

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, 2010 to June 30, 2012



FILED
02/28/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Trudie J. Dillon	07-01-10 to 06-30-13
Superintendent of Schools	T. Kirk Booe	07-01-10 to 06-30-13
President of the School Board	Jeffrey L. Dennis	07-01-10 to 06-30-13



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the Covington Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. 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 includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity 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, 2010 to June 30, 2012.

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, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 13, 2013, 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

INDEPENDENT AUDITOR'S REPORT
(Continued)

and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming 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 reports 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.

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.

STATE BOARD OF ACCOUNTS

February 13, 2013



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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 the financial statement of the Covington Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 13, 2013. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be a material weakness.

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.

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

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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 13, 2013

FINANCIAL STATEMENT

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

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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, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 773,505	\$ 5,538,044	\$ 5,128,484	\$ (807)	\$ 1,182,258	\$ 5,461,067	\$ 5,204,060	\$ 8,908	\$ 1,448,173
Debt Service	550,000	1,505,023	1,313,214	(324,045)	417,764	1,382,750	1,252,108	-	548,406
Capital Projects	499,795	705,293	505,254	3,758	703,592	677,073	702,347	(200,000)	478,318
School Transportation	154,164	420,573	346,993	12,580	240,324	416,906	428,263	-	228,967
School Bus Replacement	119,812	107,427	141,276	502	86,465	125,840	84,540	-	127,765
Rainy Day	722,867	-	-	325,000	1,047,867	-	168,828	200,000	1,079,039
Construction	60,678	2,397	52,333	-	10,742	27	5,263	-	5,506
School Lunch	18,455	444,106	383,693	-	78,868	465,324	450,061	-	94,131
Textbook Rental	57,371	121,176	51,740	6,165	132,972	105,076	171,314	82	66,816
Joint Services and Supply - Special Education Cooperative	4,777	5,817	8,258	(2,336)	-	94,869	89,201	8,398	14,066
HS MIMH/MOMH/SP 10-11	-	90,485	77,258	2,336	15,563	-	7,165	(8,398)	-
MS MOMH SP 09-10	9,234	-	16,652	7,420	2	100,839	93,651	-	7,190
MS MIMH/MOMH/SP 10-11	-	91,385	77,400	(7,420)	6,565	918	7,483	-	-
Joint Services and Supply - Area Vocational School	1,331	12,784	11,764	(2,350)	1	41,711	43,825	3,769	1,656
Law Enforcement 10-11	-	31,502	29,423	2,454	4,533	-	764	(3,769)	-
TCAM 09-10	9,242	6,168	5,547	(9,863)	-	-	-	-	-
TCAM 10-11	-	100,591	85,727	10,049	24,913	-	8,078	(16,835)	-
TCAM 11-12	-	-	-	-	-	93,555	90,961	16,753	19,347
Educational License Plates	1,304	225	-	-	1,529	188	-	-	1,717
Early Intervention Grant	-	15,000	15,000	-	-	-	-	-	-
Miscellaneous Programs	-	500	1,208	-	(708)	1,464	801	-	(45)
Instruction Support	-	-	-	-	-	27,724	21,343	-	6,381
Gifted and Talented, High Ability 09-10	6,815	-	6,815	-	-	-	-	-	-
Gifted and Talented, High Ability 10-11	-	28,905	28,787	-	118	-	118	-	-
Local Drug Free	-	1,050	642	-	408	-	408	-	-
Drug Free Communities	379	-	379	-	-	1,000	1,000	-	-
Medicaid Reimbursement	245	-	-	-	245	-	-	(245)	-
Non-English Speaking Programs P.L. 273-1999	71	-	-	-	71	-	71	-	-
School Technology	-	5,754	-	-	5,754	5,425	7,648	-	3,531
Lowe's Toolbox for Education Grant	29	-	-	-	29	-	29	-	-
Excess PTRC Distributions	13,607	10,643	-	(24,250)	-	16,532	-	-	16,532
Title I - Grants to LEAs - 09-10	8,653	-	7,093	(1,560)	-	-	-	-	-
Title I - Grants to LEAs - 11-12	-	-	-	-	-	109,294	113,620	-	(4,326)
Title I - Grants to LEAs - 10-11	-	110,835	112,389	1,560	6	7,289	7,295	-	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	1,398	-	1,350	-	48	-	48	-	-
Special Education, Part B - 10-11	11,963	181,153	196,475	3,322	(37)	187,744	193,190	(3,322)	(8,805)
Federal Assistance Educational Preschool Handicapped	2,554	777	3,331	-	-	3,929	3,929	(5,586)	(5,586)
Drug Free Schools	2,637	2,660	2,977	(2,514)	(194)	1,292	1,098	-	-
Title IV, Part A, Drug Free - 08-09	776	-	776	-	-	-	-	-	-
Nutritional Grant - State	-	6,075	4,607	-	1,468	-	1,468	-	-
Medicaid Reimbursement - Federal	3,067	-	1,408	-	1,659	-	1,685	245	219
Improving Teaching Quality, No Child Left, Title II, Part A	12,117	49,545	61,662	-	-	37,606	40,160	-	(2,554)
Fiscal Stabilization - Education	-	-	-	-	-	-	-	-	-
Title I - Grants to LEAs	13,354	14,400	27,754	-	-	-	-	-	-
Special Education - Part B	(7,907)	96,728	101,476	-	(12,655)	13,533	878	-	-
Special Education - Part B - Preschool	-	4,088	4,088	-	-	-	-	-	-
Education Jobs	-	-	-	-	-	146,007	154,897	-	(8,890)
Totals	\$ 3,052,293	\$ 9,711,109	\$ 8,813,233	\$ 1	\$ 3,950,170	\$ 9,524,982	\$ 9,357,598	\$ -	\$ 4,117,554

