

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, 2015 to June 30, 2017



FILED
02/14/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Debbie Rollings Mendy Shrout	07-01-15 to 03-04-16 03-05-16 to 06-30-19
Superintendent of Schools	Greg Linton	07-01-15 to 06-30-19
President of the School Board	Donna Fidler Duane Huge Vivian Whitaker	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-18



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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, 2015 to June 30, 2017, 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, 2015 to June 30, 2017.

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, 2015 to June 30, 2017, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 December 18, 2018, 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 solely 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 effectiveness of the School Corporation's 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

December 18, 2018



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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, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated December 18, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider 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 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*.

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

December 18, 2018

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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 SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 1,743,363	\$ 8,074,289	\$ 8,327,205	\$ -	\$ 1,490,447	\$ 8,155,478	\$ 8,233,949	\$ -	\$ 1,411,976
Debt Service	1,011,941	1,876,225	1,809,806	-	1,078,360	1,923,359	1,866,149	-	1,135,570
Retirement/Severance Bond Debt Service	56,082	159,144	173,372	-	41,854	150,981	172,342	-	20,493
Capital Projects	744,328	1,038,666	957,971	(250,000)	575,023	1,007,956	881,693	(250,000)	451,286
School Transportation	946,918	890,378	649,503	(500,000)	687,793	996,279	661,926	(250,000)	772,146
School Bus Replacement	190,991	165,868	119,439	-	237,420	188,071	-	-	425,491
Rainy Day	1,703,384	16,676	33,043	750,000	2,437,017	162,957	773,147	500,000	2,326,827
Retirement/Severance Bond	565,140	-	-	-	565,140	-	-	-	565,140
School Lunch	11,572	590,069	573,263	-	28,378	612,805	586,152	-	55,031
Textbook Rental	234,881	84,178	127,547	-	191,512	158,548	256,510	-	93,550
Educational License Plates	231	52	-	-	283	56	-	-	339
Alternative Education	1,786	-	-	-	1,786	-	-	-	1,786
SAFE School Haven	1,519	-	59	-	1,460	-	-	-	1,460
Early Intervention Grant	21,738	3,800	4,000	-	21,538	5,458	3,703	-	23,293
School Intervention and Career Counseling	-	-	-	-	-	39,084	32,049	-	7,035
Little Clovers/Snail to Trails	-	1,080	-	-	1,080	-	60	-	1,020
Miscellaneous Programs	13,161	8,758	8,326	-	13,593	5,366	4,093	-	14,866
Early Literacy Pre-School	17,301	20,514	21,102	-	16,713	34,912	15,938	-	35,687
Summer Reading	-	-	-	-	-	21,819	9,844	-	11,975
Knoy Center	3,311	5,826	1,525	-	7,612	1,500	2,148	-	6,964
Knoy Center College Success	6,814	-	6,813	-	1	-	-	-	1
Formative Assessment	-	-	-	-	-	12,863	12,863	-	-
Instruction Support	17,485	30,147	33,598	-	14,034	30,081	61,150	-	(17,035)
Medicaid Reimbursement	-	4,346	81	-	4,265	56,679	23,265	-	37,679
Non-English Speaking Programs	420	-	-	-	420	-	-	-	420
School Technology	22,612	21,349	27,593	-	16,368	16,846	41,462	-	(8,248)
Career and Technical Performance Grant	-	-	-	-	-	13,630	12,592	-	1,038
Senator David Ford Technology	(1,140)	-	(1,140)	-	-	-	-	-	-
Title I	(29,330)	243,981	221,967	-	(7,316)	264,203	269,988	-	(13,101)
Title IV - Part A 09-10 Grant	2,325	-	-	-	2,325	-	-	-	2,325
21st Century - Cohort 5 - Yr 4	(14,098)	-	-	-	(14,098)	76	-	-	(14,022)
21st Century - Cohort 5 - Yr 2	(261)	-	-	-	(261)	-	-	-	(261)
21st Century - Cohort 6 - Yr 2	(38,340)	38,340	-	-	-	-	-	-	-
21st Century - Cohort 6 - Yr 3	(862)	146,048	145,578	-	(392)	13,816	1,541	-	11,883
21st Century - Cohort 6 - Yr 4	-	-	-	-	-	152,710	181,290	-	(28,580)
21st Century - Cohort 8 - Yr 1	-	-	-	-	-	-	9,310	-	(9,310)
School Technology	921	-	-	-	921	-	-	-	921
Improving Teacher Quality, No Child Left, Title II, Part A	(1,565)	27,999	24,388	-	2,046	42,255	45,627	-	(1,326)
Title IIA FY 16-18	-	-	-	-	-	6,486	6,486	-	-
ITQ, Enhanced Education Through Technology, Title II, Part D	(35)	-	-	-	(35)	-	-	-	(35)
Rural Schools Achievement	(405)	-	-	-	(405)	-	-	-	(405)
Rural Schools and Low Income Program - Pass Through State	40	5,331	5,528	-	(157)	51,275	51,275	-	(157)
Prepaid Food	-	-	-	-	-	2,206	-	-	2,206
Payroll Withholdings	39,539	1,954,994	1,980,952	-	13,581	1,992,503	1,998,453	-	7,631
Totals	\$ 7,271,767	\$ 15,408,058	\$ 15,251,519	\$ -	\$ 7,428,306	\$ 16,120,258	\$ 16,215,005	\$ -	\$ 7,333,559

