

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CLOVERDALE COMMUNITY SCHOOL CORPORATION
PUTNAM COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
12/11/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Debbie Rollings Mendy Shrout	07-01-13 to 03-04-16 03-05-16 to 06-30-18
Superintendent of Schools	Dr. Carrie Milner Greg Linton	07-01-13 to 09-28-14 09-29-14 to 06-30-18
President of the School Board	Duane Huges Donna Fidler Duane Huges Vivian Whitaker	07-01-13 to 12-31-13 01-01-14 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Cloverdale Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

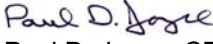
Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 24, 2017, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

October 24, 2017



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Cloverdale Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated October 24, 2017, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation'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 2015-001 to be a material weakness.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001.

Cloverdale Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

October 24, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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CLOVERDALE COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2014 and 2015

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-13	Receipts	Disbursements		06-30-14	Receipts	Disbursements		
General	\$ 2,015,770	\$ 8,575,045	\$ 8,922,743	\$ -	\$ 1,668,072	\$ 8,799,488	\$ 8,724,197	\$ -	\$ 1,743,363
Debt Service	1,043,520	1,648,266	1,781,619	-	910,167	1,852,737	1,750,963	-	1,011,941
Retirement/Severance Bond Debt Service	110,029	144,636	189,847	-	64,818	181,237	189,973	-	56,082
Capital Projects	844,061	913,506	922,218	-	835,349	1,045,411	1,136,432	-	744,328
School Transportation	848,423	734,972	727,119	-	856,276	868,495	777,853	-	946,918
School Bus Replacement	290,504	206,295	267,313	-	229,486	303,045	341,540	-	190,991
Rainy Day	1,703,384	-	-	-	1,703,384	-	-	-	1,703,384
Retirement/Severance Bond	590,465	-	10,725	-	579,740	-	14,600	-	565,140
School Lunch	73,446	597,895	628,960	-	42,381	589,992	620,801	-	11,572
Textbook Rental	314,506	78,981	158,393	-	235,094	74,459	74,672	-	234,881
Levy Excess	16,038	-	-	-	16,038	-	16,038	-	-
Educational License Plates	1,939	131	1,895	-	175	56	-	-	231
Alternative Education	3,706	-	-	-	3,706	-	1,920	-	1,786
SAFE School Haven	1,618	-	-	-	1,618	-	99	-	1,519
Early Intervention Grant	26,145	3,800	7,350	-	22,595	3,800	4,657	-	21,738
Miscellaneous Programs	6,077	18,455	7,959	-	16,573	4,522	7,934	-	13,161
Early Literacy Pre-School	-	-	-	-	-	17,301	-	-	17,301
Knoy Center	-	3,800	1,500	-	2,300	3,365	2,354	-	3,311
Knoy Center College Success	7,365	-	551	-	6,814	-	-	-	6,814
Instruction Support	38,943	28,945	34,544	-	33,344	29,519	45,378	-	17,485
Non-English Speaking Programs P.L. 273-1999	420	-	-	-	420	-	-	-	420
School Technology	33,036	21,314	33,275	-	21,075	21,271	19,734	-	22,612
Senator David Ford Technology	-	-	1,140	-	(1,140)	-	-	-	(1,140)
Title I	(17,063)	329,877	337,205	-	(24,391)	246,684	251,623	-	(29,330)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	39,415	39,415	-	-	-	-	-	-
Title IV - Part A 09-10 Grant	2,325	-	-	-	2,325	-	-	-	2,325
21st Century - Cohort 5 - Yr 1	(14,098)	-	-	-	(14,098)	-	-	14,098	-
21st Century - Cohort 4 - Yr 4	(1,483)	15,652	14,169	-	-	-	-	-	-
21st Century - Cohort 5 - Yr 4	-	-	-	-	-	-	-	(14,098)	(14,098)
21st Century - Cohort 5 - Yr 3	(4,313)	4,350	37	-	-	-	-	-	-
21st Century - Cohort 5 - Yr 2	-	287,387	308,069	-	(20,682)	20,681	260	-	(261)
21st Century - Cohort 6 - Yr 1	(2,132)	144,980	170,772	-	(27,924)	27,924	-	-	-
21st Century - Cohort 6 - Yr 2	-	-	2,131	-	(2,131)	179,021	215,230	-	(38,340)
21st Century - Cohort 6 - Yr 3	-	-	-	-	-	-	862	-	(862)
School Technology	-	8,835	7,914	-	921	-	-	-	921
Improving Teaching Quality, No Child Left, Title II, Part A	(1,035)	38,547	39,583	-	(2,071)	18,646	18,140	-	(1,565)
ITQ, Enhanced Education Through Technology, Title II, Part D	4,715	-	4,750	-	(35)	-	-	-	(35)
Rural Schools Achievement	(405)	-	-	-	(405)	-	-	-	(405)
Rural Schools and Low Income Program - Pass Through State	(54)	51,168	57,038	-	(5,924)	26,021	20,057	-	40
Title I - Grants to LEAs	(149,431)	79,180	(70,251)	-	-	-	-	-	-
Payroll Withholdings	5,312	2,167,371	2,149,654	-	23,029	2,046,889	2,030,379	-	39,539
Totals	\$ 7,791,733	\$ 16,142,803	\$ 16,757,637	\$ -	\$ 7,176,899	\$ 16,360,564	\$ 16,265,696	\$ -	\$ 7,271,767