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

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.

COVINGTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

F. Other Financing Sources and Uses

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

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

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

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

COVINGTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

COVINGTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

B. Teacher's Retirement Fund

Plan Description

The Indiana Teacher's 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

COVINGTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. The Title I – Grants to LEAs-11/12, Special Education, Part B – 10/11, Federal Assistance Educational Preschool Handicapped, Improving Teaching Quality, No Child Left, Title II, Part A and Education Jobs funds were set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by fiscal year end June 30, 2012.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Covington Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the fiscal years 2011 and 2012 totaled \$540,500 and \$541,500, respectively.

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

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, 2011

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 773,505	\$ 550,000	\$ 499,795	\$ 154,164	\$ 119,812	\$ 722,867	\$ 60,678	\$ 18,455
Receipts:								
Local sources	7,988	1,490,344	704,741	371,287	107,427	-	-	236,744
Intermediate sources	283	-	-	-	-	-	-	-
State sources	5,485,848	14,679	-	-	-	-	-	5,561
Federal sources	-	-	-	18,266	-	-	-	201,801
Other	43,925	-	552	31,020	-	-	2,397	-
Total receipts	<u>5,538,044</u>	<u>1,505,023</u>	<u>705,293</u>	<u>420,573</u>	<u>107,427</u>	<u>-</u>	<u>2,397</u>	<u>444,106</u>
Disbursements:								
Current:								
Instruction	3,209,565	-	-	-	-	-	-	-
Support services	1,747,109	-	396,567	346,993	141,276	-	-	384
Noninstructional services	171,810	-	-	-	-	-	-	382,724
Facilities acquisition and construction	-	-	108,687	-	-	-	52,333	585
Debt services	-	1,313,214	-	-	-	-	-	-
Total disbursements	<u>5,128,484</u>	<u>1,313,214</u>	<u>505,254</u>	<u>346,993</u>	<u>141,276</u>	<u>-</u>	<u>52,333</u>	<u>383,693</u>
Excess (deficiency) of receipts over disbursements	<u>409,560</u>	<u>191,809</u>	<u>200,039</u>	<u>73,580</u>	<u>(33,849)</u>	<u>-</u>	<u>(49,936)</u>	<u>60,413</u>
Other financing sources (uses):								
Transfers in	9,886	7,410	3,758	12,580	502	325,000	-	-
Transfers out	(10,693)	(331,455)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(807)</u>	<u>(324,045)</u>	<u>3,758</u>	<u>12,580</u>	<u>502</u>	<u>325,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>408,753</u>	<u>(132,236)</u>	<u>203,797</u>	<u>86,160</u>	<u>(33,347)</u>	<u>325,000</u>	<u>(49,936)</u>	<u>60,413</u>
Cash and investments - ending	<u>\$ 1,182,258</u>	<u>\$ 417,764</u>	<u>\$ 703,592</u>	<u>\$ 240,324</u>	<u>\$ 86,465</u>	<u>\$ 1,047,867</u>	<u>\$ 10,742</u>	<u>\$ 78,868</u>

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, 2011
 (Continued)