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.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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:

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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. Negative Disbursement

The Senator David Ford Technology fund disbursements appear as a negative entry for the year 2015-2016. An error made in a prior period was corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative disbursement was shown in the current period.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of expenditures of reimbursement type grants being made by the School Corporation prior to requesting and receiving the grant funds. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2016 and 2017.

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Holding Corporations

The School Corporation has entered into capital leases with the 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 ended June 30, 2016 and 2017, totaled \$311,500 and \$381,000, respectively.

The School Corporation has entered into a capital lease with Cloverdale Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2016 and 2017, totaled \$201,000 each year.

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 ended June 30, 2016 and 2017, totaled \$900,000 each year.

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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 Indiana Gateway for Government Units 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 SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	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	\$ 1,743,363	\$ 1,011,941	\$ 56,082	\$ 744,328	\$ 946,918	\$ 190,991	\$ 1,703,384	\$ 565,140	\$ 11,572
Receipts:									
Local sources	35,887	809,694	90,770	478,091	351,452	104,414	-	-	89,587
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	8,038,402	1,066,531	68,374	560,575	538,926	61,454	16,676	-	102,621
Federal sources	-	-	-	-	-	-	-	-	397,861
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	8,074,289	1,876,225	159,144	1,038,666	890,378	165,868	16,676	-	590,069
Disbursements:									
Instruction	5,798,253	-	-	-	-	-	-	-	-
Support services	2,399,414	-	-	604,398	649,503	119,439	33,043	-	-
Noninstructional services	129,538	-	-	-	-	-	-	-	573,263
Facilities acquisition and construction	-	-	-	353,573	-	-	-	-	-
Debt service	-	1,809,806	173,372	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,327,205	1,809,806	173,372	957,971	649,503	119,439	33,043	-	573,263
Excess (deficiency) of receipts over disbursements	(252,916)	66,419	(14,228)	80,695	240,875	46,429	(16,367)	-	16,806
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	750,000	-	-
Transfers out	-	-	-	(250,000)	(500,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	(250,000)	(500,000)	-	750,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(252,916)	66,419	(14,228)	(169,305)	(259,125)	46,429	733,633	-	16,806
Cash and investments - ending	\$ 1,490,447	\$ 1,078,360	\$ 41,854	\$ 575,023	\$ 687,793	\$ 237,420	\$ 2,437,017	\$ 565,140	\$ 28,378