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts. Amounts received from various sources, including, but not limited to, the following: 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. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

Transfers in. Amounts 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.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers out. Amounts 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 amounts 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 amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2014, or June 30, 2015.

Note 8. Holding Corporations

The School Corporation has entered into a capital lease with Cloverdale High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ending June 30, 2014 and 2015, totaled \$226,000 and \$235,000, respectively.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

The School Corporation has entered into a capital lease with Cloverdale Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ending June 30, 2014 and 2015, totaled \$209,500 and \$203,500, respectively.

The School Corporation has entered into a capital lease with Cloverdale Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ending June 30, 2014 and 2015, totaled \$922,500 and \$902,000, respectively.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 2,015,770	\$ 1,043,520	\$ 110,029	\$ 844,061	\$ 848,423	\$ 290,504	\$ 1,703,384	\$ 590,465	\$ 73,446
Receipts:									
Local sources	87,871	1,648,266	144,636	913,506	734,972	206,295	-	-	184,219
Intermediate sources	371	-	-	-	-	-	-	-	-
State sources	8,486,803	-	-	-	-	-	-	-	4,589
Federal sources	-	-	-	-	-	-	-	-	409,087
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	8,575,045	1,648,266	144,636	913,506	734,972	206,295	-	-	597,895
Disbursements:									
Instruction	6,173,759	-	-	-	-	-	-	7,725	-
Support services	2,611,137	-	-	513,525	727,119	267,313	-	3,000	-
Noninstructional services	137,847	-	-	-	-	-	-	-	628,960
Facilities acquisition and construction	-	-	-	408,693	-	-	-	-	-
Debt service	-	1,781,619	189,847	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,922,743	1,781,619	189,847	922,218	727,119	267,313	-	10,725	628,960
Excess (deficiency) of receipts over disbursements	(347,698)	(133,353)	(45,211)	(8,712)	7,853	(61,018)	-	(10,725)	(31,065)
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	(347,698)	(133,353)	(45,211)	(8,712)	7,853	(61,018)	-	(10,725)	(31,065)
Cash and investments - ending	\$ 1,668,072	\$ 910,167	\$ 64,818	\$ 835,349	\$ 856,276	\$ 229,486	\$ 1,703,384	\$ 579,740	\$ 42,381