	Textbook Rental	Joint Services and Supply Special Education Cooperative	HS MIMH/MOMH/SP 10-11	MS MOMH SP 09-10	MS MIMH/MOMH/SP 10-11	Joint Services and Supply Area Vocational School	Law Enforcement 10-11	TCAM 09-10
Cash and investments - beginning	\$ 57,371	\$ 4,777	\$ -	\$ 9,234	\$ -	\$ 1,331	\$ -	\$ 9,242
Receipts:								
Local sources	88,353	5,817	90,485	-	91,385	1,784	31,502	6,168
Intermediate sources	-	-	-	-	-	-	-	-
State sources	31,063	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	11,000	-	-
Other	1,760	-	-	-	-	-	-	-
Total receipts	121,176	5,817	90,485	-	91,385	12,784	31,502	6,168
Disbursements:								
Current:								
Instruction	-	8,258	77,258	7,152	77,400	11,764	29,423	4,806
Support services	51,740	-	-	9,500	-	-	-	741
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	51,740	8,258	77,258	16,652	77,400	11,764	29,423	5,547
Excess (deficiency) of receipts over disbursements	69,436	(2,441)	13,227	(16,652)	13,985	1,020	2,079	621
Other financing sources (uses):								
Transfers in	6,665	-	2,336	7,421	1	7,522	2,454	350
Transfers out	(500)	(2,336)	-	(1)	(7,421)	(9,872)	-	(10,213)
Total other financing sources (uses)	6,165	(2,336)	2,336	7,420	(7,420)	(2,350)	2,454	(9,863)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	75,601	(4,777)	15,563	(9,232)	6,565	(1,330)	4,533	(9,242)
Cash and investments - ending	\$ 132,972	\$ -	\$ 15,563	\$ 2	\$ 6,565	\$ 1	\$ 4,533	\$ -

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, 2011
 (Continued)

	TCAM 10-11	TCAM 11-12	Educational License Plates	Early Intervention Grant	Miscellaneous Programs	Instruction Support	Gifted and Talented High Ability 09-10	Gifted and Talented High Ability 10-11
Cash and investments - beginning	\$ -	\$ -	\$ 1,304	\$ -	\$ -	\$ -	\$ 6,815	\$ -
Receipts:								
Local sources	100,591	-	-	-	-	-	-	-
Intermediate sources	-	-	225	-	-	-	-	-
State sources	-	-	-	15,000	-	-	-	28,905
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	500	-	-	-
Total receipts	<u>100,591</u>	<u>-</u>	<u>225</u>	<u>15,000</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>28,905</u>
Disbursements:								
Current:								
Instruction	74,908	-	-	15,000	-	-	6,815	28,787
Support services	10,819	-	-	-	1,208	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	<u>85,727</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>1,208</u>	<u>-</u>	<u>6,815</u>	<u>28,787</u>
Excess (deficiency) of receipts over disbursements	<u>14,864</u>	<u>-</u>	<u>225</u>	<u>-</u>	<u>(708)</u>	<u>-</u>	<u>(6,815)</u>	<u>118</u>
Other financing sources (uses):								
Transfers in	10,049	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>10,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>24,913</u>	<u>-</u>	<u>225</u>	<u>-</u>	<u>(708)</u>	<u>-</u>	<u>(6,815)</u>	<u>118</u>
Cash and investments - ending	<u>\$ 24,913</u>	<u>\$ -</u>	<u>\$ 1,529</u>	<u>\$ -</u>	<u>\$ (708)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118</u>

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, 2011
 (Continued)

	Local Drug Free	Drug Free Communities	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Lowe's Toolbox for Education Grant	Excess PTRC Distributions	Title I Grants to LEA 09-10
Cash and investments - beginning	\$ -	\$ 379	\$ 245	\$ 71	\$ -	\$ 29	\$ 13,607	\$ 8,653
Receipts:								
Local sources	-	-	-	-	-	-	10,643	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	1,050	-	-	-	5,754	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	1,050	-	-	-	5,754	-	10,643	-
Disbursements:								
Current:								
Instruction	-	300	-	-	-	-	-	7,093
Support services	642	79	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	642	379	-	-	-	-	-	7,093
Excess (deficiency) of receipts over disbursements	408	(379)	-	-	5,754	-	10,643	(7,093)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(24,250)	(1,560)
Total other financing sources (uses)	-	-	-	-	-	-	(24,250)	(1,560)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	408	(379)	-	-	5,754	-	(13,607)	(8,653)
Cash and investments - ending	\$ 408	\$ -	\$ 245	\$ 71	\$ 5,754	\$ 29	\$ -	\$ -