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Textbook Rental	Educational License Plates	Alternative Education	SAFE School Haven	Early Intervention Grant	School Intervention and Career Counseling	Little Clovers/ Snail to Trails	Miscellaneous Programs	Early Literacy Pre-School
Cash and investments - beginning	\$ 234,881	\$ 231	\$ 1,786	\$ 1,519	\$ 21,738	\$ -	\$ -	\$ 13,161	\$ 17,301
Receipts:									
Local sources	22,500	-	-	-	-	-	-	8,758	6,489
Intermediate sources	-	19	-	-	-	-	-	-	-
State sources	61,678	33	-	-	3,800	-	1,080	-	14,025
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	84,178	52	-	-	3,800	-	1,080	8,758	20,514
Disbursements:									
Instruction	-	-	-	-	4,000	-	-	657	21,102
Support services	127,547	-	-	59	-	-	-	7,669	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	127,547	-	-	59	4,000	-	-	8,326	21,102
Excess (deficiency) of receipts over disbursements	(43,369)	52	-	(59)	(200)	-	1,080	432	(588)
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	(43,369)	52	-	(59)	(200)	-	1,080	432	(588)
Cash and investments - ending	\$ 191,512	\$ 283	\$ 1,786	\$ 1,460	\$ 21,538	\$ -	\$ 1,080	\$ 13,593	\$ 16,713

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Summer Reading	Knoy Center	Knoy Center College Success	Formative Assessment	Instruction Support	Medicaid Reimbursement	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant
Cash and investments - beginning	\$ -	\$ 3,311	\$ 6,814	\$ -	\$ 17,485	\$ -	\$ 420	\$ 22,612	\$ -
Receipts:									
Local sources	-	2,700	-	-	-	-	-	19,105	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	3,126	-	-	30,147	4,346	-	2,244	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	5,826	-	-	30,147	4,346	-	21,349	-
Disbursements:									
Instruction	-	-	6,813	-	33,198	-	-	-	-
Support services	-	-	-	-	400	81	-	27,593	-
Noninstructional services	-	1,525	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,525	6,813	-	33,598	81	-	27,593	-
Excess (deficiency) of receipts over disbursements	-	4,301	(6,813)	-	(3,451)	4,265	-	(6,244)	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	4,301	(6,813)	-	(3,451)	4,265	-	(6,244)	-
Cash and investments - ending	\$ -	\$ 7,612	\$ 1	\$ -	\$ 14,034	\$ 4,265	\$ 420	\$ 16,368	\$ -

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Senator David Ford Technology	Title I	Title IV - Part A 09-10 Grant	21st Century - Cohort 5 - Yr 4	21st Century - Cohort 5 - Yr 2	21st Century - Cohort 6 - Yr 2	21st Century - Cohort 6 - Yr 3	21st Century - Cohort 6 - Yr 4	21st Century - Cohort 8 - Yr 1
Cash and investments - beginning	\$ (1,140)	\$ (29,330)	\$ 2,325	\$ (14,098)	\$ (261)	\$ (38,340)	\$ (862)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	38,340	48,070	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	97,978	-	-
Federal sources	-	243,981	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	243,981	-	-	-	38,340	146,048	-	-
Disbursements:									
Instruction	-	191,927	-	-	-	-	-	-	-
Support services	(1,140)	30,040	-	-	-	-	20,755	-	-
Noninstructional services	-	-	-	-	-	-	124,823	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	(1,140)	221,967	-	-	-	-	145,578	-	-
Excess (deficiency) of receipts over disbursements	1,140	22,014	-	-	-	38,340	470	-	-
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	1,140	22,014	-	-	-	38,340	470	-	-
Cash and investments - ending	\$ -	\$ (7,316)	\$ 2,325	\$ (14,098)	\$ (261)	\$ -	\$ (392)	\$ -	\$ -