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

	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	SAFE School Haven	Early Intervention Grant	Miscellaneous Programs	Early Literacy Pre-School	Knoy Center
Cash and investments - beginning	\$ 314,506	\$ 16,038	\$ 1,939	\$ 3,706	\$ 1,618	\$ 26,145	\$ 6,077	\$ -	\$ -
Receipts:									
Local sources	18,958	-	-	-	-	-	18,455	-	3,800
Intermediate sources	-	-	131	-	-	-	-	-	-
State sources	60,023	-	-	-	-	3,800	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	78,981	-	131	-	-	3,800	18,455	-	3,800
Disbursements:									
Instruction	-	-	-	-	-	7,350	3,002	-	-
Support services	158,393	-	1,895	-	-	-	3,155	-	-
Noninstructional services	-	-	-	-	-	-	1,802	-	1,500
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	158,393	-	1,895	-	-	7,350	7,959	-	1,500
Excess (deficiency) of receipts over disbursements	(79,412)	-	(1,764)	-	-	(3,550)	10,496	-	2,300
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	(79,412)	-	(1,764)	-	-	(3,550)	10,496	-	2,300
Cash and investments - ending	\$ 235,094	\$ 16,038	\$ 175	\$ 3,706	\$ 1,618	\$ 22,595	\$ 16,573	\$ -	\$ 2,300

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

	Knoy Center College Success	Instruction Support	Non-English Speaking Programs P.L. 273-1999	School Technology	Senator David Ford Technology	Title I	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Title IV - Part A 09-10 Grant
Cash and investments - beginning	\$ 7,365	\$ 38,943	\$ 420	\$ 33,036	\$ -	\$ (17,063)	\$ -	\$ 2,325
Receipts:								
Local sources	-	-	-	20,307	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	28,945	-	1,007	-	-	-	-
Federal sources	-	-	-	-	-	329,877	39,415	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	28,945	-	21,314	-	329,877	39,415	-
Disbursements:								
Instruction	551	34,544	-	-	-	325,490	39,415	-
Support services	-	-	-	33,275	1,140	8,942	-	-
Noninstructional services	-	-	-	-	-	2,773	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	551	34,544	-	33,275	1,140	337,205	39,415	-
Excess (deficiency) of receipts over disbursements	(551)	(5,599)	-	(11,961)	(1,140)	(7,328)	-	-
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	(551)	(5,599)	-	(11,961)	(1,140)	(7,328)	-	-
Cash and investments - ending	\$ 6,814	\$ 33,344	\$ 420	\$ 21,075	\$ (1,140)	\$ (24,391)	\$ -	\$ 2,325

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

	21st Century - Cohort 5 - Yr 1	21st Century - Cohort 4 - Yr 4	21st Century - Cohort 5 - Yr 4	21st Century - Cohort 5 - Yr 3	21st Century - Cohort 5 Yr 2	21st Century - Cohort 6 - Yr 1	21st Century - Cohort 6 - Yr 2	21st Century - Cohort 6 - Yr 3
Cash and investments - beginning	\$ (14,098)	\$ (1,483)	\$ -	\$ (4,313)	\$ -	\$ (2,132)	\$ -	\$ -
Receipts:								
Local sources	-	15,652	-	4,350	287,387	144,980	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	15,652	-	4,350	287,387	144,980	-	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	12,224	-	-	-	-	-	-
Noninstructional services	-	1,945	-	37	308,069	170,772	2,131	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	14,169	-	37	308,069	170,772	2,131	-
Excess (deficiency) of receipts over disbursements	-	1,483	-	4,313	(20,682)	(25,792)	(2,131)	-
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	-	1,483	-	4,313	(20,682)	(25,792)	(2,131)	-
Cash and investments - ending	\$ (14,098)	\$ -	\$ -	\$ -	\$ (20,682)	\$ (27,924)	\$ (2,131)	\$ -