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, 2011
 (Continued)

	Title I Grants to LEA 11-12	Title I Grants to LEA 10-11	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special Education Part B 10-11	Federal Assistance Educational Preschool Handicapped	Drug Free Schools	Title IV, Part A Drug Fee 08-09	Nutritional Grant State
Cash and investments - beginning	\$ -	\$ -	\$ 1,398	\$ 11,963	\$ 2,554	\$ 2,637	\$ 776	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	110,835	-	181,153	777	2,660	-	6,075
Other	-	-	-	-	-	-	-	-
Total receipts	-	110,835	-	181,153	777	2,660	-	6,075
Disbursements:								
Current:								
Instruction	-	112,389	1,350	196,475	3,331	-	-	4,607
Support services	-	-	-	-	-	2,977	776	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	-	112,389	1,350	196,475	3,331	2,977	776	4,607
Excess (deficiency) of receipts over disbursements	-	(1,554)	(1,350)	(15,322)	(2,554)	(317)	(776)	1,468
Other financing sources (uses):								
Transfers in	-	1,560	-	3,322	-	-	-	-
Transfers out	-	-	-	-	-	(2,514)	-	-
Total other financing sources (uses)	-	1,560	-	3,322	-	(2,514)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	6	(1,350)	(12,000)	(2,554)	(2,831)	(776)	1,468
Cash and investments - ending	\$ -	\$ 6	\$ 48	\$ (37)	\$ -	\$ (194)	\$ -	\$ 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, 2011
 (Continued)

	Medicaid Reimbursement Federal	Improving Teaching Quality No Child Left Title II, Part A	Fiscal Stabilization Education	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Jobs	Totals
Cash and investments - beginning	\$ 3,067	\$ 12,117	\$ -	\$ 13,354	\$ (7,907)	\$ -	\$ -	\$ 3,052,293
Receipts:								
Local sources	-	-	-	-	-	-	-	3,345,259
Intermediate sources	-	-	-	-	-	-	-	508
State sources	-	-	-	-	-	-	-	5,587,860
Federal sources	-	49,545	-	14,400	96,728	4,088	-	697,328
Other	-	-	-	-	-	-	-	80,154
Total receipts	-	49,545	-	14,400	96,728	4,088	-	9,711,109
Disbursements:								
Current:								
Instruction	-	61,662	-	27,754	50,127	4,088	-	4,020,312
Support services	1,408	-	-	-	51,349	-	-	2,763,568
Noninstructional services	-	-	-	-	-	-	-	554,534
Facilities acquisition and construction	-	-	-	-	-	-	-	161,605
Debt services	-	-	-	-	-	-	-	1,313,214
Total disbursements	1,408	61,662	-	27,754	101,476	4,088	-	8,813,233
Excess (deficiency) of receipts over disbursements	(1,408)	(12,117)	-	(13,354)	(4,748)	-	-	897,876
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	400,816
Transfers out	-	-	-	-	-	-	-	(400,815)
Total other financing sources (uses)	-	-	-	-	-	-	-	1
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,408)	(12,117)	-	(13,354)	(4,748)	-	-	897,877
Cash and investments - ending	\$ 1,659	\$ -	\$ -	\$ -	\$ (12,655)	\$ -	\$ -	\$ 3,950,170