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	School Technology	Improving Teacher Quality, No Child Left, Title II, Part A	Title IIA FY 16-18	ITQ, Enhanced Education Through Technology, Title II, Part D	Rural Schools Achievement	Rural Schools and Low Income Program - Pass Through State	Prepaid Food	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 921	\$ (1,565)	\$ -	\$ (35)	\$ (405)	\$ 40	\$ -	\$ 39,539	\$ 7,271,767
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,105,857
Intermediate sources	-	-	-	-	-	-	-	-	19
State sources	-	-	-	-	-	-	-	-	10,672,016
Federal sources	-	27,999	-	-	-	5,331	-	-	675,172
Other receipts	-	-	-	-	-	-	-	1,954,994	1,954,994
Total receipts	-	27,999	-	-	-	5,331	-	1,954,994	15,408,058
Disbursements:									
Instruction	-	16,888	-	-	-	-	-	-	6,072,838
Support services	-	7,500	-	-	-	5,528	-	-	4,031,829
Noninstructional services	-	-	-	-	-	-	-	-	829,149
Facilities acquisition and construction	-	-	-	-	-	-	-	-	353,573
Debt service	-	-	-	-	-	-	-	-	1,983,178
Nonprogrammed charges	-	-	-	-	-	-	-	1,980,952	1,980,952
Total disbursements	-	24,388	-	-	-	5,528	-	1,980,952	15,251,519
Excess (deficiency) of receipts over disbursements	-	3,611	-	-	-	(197)	-	(25,958)	156,539
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	750,000
Transfers out	-	-	-	-	-	-	-	-	(750,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	3,611	-	-	-	(197)	-	(25,958)	156,539
Cash and investments - ending	\$ 921	\$ 2,046	\$ -	\$ (35)	\$ (405)	\$ (157)	\$ -	\$ 13,581	\$ 7,428,306

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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 For the Year Ended June 30, 2017

	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	\$ 1,490,447	\$ 1,078,360	\$ 41,854	\$ 575,023	\$ 687,793	\$ 237,420	\$ 2,437,017	\$ 565,140	\$ 28,378
Receipts:									
Local sources	114,375	1,923,359	150,981	1,007,956	996,279	188,071	162,957	-	189,833
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	8,041,103	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	422,972
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	8,155,478	1,923,359	150,981	1,007,956	996,279	188,071	162,957	-	612,805
Disbursements:									
Instruction	5,599,537	-	-	-	-	-	-	-	-
Support services	2,464,673	-	-	598,343	661,926	-	703,147	-	-
Noninstructional services	169,739	-	-	-	-	-	-	-	586,152
Facilities acquisition and construction	-	-	-	283,350	-	-	-	-	-
Debt service	-	1,866,149	172,342	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	70,000	-	-
Total disbursements	8,233,949	1,866,149	172,342	881,693	661,926	-	773,147	-	586,152
Excess (deficiency) of receipts over disbursements	(78,471)	57,210	(21,361)	126,263	334,353	188,071	(610,190)	-	26,653
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	500,000	-	-
Transfers out	-	-	-	(250,000)	(250,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	(250,000)	(250,000)	-	500,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(78,471)	57,210	(21,361)	(123,737)	84,353	188,071	(110,190)	-	26,653
Cash and investments - ending	\$ 1,411,976	\$ 1,135,570	\$ 20,493	\$ 451,286	\$ 772,146	\$ 425,491	\$ 2,326,827	\$ 565,140	\$ 55,031

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Textbook Rental	Educational License Plates	Alternative Education	SAFE School Haven	Early Intervention Grant	School Intervention and Career Counseling	Little Clovers/ Snail to Trails	Miscellaneous Programs	Early Literacy Pre-School
Cash and investments - beginning	\$ 191,512	\$ 283	\$ 1,786	\$ 1,460	\$ 21,538	\$ -	\$ 1,080	\$ 13,593	\$ 16,713
Receipts:									
Local sources	37,699	-	-	-	-	39,084	-	5,366	34,912
Intermediate sources	-	56	-	-	-	-	-	-	-
State sources	50,849	-	-	-	5,458	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	70,000	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	158,548	56	-	-	5,458	39,084	-	5,366	34,912
Disbursements:									
Instruction	-	-	-	-	3,703	-	60	3,794	15,938
Support services	256,510	-	-	-	-	32,049	-	299	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	256,510	-	-	-	3,703	32,049	60	4,093	15,938
Excess (deficiency) of receipts over disbursements	(97,962)	56	-	-	1,755	7,035	(60)	1,273	18,974
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	(97,962)	56	-	-	1,755	7,035	(60)	1,273	18,974
Cash and investments - ending	\$ 93,550	\$ 339	\$ 1,786	\$ 1,460	\$ 23,293	\$ 7,035	\$ 1,020	\$ 14,866	\$ 35,687

CLOVERDALE COMMUNITY SCHOOL CORPORATION
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 For the Year Ended June 30, 2017