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

	School Technology	Improving Teaching Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	Rural Schools Achievement	Rural Schools and Low Income Program - Pass Through State	Title I - Grants to LEAs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ (1,035)	\$ 4,715	\$ (405)	\$ (54)	\$ (149,431)	\$ 5,312	\$ 7,791,733
Receipts:								
Local sources	8,835	-	-	-	-	-	-	4,442,489
Intermediate sources	-	-	-	-	-	-	-	502
State sources	-	-	-	-	-	-	-	8,585,167
Federal sources	-	38,547	-	-	51,168	79,180	-	947,274
Other receipts	-	-	-	-	-	-	2,167,371	2,167,371
Total receipts	<u>8,835</u>	<u>38,547</u>	<u>-</u>	<u>-</u>	<u>51,168</u>	<u>79,180</u>	<u>2,167,371</u>	<u>16,142,803</u>
Disbursements:								
Instruction	7,914	27,203	-	-	-	(70,251)	-	6,556,702
Support services	-	12,380	4,750	-	57,038	-	-	4,415,286
Noninstructional services	-	-	-	-	-	-	-	1,255,836
Facilities acquisition and construction	-	-	-	-	-	-	-	408,693
Debt service	-	-	-	-	-	-	-	1,971,466
Nonprogrammed charges	-	-	-	-	-	-	2,149,654	2,149,654
Total disbursements	<u>7,914</u>	<u>39,583</u>	<u>4,750</u>	<u>-</u>	<u>57,038</u>	<u>(70,251)</u>	<u>2,149,654</u>	<u>16,757,637</u>
Excess (deficiency) of receipts over disbursements	<u>921</u>	<u>(1,036)</u>	<u>(4,750)</u>	<u>-</u>	<u>(5,870)</u>	<u>149,431</u>	<u>17,717</u>	<u>(614,834)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</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>921</u>	<u>(1,036)</u>	<u>(4,750)</u>	<u>-</u>	<u>(5,870)</u>	<u>149,431</u>	<u>17,717</u>	<u>(614,834)</u>
Cash and investments - ending	<u>\$ 921</u>	<u>\$ (2,071)</u>	<u>\$ (35)</u>	<u>\$ (405)</u>	<u>\$ (5,924)</u>	<u>\$ -</u>	<u>\$ 23,029</u>	<u>\$ 7,176,899</u>

CLOVERDALE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 1,668,072	\$ 910,167	\$ 64,818	\$ 835,349	\$ 856,276	\$ 229,486	\$ 1,703,384	\$ 579,740	\$ 42,381
Receipts:									
Local sources	129,433	1,852,737	181,237	1,045,411	868,495	303,045	-	-	185,097
Intermediate sources	159	-	-	-	-	-	-	-	-
State sources	8,669,896	-	-	-	-	-	-	-	6,886
Federal sources	-	-	-	-	-	-	-	-	398,009
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	8,799,488	1,852,737	181,237	1,045,411	868,495	303,045	-	-	589,992
Disbursements:									
Instruction	5,899,465	-	-	-	-	-	-	5,900	-
Support services	2,679,950	-	-	552,576	777,853	341,540	-	8,700	-
Noninstructional services	144,782	-	-	-	-	-	-	-	620,801
Facilities acquisition and construction	-	-	-	583,856	-	-	-	-	-
Debt service	-	1,750,963	189,973	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,724,197	1,750,963	189,973	1,136,432	777,853	341,540	-	14,600	620,801
Excess (deficiency) of receipts over disbursements	75,291	101,774	(8,736)	(91,021)	90,642	(38,495)	-	(14,600)	(30,809)
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	75,291	101,774	(8,736)	(91,021)	90,642	(38,495)	-	(14,600)	(30,809)
Cash and investments - ending	\$ 1,743,363	\$ 1,011,941	\$ 56,082	\$ 744,328	\$ 946,918	\$ 190,991	\$ 1,703,384	\$ 565,140	\$ 11,572

CLOVERDALE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	SAFE School Haven	Early Intervention Grant	Miscellaneous Programs	Early Literacy Pre-School	Knoy Center
Cash and investments - beginning	\$ 235,094	\$ 16,038	\$ 175	\$ 3,706	\$ 1,618	\$ 22,595	\$ 16,573	\$ -	\$ 2,300
Receipts:									
Local sources	25,866	-	-	-	-	-	4,522	17,301	3,365
Intermediate sources	-	-	56	-	-	-	-	-	-
State sources	48,593	-	-	-	-	3,800	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	74,459	-	56	-	-	3,800	4,522	17,301	3,365
Disbursements:									
Instruction	-	-	-	1,920	-	4,657	2,659	-	-
Support services	74,672	-	-	-	99	-	5,275	-	-
Noninstructional services	-	-	-	-	-	-	-	-	2,354
Facilities acquisition and construction	-	16,038	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	74,672	16,038	-	1,920	99	4,657	7,934	-	2,354
Excess (deficiency) of receipts over disbursements	(213)	(16,038)	56	(1,920)	(99)	(857)	(3,412)	17,301	1,011
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	(213)	(16,038)	56	(1,920)	(99)	(857)	(3,412)	17,301	1,011
Cash and investments - ending	\$ 234,881	\$ -	\$ 231	\$ 1,786	\$ 1,519	\$ 21,738	\$ 13,161	\$ 17,301	\$ 3,311