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, 2012

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 1,182,258	\$ 417,764	\$ 703,592	\$ 240,324	\$ 86,465	\$ 1,047,867	\$ 10,742	\$ 78,868
Receipts:								
Local sources	31,740	1,382,750	677,073	378,773	125,840	-	-	245,254
Intermediate sources	283	-	-	-	-	-	-	-
State sources	5,394,167	-	-	-	-	-	-	5,596
Federal sources	-	-	-	37,833	-	-	-	214,474
Other	34,877	-	-	300	-	-	27	-
Total receipts	<u>5,461,067</u>	<u>1,382,750</u>	<u>677,073</u>	<u>416,906</u>	<u>125,840</u>	<u>-</u>	<u>27</u>	<u>465,324</u>
Disbursements:								
Current:								
Instruction	3,198,408	-	-	-	-	-	-	-
Support services	1,829,325	-	484,179	428,263	84,540	-	-	258
Noninstructional services	176,327	-	-	-	-	-	-	435,877
Facilities acquisition and construction	-	-	218,168	-	-	168,828	5,263	13,926
Debt services	-	1,252,108	-	-	-	-	-	-
Total disbursements	<u>5,204,060</u>	<u>1,252,108</u>	<u>702,347</u>	<u>428,263</u>	<u>84,540</u>	<u>168,828</u>	<u>5,263</u>	<u>450,061</u>
Excess (deficiency) of receipts over disbursements	<u>257,007</u>	<u>130,642</u>	<u>(25,274)</u>	<u>(11,357)</u>	<u>41,300</u>	<u>(168,828)</u>	<u>(5,236)</u>	<u>15,263</u>
Other financing sources (uses):								
Transfers in	8,908	-	-	-	-	200,000	-	-
Transfers out	-	-	(200,000)	-	-	-	-	-
Total other financing sources (uses)	<u>8,908</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>265,915</u>	<u>130,642</u>	<u>(225,274)</u>	<u>(11,357)</u>	<u>41,300</u>	<u>31,172</u>	<u>(5,236)</u>	<u>15,263</u>
Cash and investments - ending	<u>\$ 1,448,173</u>	<u>\$ 548,406</u>	<u>\$ 478,318</u>	<u>\$ 228,967</u>	<u>\$ 127,765</u>	<u>\$ 1,079,039</u>	<u>\$ 5,506</u>	<u>\$ 94,131</u>

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, 2012
 (Continued)

	Textbook Rental	Joint Services and Supply Special Education Cooperative	HS MIMH/MOMH/SP 10-11	MS MOMH SP 09-10	MS MIMH/MOMH/SP 10-11	Joint Services and Supply Area Vocational School	Law Enforcement 10-11	TCAM 09-10
Cash and investments - beginning	\$ 132,972	\$ -	\$ 15,563	\$ 2	\$ 6,565	\$ 1	\$ 4,533	\$ -
Receipts:								
Local sources	73,014	94,869	-	100,839	918	30,711	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	29,785	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	11,000	-	-
Other	2,277	-	-	-	-	-	-	-
Total receipts	105,076	94,869	-	100,839	918	41,711	-	-
Disbursements:								
Current:								
Instruction	-	89,201	7,165	93,651	7,483	43,825	764	-
Support services	171,314	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	171,314	89,201	7,165	93,651	7,483	43,825	764	-
Excess (deficiency) of receipts over disbursements	(66,238)	5,668	(7,165)	7,188	(6,565)	(2,114)	(764)	-
Other financing sources (uses):								
Transfers in	82	8,398	-	-	-	3,769	-	-
Transfers out	-	-	(8,398)	-	-	-	(3,769)	-
Total other financing sources (uses)	82	8,398	(8,398)	-	-	3,769	(3,769)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(66,156)	14,066	(15,563)	7,188	(6,565)	1,655	(4,533)	-
Cash and investments - ending	\$ 66,816	\$ 14,066	\$ -	\$ 7,190	\$ -	\$ 1,656	\$ -	\$ -

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, 2012
 (Continued)

	TCAM 10-11	TCAM 11-12	Educational License Plates	Early Intervention Grant	Miscellaneous Programs	Instruction Support	Gifted and Talented High Ability 09-10	Gifted and Talented High Ability 10-11
Cash and investments - beginning	\$ 24,913	\$ -	\$ 1,529	\$ -	\$ (708)	\$ -	\$ -	\$ 118
Receipts:								
Local sources	-	93,555	-	-	1,464	-	-	-
Intermediate sources	-	-	188	-	-	-	-	-
State sources	-	-	-	-	-	27,724	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	93,555	188	-	1,464	27,724	-	-
Disbursements:								
Current:								
Instruction	6,981	75,457	-	-	-	21,343	-	118
Support services	1,097	15,504	-	-	801	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	8,078	90,961	-	-	801	21,343	-	118
Excess (deficiency) of receipts over disbursements	(8,078)	2,594	188	-	663	6,381	-	(118)
Other financing sources (uses):								
Transfers in	-	16,835	-	-	-	-	-	-
Transfers out	(16,835)	(82)	-	-	-	-	-	-
Total other financing sources (uses)	(16,835)	16,753	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(24,913)	19,347	188	-	663	6,381	-	(118)
Cash and investments - ending	\$ -	\$ 19,347	\$ 1,717	\$ -	\$ (45)	\$ 6,381	\$ -	\$ -

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, 2012
 (Continued)