	Summer Reading	Knoy Center	Knoy Center College Success	Formative Assessment	Instruction Support	Medicaid Reimbursement	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant
Cash and investments - beginning	\$ -	\$ 7,612	\$ 1	\$ -	\$ 14,034	\$ 4,265	\$ 420	\$ 16,368	\$ -
Receipts:									
Local sources	21,819	1,500	-	-	-	56,679	-	6,369	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	12,863	30,081	-	-	10,477	5,334
Federal sources	-	-	-	-	-	-	-	-	8,296
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	21,819	1,500	-	12,863	30,081	56,679	-	16,846	13,630
Disbursements:									
Instruction	9,844	-	-	12,863	61,150	-	-	-	12,592
Support services	-	-	-	-	-	23,265	-	41,462	-
Noninstructional services	-	2,148	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	9,844	2,148	-	12,863	61,150	23,265	-	41,462	12,592
Excess (deficiency) of receipts over disbursements	11,975	(648)	-	-	(31,069)	33,414	-	(24,616)	1,038
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	11,975	(648)	-	-	(31,069)	33,414	-	(24,616)	1,038
Cash and investments - ending	\$ 11,975	\$ 6,964	\$ 1	\$ -	\$ (17,035)	\$ 37,679	\$ 420	\$ (8,248)	\$ 1,038

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Senator David Ford Technology	Title I	Title IV - Part A 09-10 Grant	21st Century - Cohort 5 - Yr 4	21st Century - Cohort 5 - Yr 2	21st Century - Cohort 6 - Yr 2	21st Century - Cohort 6 - Yr 3	21st Century - Cohort 6 - Yr 4	21st Century - Cohort 8 - Yr 1
Cash and investments - beginning	\$ -	\$ (7,316)	\$ 2,325	\$ (14,098)	\$ (261)	\$ -	\$ (392)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	13,816	152,710	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	264,203	-	76	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	264,203	-	76	-	-	13,816	152,710	-
Disbursements:									
Instruction	-	209,805	-	-	-	-	-	-	-
Support services	-	60,183	-	-	-	-	-	15,971	-
Noninstructional services	-	-	-	-	-	-	1,541	165,319	9,310
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	269,988	-	-	-	-	1,541	181,290	9,310
Excess (deficiency) of receipts over disbursements	-	(5,785)	-	76	-	-	12,275	(28,580)	(9,310)
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	-	(5,785)	-	76	-	-	12,275	(28,580)	(9,310)
Cash and investments - ending	\$ -	\$ (13,101)	\$ 2,325	\$ (14,022)	\$ (261)	\$ -	\$ 11,883	\$ (28,580)	\$ (9,310)

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	School Technology	Improving Teacher Quality, No Child Left, Title II, Part A	Title IIA FY 16-18	ITQ, Enhanced Education Through Technology, Title II, Part D	Rural Schools Achievement	Rural Schools and Low Income Program - Pass Through State	Prepaid Food	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 921	\$ 2,046	\$ -	\$ (35)	\$ (405)	\$ (157)	\$ -	\$ 13,581	\$ 7,428,306
Receipts:									
Local sources	-	-	-	-	-	-	-	-	5,103,765
Intermediate sources	-	-	-	-	-	-	-	-	56
State sources	-	-	-	-	-	-	-	-	8,156,165
Federal sources	-	42,255	6,486	-	-	51,275	-	-	795,563
Interfund loans	-	-	-	-	-	-	-	-	70,000
Other receipts	-	-	-	-	-	-	2,206	1,992,503	1,994,709
Total receipts	-	42,255	6,486	-	-	51,275	2,206	1,992,503	16,120,258
Disbursements:									
Instruction	-	21,295	2,087	-	-	-	-	-	5,952,668
Support services	-	24,332	4,399	-	-	51,275	-	-	4,937,834
Noninstructional services	-	-	-	-	-	-	-	-	934,209
Facilities acquisition and construction	-	-	-	-	-	-	-	-	283,350
Debt service	-	-	-	-	-	-	-	-	2,038,491
Nonprogrammed charges	-	-	-	-	-	-	-	1,998,453	1,998,453
Interfund loans	-	-	-	-	-	-	-	-	70,000
Total disbursements	-	45,627	6,486	-	-	51,275	-	1,998,453	16,215,005
Excess (deficiency) of receipts over disbursements	-	(3,372)	-	-	-	-	2,206	(5,950)	(94,747)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	500,000
Transfers out	-	-	-	-	-	-	-	-	(500,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,372)	-	-	-	-	2,206	(5,950)	(94,747)
Cash and investments - ending	\$ 921	\$ (1,326)	\$ -	\$ (35)	\$ (405)	\$ (157)	\$ 2,206	\$ 7,631	\$ 7,333,559