CLOVERDALE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Knoy Center College Success	Instruction Support	Non-English Speaking Programs P.L. 273-1999	School Technology	Senator David Ford Technology	Title I	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Title IV - Part A 09-10 Grant
Cash and investments - beginning	\$ 6,814	\$ 33,344	\$ 420	\$ 21,075	\$ (1,140)	\$ (24,391)	\$ -	\$ 2,325
Receipts:								
Local sources	-	-	-	21,271	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	29,519	-	-	-	-	-	-
Federal sources	-	-	-	-	-	246,684	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	29,519	-	21,271	-	246,684	-	-
Disbursements:								
Instruction	-	45,378	-	-	-	248,028	-	-
Support services	-	-	-	19,734	-	3,595	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	45,378	-	19,734	-	251,623	-	-
Excess (deficiency) of receipts over disbursements	-	(15,859)	-	1,537	-	(4,939)	-	-
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	-	(15,859)	-	1,537	-	(4,939)	-	-
Cash and investments - ending	\$ 6,814	\$ 17,485	\$ 420	\$ 22,612	\$ (1,140)	\$ (29,330)	\$ -	\$ 2,325

CLOVERDALE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	21st Century - Cohort 5 - Yr 1	21st Century - Cohort 4 - Yr 4	21st Century - Cohort 5 - Yr 4	21st Century - Cohort 5 - Yr 3	21st Century - Cohort 5 Yr 2	21st Century - Cohort 6 - Yr 1	21st Century - Cohort 6 - Yr 2	21st Century - Cohort 6 - Yr 3
Cash and investments - beginning	\$ (14,098)	\$ -	\$ -	\$ -	\$ (20,682)	\$ (27,924)	\$ (2,131)	\$ -
Receipts:								
Local sources	-	-	-	-	20,681	27,924	179,021	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	20,681	27,924	179,021	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	25,739	70
Noninstructional services	-	-	-	-	260	-	189,491	792
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	260	-	215,230	862
Excess (deficiency) of receipts over disbursements	-	-	-	-	20,421	27,924	(36,209)	(862)
Other financing sources (uses):								
Transfers in	14,098	-	-	-	-	-	-	-
Transfers out	-	-	(14,098)	-	-	-	-	-
Total other financing sources (uses)	14,098	-	(14,098)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,098	-	(14,098)	-	20,421	27,924	(36,209)	(862)
Cash and investments - ending	\$ -	\$ -	\$ (14,098)	\$ -	\$ (261)	\$ -	\$ (38,340)	\$ (862)

CLOVERDALE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	School Technology	Improving Teaching Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	Rural Schools Achievement	Rural Schools and Low Income Program - Pass Through State	Title I - Grants to LEAs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 921	\$ (2,071)	\$ (35)	\$ (405)	\$ (5,924)	\$ -	\$ 23,029	\$ 7,176,899
Receipts:								
Local sources	-	-	-	-	-	-	-	4,865,406
Intermediate sources	-	-	-	-	-	-	-	215
State sources	-	-	-	-	-	-	-	8,758,694
Federal sources	-	18,646	-	-	26,021	-	-	689,360
Other receipts	-	-	-	-	-	-	2,046,889	2,046,889
Total receipts	-	18,646	-	-	26,021	-	2,046,889	16,360,564
Disbursements:								
Instruction	-	13,640	-	-	-	-	-	6,221,647
Support services	-	4,500	-	-	20,057	-	-	4,514,360
Noninstructional services	-	-	-	-	-	-	-	958,480
Facilities acquisition and construction	-	-	-	-	-	-	-	599,894
Debt service	-	-	-	-	-	-	-	1,940,936
Nonprogrammed charges	-	-	-	-	-	-	2,030,379	2,030,379
Total disbursements	-	18,140	-	-	20,057	-	2,030,379	16,265,696
Excess (deficiency) of receipts over disbursements	-	506	-	-	5,964	-	16,510	94,868
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	14,098
Transfers out	-	-	-	-	-	-	-	(14,098)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	506	-	-	5,964	-	16,510	94,868
Cash and investments - ending	\$ 921	\$ (1,565)	\$ (35)	\$ (405)	\$ 40	\$ -	\$ 39,539	\$ 7,271,767