	Local Drug Free	Drug Free Communities	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Lowe's Toolbox for Education Grant	Excess PTRC Distributions	Title I Grants to LEA 09-10
Cash and investments - beginning	\$ 408	\$ -	\$ 245	\$ 71	\$ 5,754	\$ 29	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	16,532	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	1,000	-	-	5,425	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	1,000	-	-	5,425	-	16,532	-
Disbursements:								
Current:								
Instruction	-	500	-	71	-	-	-	-
Support services	408	500	-	-	7,648	29	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	408	1,000	-	71	7,648	29	-	-
Excess (deficiency) of receipts over disbursements	(408)	-	-	(71)	(2,223)	(29)	16,532	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	13,314	-
Transfers out	-	-	(245)	-	-	-	(13,314)	-
Total other financing sources (uses)	-	-	(245)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(408)	-	(245)	(71)	(2,223)	(29)	16,532	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 3,531	\$ -	\$ 16,532	\$ -

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, 2012
 (Continued)

	Title I Grants to LEA 11-12	Title I Grants to LEA 10-11	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special Education Part B 10-11	Federal Assistance Educational Preschool Handicapped	Drug Free Schools	Title IV, Part A Drug Fee 08-09	Nutritional Grant State
Cash and investments - beginning	\$ -	\$ 6	\$ 48	\$ (37)	\$ -	\$ (194)	\$ -	\$ 1,468
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	109,294	7,289	-	187,744	3,929	1,292	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	109,294	7,289	-	187,744	3,929	1,292	-	-
Disbursements:								
Current:								
Instruction	113,620	7,295	48	193,190	3,929	-	-	1,468
Support services	-	-	-	-	-	1,098	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	113,620	7,295	48	193,190	3,929	1,098	-	1,468
Excess (deficiency) of receipts over disbursements	(4,326)	(6)	(48)	(5,446)	-	194	-	(1,468)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(3,322)	(5,586)	-	-	-
Total other financing sources (uses)	-	-	-	(3,322)	(5,586)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,326)	(6)	(48)	(8,768)	(5,586)	194	-	(1,468)
Cash and investments - ending	\$ (4,326)	\$ -	\$ -	\$ (8,805)	\$ (5,586)	\$ -	\$ -	\$ -

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, 2012
 (Continued)

	Medicaid Reimbursement Federal	Improving Teaching Quality No Child Left Title II, Part A	Fiscal Stabilization Education	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Jobs	Totals
Cash and investments - beginning	\$ 1,659	\$ -	\$ -	\$ -	\$ (12,655)	\$ -	\$ -	\$ 3,950,170
Receipts:								
Local sources	-	-	-	-	-	-	-	3,253,332
Intermediate sources	-	-	-	-	-	-	-	471
State sources	-	-	-	-	-	-	-	5,463,697
Federal sources	-	37,606	-	-	13,533	-	146,007	770,001
Other	-	-	-	-	-	-	-	37,481
Total receipts	-	37,606	-	-	13,533	-	146,007	9,524,982
Disbursements:								
Current:								
Instruction	-	40,160	-	-	-	-	154,897	4,059,574
Support services	1,685	-	-	-	878	-	-	3,027,527
Noninstructional services	-	-	-	-	-	-	-	612,204
Facilities acquisition and construction	-	-	-	-	-	-	-	406,185
Debt services	-	-	-	-	-	-	-	1,252,108
Total disbursements	1,685	40,160	-	-	878	-	154,897	9,357,598
Excess (deficiency) of receipts over disbursements	(1,685)	(2,554)	-	-	12,655	-	(8,890)	167,384
Other financing sources (uses):								
Transfers in	245	-	-	-	-	-	-	251,551
Transfers out	-	-	-	-	-	-	-	(251,551)
Total other financing sources (uses)	245	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,440)	(2,554)	-	-	12,655	-	(8,890)	167,384
Cash and investments - ending	\$ 219	\$ (2,554)	\$ -	\$ -	\$ -	\$ -	\$ (8,890)	\$ 4,117,554

COVINGTON COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF PAYABLES AND RECEIVABLES
 JUNE 30, 2012

School Corporation	Accounts Payable	Accounts Receivable
Governmental activities:		
Drug Resistance & Awareness Grant Reimbursement	\$ -	\$ 45
Title I 2011-12 Reimbursement	-	4,325
Spec Ed 611 Part B 2011-12 Reimbursement	-	8,805
Spec Ed 619 PreSch 2011-12 Reimbursement	-	5,586
Title II, Part A 2011-12 Reimbursement	-	2,555
Educational Jobs Fund Reimbursement	-	8,891
Outstanding encumbrances	<u>352,321</u>	<u>-</u>
Totals	<u>\$ 352,321</u>	<u>\$ 30,206</u>