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CLOVERDALE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 162,393</u>	<u>\$ 23,783</u>

CLOVERDALE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Cloverdale High School Building Corporation	Construction renovation	\$ 250,000	03/04/08	01/15/19
Cloverdale High School Building Corporation	Construction renovation	125,575	06/25/15	01/15/31
Cloverdale Community School Building Corporation	Construction renovation	196,863	07/09/12	01/15/21
Cloverdale Multi-School Building Corporation	Construction renovation	<u>900,000</u>	06/20/13	01/15/24
Total of annual lease payments		<u>\$ 1,472,438</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Liability	\$ 1,595,000	\$ 85,594
Notes and loans payable	Common School Loan A0400	815,619	236,402
Notes and loans payable	Common School Loan A0440	<u>798,319</u>	<u>134,591</u>
Totals		<u>\$ 3,208,938</u>	<u>\$ 456,587</u>

CLOVERDALE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2017

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.

	June 30, 2017 Ending Balance
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 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
INDIANAPOLIS, INDIANA 46204-2769

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Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE 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 *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 below, 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2017-004 and 2017-005 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 Child Nutrition Cluster regarding Special Tests and Provisions - Paid Lunch Equity and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP). Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, 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 the Child Nutrition Cluster for the period of July 1, 2015 to June 30, 2017.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2015 to June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-006. 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-002, 2017-003, 2017-004, 2017-005, and 2017-006, that we consider 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

December 18, 2018

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, 2016 and 2017

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	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			2015-2016	\$ -	\$ 88,141	\$ -	\$ -
School Breakfast Program			2016-2017	-	-	-	92,776
Total - School Breakfast Program				-	88,141	-	92,776
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			2015-2016	-	300,539	-	-
School Lunch Program			2016-2017	-	-	-	320,369
School Lunch Program - Commodities			2015-2016	-	39,194	-	-
School Lunch Program - Commodities			2016-2017	-	-	-	42,037
Total - National School Lunch Program				-	339,733	-	362,406
Total - Child Nutrition Cluster				-	427,874	-	455,182
Total - Department of Agriculture				-	427,874	-	455,182
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
FY 2014 Federal Technical Assistance			99914-048-TA01	-	1,834	-	-
FY 2014 Federal Part B 611			14214-048-PN01	-	7,738	-	-
FY 2015 Federal Part B 611			14215-048-PN01	-	119,916	-	-
FY 2016 Federal Part B 611			14216-048-PN01	-	197,338	-	123,950
FY 2017 Federal Part B 611			14217-048-PN01	-	-	-	221,188
Total - Special Education_Grants to States				-	326,826	-	345,138
Special Education_Preschool Grants	Indiana Department of Education	84.173					
FY 2014 Federal Preschool 619 Grant			45714-048-PN01	-	918	-	-
FY 2015 Federal Preschool 619 Grant			45715-048-PN01	-	203	-	9,917
FY 2016 Federal Preschool 619 Grant			45716-048-PN01	-	-	-	416
FY 2017 Federal Preschool 619 Grant			45717-048-PN01	-	-	-	248
Total - Special Education_Preschool Grants				-	1,121	-	10,581
Total - Special Education Cluster (IDEA)				-	327,947	-	355,719