CLOVERDALE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 127,260</u>	<u>\$ 30,194</u>

CLOVERDALE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Cloverdale High School Building Corporation	Construction renovation	\$ 240,000	3/4/2008	1/15/2019
Cloverdale Community School Building Corporation	Construction renovation	196,963	7/9/2012	1/15/2021
Cloverdale Multi-School Building Corporation	Construction renovation	<u>900,000</u>	6/20/2013	1/15/2024
Total governmental activities		<u>1,336,963</u>		
Total of annual lease payments		<u>\$ 1,336,963</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Pension Liability	\$ 1,835,000	\$ 173,372
Notes and loans payable	Common School A0400	1,223,424	253,734
Notes and loans payable	Common School A0440	<u>997,900</u>	<u>143,573</u>
Total governmental activities		<u>4,056,324</u>	<u>570,679</u>
Totals		<u>\$ 4,056,324</u>	<u>\$ 570,679</u>

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CLOVERDALE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2015

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	\$ 416,200
Infrastructure	10
Buildings	52,539,700
Improvements other than buildings	2,000,000
Machinery, equipment, and vehicles	2,525,000
Construction in progress	1,200,000
Books and other	<u>2,535,000</u>
 Total governmental activities	 <u>61,215,910</u>
 Total capital assets	 <u>\$ 61,215,910</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Cloverdale Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Special Education Cluster (IDEA)

As described in item 2015-002 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Special Education Cluster (IDEA) regarding Matching, Level of Effort, Earmarking. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of the Special Education Cluster (IDEA) regarding Matching, Level of Effort, Earmarking, described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on Special Education Cluster for the period of July 1, 2013 to June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2013 to June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002 and 2015-003 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

October 24, 2017

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY2014	\$ -	\$ 90,748	\$ -	\$ -
School Breakfast Program			FY2015	-	-	-	91,680
Total - School Breakfast Program				-	90,748	-	91,680
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY2014	-	318,339	-	-
School Lunch Program			FY2015	-	-	-	308,665
Commodities				-	32,471	-	41,351
Total - National School Lunch Program				-	350,810	-	350,016
Total - Child Nutrition Cluster				-	441,558	-	441,696
Total - Department of Agriculture				-	441,558	-	441,696
<u>Institute of Museum and Library Services</u>							
Grants to States	Indiana State Library	45.310	FY2014	-	3,567	-	-
<u>Department of Education</u>							
Title I Grants to Local Educational Agencies							
	Indiana Department of Education	84.010					
			12-6750	-	171,006	-	-
			13-6750	-	238,051	-	59,528
			14-6750	-	-	-	187,156
Total - Title I Grants to Local Educational Agencies				-	409,057	-	246,684
Special Education Cluster (IDEA)							
Special Education_Grants to States							
FY2012 Federal Part B 611	Indiana Department of Education	84.027	14212-048-PN01	-	771	-	-
FY 2013 Federal Part B 611			14213-048-PN01	-	111,811	-	63
FY 2014 Federal Part B 611			14214-048-PN01	-	205,210	-	129,579
FY 2015 Federal Part B 611			14215-048-PN01	-	-	-	217,197
FY 2014 Federal Technical Assistance			99914-048-TX01	-	3,348	-	-
FY 2014 Federal Technical Assistance			99914-048-TX01	-	-	-	2,819
Total - Special Education_Grants to States				-	321,140	-	349,658