COVINGTON COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 JUNE 30, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Capital Leases:				
Buses	Bus #07 - 2008 Final balloon payment 10/2012	\$ 31,275	04-16-07	10-31-12
Building Corp Lease Agreement	Refinance 2006 Bldg Project	<u>542,000</u>	06-30-12	12-31-26
Total of annual lease payments		<u>\$ 573,275</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Notes and loans payable:			
State Rainy Day Loan	Provide financial relief to distressed unit	\$ 915,000	\$ 400,500
Common School Loan 2008	School Kitchen renovations/HVAC	940,625	90,838
Bonds payable:			
General obligation bonds	School Kitchen renovations/HVAC	<u>900,000</u>	<u>160,590</u>
Totals		<u>\$ 2,755,625</u>	<u>\$ 651,928</u>

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COVINGTON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
JUNE 30, 2012

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 56,675
Buildings	20,211,757
Improvements other than buildings	7,348,428
Machinery, equipment and vehicles	<u>1,895,274</u>
Total capital assets	<u><u>\$ 29,512,134</u></u>

COVINGTON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

COLLECTIVE BARGAINING AGREEMENT

The collective bargaining agreement presented for audit contained the following items prohibited by Indiana Code 20-29-6-4.5:

1. Unpaid leave: Agreement contained language pertaining to military leave, sabbatical leave, general unpaid leave, general provisions covering leave of absence, and absence without leave.
2. Management rights: Agreement contained language pertaining to management's right to fill extra-curricular positions.
3. Exclusive representation rights: Agreement contained language recognizing the Covington Federation of Teachers as the exclusive bargaining representative for all teachers.
4. Teacher rights: Agreement contained language stating the acceptance of extra-curricular assignments is voluntary by teachers.
5. Due process: Agreement contained language pertaining to just cause and progressive discipline.
6. Paycheck deductions: Agreement contained language pertaining to the process for federation dues.
7. Wage payment arrangements: Agreement contained language pertaining to pay dates and payment options for both corporation and extra-curricular.

Indiana code 20-29-6.4 states:

"(a) A school employer shall bargain collectively with the exclusive representative on the following:

- (1) Salary.
- (2) Wages.
- (3) Salary and wage related fringe benefits, including accident, sickness, health, dental, vision, life, disability, retirement benefits, and paid time off as permitted to be bargained under IC 20-28-9-11.

(b) Salary and wages include the amounts of pay increases available to employees under the salary scale adopted under IC 20-28-9-1, but do not include the teacher evaluation procedures and criteria, or any components of the teacher evaluation plan, rubric, or tool."

Indiana Code 20-29-6-4.5 states:

"(a) For a contract entered into after June 30, 2011, a school employer may not bargain collectively with the exclusive representative on the following:

COVINGTON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) The school calendar.
 - (2) Teacher dismissal procedures and criteria.
 - (3) Restructuring options available to a school employer under federal or state statutes, regulations, or rules because of the failure of the school corporation or a school to meet federal or state accountability standards.
 - (4) The ability of school employer to contract, partner, or operate jointly with an educational entity that provides postsecondary credits to students of the school employer or dual credits from the school employer and the educational entity.
 - (5) Any subject not expressly listed in section 4 of this chapter.
- (b) A subject set forth in subsection (a) that may not be bargained collectively may not be included in an agreement entered into under this article."

The School Administrator and Uniform Compliance Guidelines, Volume 198, Pages 10-12, issued June 2012, provides a detailed list of items that collective bargaining agreements may not contain.

SBOA will review school corporations' collective bargaining agreements during the audit process to determine whether the agreements contained prohibited subjects of bargaining. . . . Financial losses related to a corporation's inclusion of prohibited subjects may be the personal obligation of the responsible school official or employee. (The School Administrator and Uniform Compliance Guidelines Volume 198, June 2012)

INTERNAL CONTROLS

Controls for receipts generated by the school lunch program are insufficient. The cafeteria manager sends the deposit slip and a hand written breakdown to the Treasurer, but there is no reconciliation of the amount deposited to reports from the Harmony system, where the receipts are posted by cafeteria personnel.

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

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

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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
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Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the 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, 2010 to June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012.