CLOVERDALE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2016 and 2017

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	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I			S010A140014	-	79,823	-	-
Title I			S010A150014	-	164,159	-	87,960
Title I			S010A160014	-	-	-	176,243
Total - Title I Grants to Local Educational Agencies				-	243,982	-	264,203
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287					
Cohort 6 - Year 2			A58515DL2256	-	38,340	-	-
Cohort 6 - Year 3			A58616DL0184	-	146,049	-	1,934
Cohort 6 - Year 4			S387C150014	-	-	-	162,337
Total - Twenty-First Century Community Learning Centers				-	184,389	-	164,271
Rural Education	Indiana Department of Education	84.358					
Title VI			S358B130014	-	5,331	-	-
Title VI			S358B140014	-	-	-	24,955
Title VI			S358B150014	-	-	-	25,233
Title VI			S358B160014	-	-	-	1,087
Total - Rural Education				-	5,331	-	51,275
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II			S367A140013	-	12,617	-	18,566
Title II			S367A150013	-	15,382	-	30,175
Total - Supporting Effective Instruction State Grants				-	27,999	-	48,741
Total - Department of Education				-	789,648	-	884,209
Total federal awards expended				\$ -	\$ 1,217,522	\$ -	\$ 1,339,391

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, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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 the Uniform Guidance, 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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 Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA 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?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Qualified
Special Education Cluster (IDEA)	Unqualified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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

Section II - Financial Statement Findings

FINDING 2017-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-001.

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 federal award information was entered into Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the SEFA. The Treasurer submitted the grant information into Gateway without an oversight, review, or approval process to ensure the accuracy prior to submission.

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

Context

The lack of controls was a systemic issue throughout the audit period.

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:

"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. . . ."

Cause

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

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA could have remained undetected.

Recommendation

We recommended that the School Corporation's management establish controls related to the preparation of the SEFA.

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)

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-002

Subject: Special Education Cluster (IDEA) - Level of Effort

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-048-PN01, 14215-048-PN01
14216-048-PN01, 14217-048-PN01
99914-048-TA01, 45714-048-PN01
45715-048-PN01, 45716-048-PN01
45717-048-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-002.

Condition

The School Corporation was a member of the Old National Trail Special Services Cooperative (Cooperative). The Cooperative operated the special education programs on behalf of the School Corporation and managed the special education grant funds. Because the grant agreements were between the Indiana Department of Education and the School Corporation, the School Corporation was ultimately responsible for compliance with the grant agreement and the compliance requirements.

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the level of effort - maintenance of effort (MOE) requirements.

The Treasurer prepared the MOE calculation worksheets and submitted them to the Cooperative during the audit period. There was no evidence of an oversight, review, or approval process to ensure the accuracy of the MOE calculations prior to submission to the Cooperative.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

Cause

Management had not developed an effective system of internal controls to ensure compliance with the MOE requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the MOE requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

Views of Responsible Officials

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

FINDING 2017-003

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): 2015-2016, 2016-2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Eligibility, Reporting

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the compliance requirements listed above.

Cash Management

The School Corporation had not designed or implemented an adequate internal control system to ensure that the School Lunch fund monthly cash balances (net cash resources) did not exceed three months average expenditures. There was no oversight, review, or monitoring of the cash balances (net cash resources).

Eligibility

The School Corporation did not have a control procedure in place to ensure the accuracy of the eligibility determinations.

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

Reporting

One person was responsible for the preparation and submission of the Monthly Sponsor Reports, School Food Authority (SFA) Verification Collection Reports, and Annual Financial Reports. There were no controls in place to ensure that the reports were accurate prior to submission.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Cash Management, Eligibility, and Reporting compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and compliance requirements listed above.

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 2017-004

Subject: Child Nutrition Cluster - Special Tests and Provisions - Paid Lunch Equity

Federal Agency: Department of Agriculture

Federal Program: National School Lunch Program

CFDA Number: 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): 2015-2016, 2016-2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity

Audit Findings: Material Weakness, Modified Opinion

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

The School Corporation did not retain its paid lunch equity calculation documentation for either school year; therefore, it could not be determined if the School Corporation was in compliance with the paid lunch equity requirements.

Context

The lack of controls and failure to provide adequate supporting documentation for the paid lunch equity calculations were systemic issues throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 210.15(b) states in part:

"*Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

(6) Records to document compliance with the requirements in § 210.40(e); . . ."

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

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured proper supporting documentation was maintained and made available for audit related to the paid lunch equity requirements.