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Education (continued)</u>							
Special Education Cluster (IDEA) (continued)							
Special Education_Preschool Grants	Indiana Department of Education	84.173					
FY 2012 Federal Part B 619			45712-048-PN01	-	2,164	-	-
FY 2013 Federal Part B 619			45713-048-PN01	-	9,498	-	1,213
FY 2014 Federal Part B 619			45714-048-PN01	-	-	-	9,438
Improvement Award			A58-3-13DL-1405	-	39,415	-	-
				-	-	-	-
Total - Special Education_Preschool Grants				-	51,077	-	10,651
Total - Special Education Cluster (IDEA)				-	372,217	-	360,309
Twenty-First Century Community Learning Centers							
Cohort 4	Indiana Department of Education	84.287	A58-0-10DL-050	-	15,652	-	-
Cohort 5			A58-0-10DL-093	-	291,737	-	20,681
Cohort 6			A58-4-14OT-0016	-	144,980	-	206,945
				-	-	-	-
Total - Twenty-First Century Community Learning Centers				-	452,369	-	227,626
Rural Education							
Title VI	Indiana Department of Education	84.358					
Title VI			FY2014	-	51,168	-	-
			FY2015	-	-	-	26,021
				-	-	-	-
Total - Rural Education				-	51,168	-	26,021
Improving Teacher Quality State Grants							
Title II	Indiana Department of Education	84.367					
Title II			FY2014	-	38,547	-	-
			FY2015	-	-	-	18,646
				-	-	-	-
Total - Improving Teacher Quality State Grants				-	38,547	-	18,646
Total - Department of Education				-	1,323,358	-	879,286
Total federal awards expended				\$ -	\$ 1,768,483	\$ -	\$ 1,320,982

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2014 and 2015. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 3. Special Education Cooperative

The School Corporation is a member of the Old National Trail Special Services Cooperative (Cooperative) which operates the Special Education program for the School. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the Schedule of Expenditures of Federal Awards is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Qualified for Special Education Cluster (IDEA), Unmodified for Title I Grants to Local Educational Agencies, and Unmodified for Twenty-First Century Community Learning Centers
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)
84.287	Twenty-First Century Community Learning Centers

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

Auditee qualified as low-risk auditee?	no
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CLOVERDALE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II - Financial Statement Findings

FINDING 2015-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2013-1.

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation relied on one employee to prepare the SEFA. There was no evidence of a control, such as an oversight, review, or approval process by the School Corporation to ensure federal awards information entered and submitted was correct.

Context

The SEFA contained the following errors:

1. The National School Lunch Program commodities in the amount of \$73,822 were not reported.
2. The Special Education Cluster (IDEA) expenditures had a net overstatement of \$408,820. The Special Education_Grants to States were overstated by \$435,397 and the Special Education_Preschool Grants were understated by \$26,577 for the audit period.
3. The Title I Grants to Local Educational Agencies expenditures were understated by \$224,271 for the audit period.
4. The Twenty-First Century Community Learning Centers expenditures were understated by \$68,607 for the audit period.
5. The Grants to States expenditures of \$3,567 were not reported for fiscal year 2014.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

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

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

The failure to establish controls enabled material misstatements of the SEFA to occur.

Recommendation

We recommended that the School Corporation's management establish controls to prevent, or detect and correct, errors on the SEFA.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-002

Subject: Special Education_Grants to States - Matching, Level of Effort, Earmarking

Federal Agency: Department of Education

Federal Program: Special Education_Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-048-PN01, 14213-048-PN01,
14214-048-PN01, 14215-048-PN01,
99914-048-TX01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Scope Limitation - Modified Opinion

Repeat Finding

This is not a repeat finding from the immediate prior audit.

