOVERDALE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

Information presented for audit did not indicate a complete inventory for capital assets. A similar comment appeared in the prior Report B31747.

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

TEXTBOOK RENTAL AND CLASS FEES (applies to Cloverdale Middle School and Cloverdale High School)

Textbook rental fees and class fees are collected at the individual school buildings and remitted to the School Corporation Treasurer. A review of records indicated the Cloverdale Middle School and Cloverdale High School extra-curricular treasurers had not remitted all collections by the end of the school year. Also, the textbook rental fees and class fees were not separately identified by the schools, and were all receipted by the School Corporation Treasurer into the Textbook Rental Fund. Failure by the individual schools to properly remit all collections to the School Corporation Treasurer misstates the receipts of the School Corporation funds.

IC 20-26-4-1(d) concerning duties of the School Corporation Treasurer, states in part:

"The treasurer is the official custodian of all funds of the school corporation and shall be responsible for the proper safeguarding and accounting for the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

Compliance

We have audited the compliance of the Cloverdale Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009.

Internal Control Over Compliance

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

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

expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

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

STATE BOARD OF ACCOUNTS

February 23, 2010

CLOVERDALE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 62,765	\$ 74,862
National School Lunch Program	10.555		<u>266,769</u>	<u>291,134</u>
Total for federal grantor agency			<u>329,534</u>	<u>365,996</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Education Agencies				
	84.010	07-6750	45,731	-
		08-6750	361,034	53,566
		09-6750	<u>-</u>	<u>408,921</u>
Total for program			<u>406,765</u>	<u>462,487</u>
Safe and Drug Free Schools and Communities State Grants				
	84.186	FY 07	-	7,640
		FY 09	<u>-</u>	<u>930</u>
Total for program			<u>-</u>	<u>8,570</u>
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education				
	84.243	TP-6-118	22,677	-
		TP-8-118	<u>-</u>	<u>18,238</u>
Total for program			<u>22,677</u>	<u>18,238</u>
Pass-Through Indiana Department of Education				
21st Century Community Learning Center				
	84.287		<u>-</u>	<u>175,043</u>
Innovative Education Program Strategies				
	84.298	05-273	4,943	-
		107-110	1,879	-
		FY 07	<u>2,523</u>	<u>-</u>
Total for program			<u>9,345</u>	<u>-</u>
Educational Technology State Grants	84.318		<u>180,185</u>	<u>8,000</u>
Improving Teacher Quality State Grants	84.367		<u>47,427</u>	<u>31,951</u>
Total for federal grantor agency			<u>666,399</u>	<u>704,289</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Pass-Through Indiana Department of Education				
Learn and Serve America - School and Community Based Program				
	94.004		<u>-</u>	<u>2,710</u>
Total federal awards expended			<u>\$ 995,933</u>	<u>\$ 1,072,995</u>

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

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

I. Basis of Presentation

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007-2008	2008-2009
Child Nutrition Cluster	10.555	\$ 37,671	\$ 35,684

CLOVERDALE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 23, 2010, with Dr. Carrie Milner, Superintendent of Schools; Deborah Leonard, Treasurer; and Pamela B. Hepfer, President of the School Board. The officials concurred with our audit findings.

The contents of this report were discussed on February 23, 2010, with Leah Ehmen; Cloverdale Middle School Extra-Curricular Treasurer; and Julina M. Price; Cloverdale High School Extra-Curricular Treasurer.