Internal Control Over Compliance

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in 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 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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 13, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

COVINGTON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years ended 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
		FY 10-11	\$ 41,804	\$ -
		FY 11-12	-	45,459
			<u>41,804</u>	<u>45,459</u>
Total for program			<u>41,804</u>	<u>45,459</u>
National School Lunch Program				
	10.555			
		FY 10-11	184,801	-
		FY 11-12	-	198,785
			<u>184,801</u>	<u>198,785</u>
Total for program			<u>184,801</u>	<u>198,785</u>
Total for cluster			<u>226,605</u>	<u>244,244</u>
Team Nutrition Grants				
	10.574			
		FY 10-11	6,075	-
			<u>6,075</u>	<u>-</u>
Total for federal grantor agency			<u>232,680</u>	<u>244,244</u>
U.S. DEPARTMENT OF EDUCATION				
Pass- Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		11-2440	110,835	7,289
		12-2440	-	109,294
			<u>110,835</u>	<u>116,583</u>
Total for program			<u>110,835</u>	<u>116,583</u>
ARRA - Title I Grants to Local Education Agencies, Recovery Act				
	84.389			
		FY 10-11	14,400	-
			<u>14,400</u>	<u>-</u>
Total for cluster			<u>125,235</u>	<u>116,583</u>
Special Education Cluster				
Special Education Grants to States	84.027			
		FY 09-10	19,254	-
		FY 10-11	161,898	29,341
		FY 11-12	-	158,403
			<u>181,152</u>	<u>187,744</u>
Total for program			<u>181,152</u>	<u>187,744</u>
Special Education Preschool Grants				
	84.173			
		FY 10-11	777	-
		FY 11-12	-	3,929
			<u>777</u>	<u>3,929</u>
Total for program			<u>777</u>	<u>3,929</u>
Pass-Through Crawfordsville Community School Corporation				
ARRA - Special Education Grants to States, Recovery Act	84.391			
		FY 10-11	96,728	-
		FY 11-12	-	13,533
			<u>96,728</u>	<u>13,533</u>
Total for program			<u>96,728</u>	<u>13,533</u>
ARRA - Special Education Preschool Grants, Recovery Act				
	84.392			
		FY 10-11	4,088	-
			<u>4,088</u>	<u>-</u>
Total for cluster			<u>282,745</u>	<u>205,206</u>
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities State Grants	84.186			
		FY 09-10	2,854	1,098
		FY 10-11	2,637	-
			<u>5,491</u>	<u>1,098</u>
Total for program			<u>5,491</u>	<u>1,098</u>
Improving Teacher Quality State Grants				
	84.367			
		FY 09-10	23,000	-
		FY 10-11	26,545	14,056
		FY 11-12	-	23,550
			<u>49,545</u>	<u>37,606</u>
Total for program			<u>49,545</u>	<u>37,606</u>
Education Jobs Fund				
	84.410			
		FY 11-12	-	146,007
			<u>-</u>	<u>146,007</u>
Total for federal grantor agency			<u>463,016</u>	<u>506,500</u>
Total federal awards expended			<u>\$ 695,696</u>	<u>\$ 750,744</u>

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

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

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
School Breakfast Program	10.553	\$ 4,576	\$ 5,541
National School Lunch Program	10.555	20,228	24,229

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; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
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:	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:

Name of Federal Program or Cluster

Title I, Part A Cluster
Special Education Cluster

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

Auditee qualified as low-risk auditee?	no
--	----

COVINGTON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section II – Financial Statement Findings

FINDING 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to school lunch receipts. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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

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

We recommended the School Corporation implement internal controls over school lunch receipts.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

T. Kirk Booe
Superintendent

Trudie Dillon
Corporation Treasurer

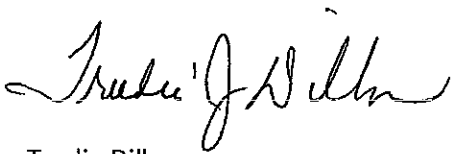
Cathy Smith
Administrative Assistant

CORRECTIVE ACTION PLAN

Contact Person: Trudie Dillon, Corporation Treasurer

FINDING 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The Food Service Director will present daily the bank receipt from school lunch deposits to the Corporation Administrative Assistant. The Administrative Assistant will verify the bank deposit with the Harmony payments by date.



Trudie Dillon
January 15, 2013

COVINGTON COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 13, 2013, with Trudie J. Dillon, Treasurer; Jeffrey L. Dennis, President of the School Board; and T. Kirk Booe, Superintendent of Schools. The officials concurred with our audit findings.