Condition

The School Corporation had not designed or implemented adequate internal controls to ensure compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

The School Corporation was a member of a Special Education Cooperative (Cooperative). The Treasurer independently prepared the Level of Effort - Maintenance of Effort (MOE) calculation worksheets and submitted them to the Cooperative during the audit period. The documentation to support the MOE calculations was not retained and available for audit. There was no evidence of an oversight, review, or approval process by the School Corporation to ensure the documentation for the calculation of MOE was retained or that the calculations made were accurate.

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

Context

It could not be determined whether the MOE calculations were accurate for either year of the audit period due to supporting documentation not being retained and available for audit. There was no evidence of an oversight, review, or approval process by the School Corporation for either year.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

Cause

Management had not developed a system of internal controls, including segregation of duties, that would have ensured that the documentation to support the MOE calculations was retained and available for audit.

Effect

The failure to establish a system of internal controls that would have ensured that records were retained and available for audit prevented the determination of the School Corporation's compliance with the Matching, Level of Effort, Earmarking compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation establish controls, including segregation of duties, over the Matching, Level of Effort, Earmarking requirements that would ensure that records are retained and available for audit.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

FINDING 2015-003

Subject: Title I Grants to Local Educational Agencies and Twenty-First Century
Community Learning Centers - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Title I Grants to Local Educational Agencies, Twenty-First
Century Community Learning Centers

CFDA Numbers: 84.010, 84.287

Federal Award Numbers and Years (or Other Identifying Numbers): 12-6750, 13-6750, 14-6750,
A58-0-10DL-050,
A58-0-10DL-093,
A58-4-14OT-0016

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is not a repeat finding from the immediate prior audit.

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. The Semi-Annual Certifications were not prepared for those employees who were paid entirely from the Title I Grants to Local Educational Agencies (Title I) program or the Twenty-First Century Community Learning Centers (Twenty-First Century) program. Personal Activity Reports or other appropriate documentation was not prepared for those employees who were paid from multiple sources including the Title I program or the Twenty-First Century program.

Context

There were no Semi-Annual Certifications or Personal Activity Reports completed for either program during the audit period.

Criteria

OMB Circular A-87, Attachment B, section 8h states in part:

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency.

. . ."

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

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Cause

Management had not developed a system of internal controls that would have ensured that the School Corporation complied with the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to occur. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and implement procedures to ensure compliance with the grant agreement and the Allowable Costs/Costs Principles compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

Cloverdale Community School Corporation

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

Lynn Lotz
Executive Secretary

Greg Linton
Superintendent

Mendy Shrout
Treasurer

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Mendy Shrout
Contact Phone Number: 765-795-4664

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Cloverdale Community School Corporation will establish processes to properly identify, appropriately track, and report Federal Grants. The treasurer will use the Federal Clearing House website to verify the fund title with the CFDA number.

The Corporation Treasurer will work with the Superintendent to review and approve the financial data before it is submitted formally for the corporation. A copy of the SEFA report will be printed, signed by the Superintendent, and retained for Audit.

Anticipated Completion Date: October 31, 2017

Greg Linton

(Signature)

Superintendent

(Title)

10-23-17

(Date)

Cloverdale Community School Corporation

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Lynn Lotz
Executive Secretary

Greg Linton
Superintendent

Mendy Shrout
Treasurer

CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Mendy Shrout
Contact Phone Number: 765-795-4664

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Cloverdale Community School Corporation will retain MOE calculation supporting documentation with the Maintenance of Effort report submitted to Old National Trail for the Part B federal grants.

Anticipated Completion Date: August 31, 2017

Greg Linton

(Signature)

Superintendent

(Title)

10-23-17

(Date)

Cloverdale Community School Corporation

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Lynn Lotz
Executive Secretary

Greg Linton
Superintendent

Mendy Shrout
Treasurer

CORRECTIVE ACTION PLAN

FINDING 2015-003

Contact Person Responsible for Corrective Action: Mendy Shrout
Contact Phone Number: 765-795-4664

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Cloverdale Community School Corporation will work to establish internal controls that will ensure compliance with Allowable Costs/Cost Principles compliance requirements concerning time and effort reporting.

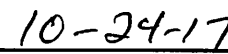
Anticipated Completion Date: October 24, 2017



(Signature)



(Title)



(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.