Effect

The failure to establish an effective internal control system prevented the determination of the School Corporation's compliance with the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation will be maintained and made available for audit related to the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Views of Responsible Officials

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

FINDING 2017-005

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification
of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): 2015-2016, 2016-2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Verification of Free
and Reduced Price Applications (NSLP)

Audit Findings: Material Weakness, Modified Opinion

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

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

The Food Service Director determined eligibility for free and reduced price lunches and also verified those applications. There was no oversight, review, or approval process to ensure that the verification process was accurate and complete.

The verification process was performed on a predetermined percentage of applications. For the 2015-2016 and 2016-2017 school years, a total of 12 applications were verified by the School Corporation officials, as required; however, only 8 were retained for audit.

Context

The lack of controls and failure to retain adequate supporting documentation were systemic issues throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

Cause

Management had not developed a system of internal controls that would have ensured that the School Corporation maintained and made available for audit the documentation necessary to support the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

Effect

The failure to provide adequate supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation related to the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) will be maintained 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.

FINDING 2017-006

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): 2015-2016, 2016-2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation had not established an effective internal control system to ensure compliance with the suspension and debarment requirements. There were no controls in place to ensure that vendors were not suspended or debarred from participation in federal programs.

The School Corporation did not perform any procedures to verify that three of four applicable vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the suspension and debarment requirements.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement or the procurement and debarment requirements 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 to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

Clverdale Community School Corporation

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

Greg Linton
Superintendent

Cathy Ames
Curriculum Director

Lynn Lotz
Executive Secretary

Mendy Shrout
Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE
Contact Person Responsible for Corrective Action: Mendy Shrout
Contact Phone Number: 765-795-4664

Status of Audit Finding:

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

The Corporation Treasurer works with the Superintendent to review and approve the financial data before it is submitted formally for the corporation. A copy of the SEFA report is printed, signed by the Superintendent, and retained for Audit beginning October 31, 2017.

FINDING 2015-002 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE
Contact Person Responsible for Corrective Action: Mendy Shrout
Contact Phone Number: 765-795-4664

Status of Audit Finding:

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

FINDING 2015-003 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE
Contact Person Responsible for Corrective Action: Mendy Shrout
Contact Phone Number: 765-795-4664

Status of Audit Finding:

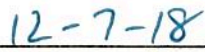
The Cloverdale Community School Corporation has establish internal controls to ensure compliance with Allowable Costs/Cost Principles compliance requirements concerning time and effort reporting. Semi-Annual Certifications will be prepared by the Corporation Treasurer for employees paid entirely from the Federal grants. Personal Activity Reports or other appropriate documentation will be required from employees paid from multiple sources including Federal programs. Personal Activity Reports will be signed by the Superintendent or Program Director.



(Signature)



(Title)



(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

Cloverdale Community School Corporation

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Lynn Lotz
Executive Secretary

Mendy Shrout
Treasurer

December 18, 2018

CORRECTIVE ACTION PLAN

Finding 2017-001

Contact Person Responsible for Corrective Action: Greg Linton
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: Began October 31, 2017

Finding 2017-002

Contact Person Responsible for Corrective Action: Greg Linton
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 expenditures for calculating MOE. The treasurer will prepare the Special Education Part B, Part 2 application and MOE.

The Corporation Treasurer will work with the Superintendent to review and approve the financial data before it is submitted formally for the corporation to Old National Trail Special Services for grant application. A copy of the MOE will be printed, signed by the Superintendent, and retained for Audit.

Anticipated Completion Date: Began August 2018

Finding 2017-003

Contact Person Responsible for Corrective Action: Greg Linton
Contact Phone Number: 765-795-4664

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Cash Management

Food Service Director will maintain a spreadsheet monthly to monitor School Lunch Fund cash balances to ensure cash balance does not exceed three-month average expenditures. The Corporation Secretary and/or Corporation Treasurer will verify, date and initial the monthly spreadsheet.

Eligibility

Food Service Director will print the free/reduced applications from Harmony and any applications turned in to the Food Service Director. The Food Service Director will have the Cafeteria Secretary verify and initial each application. The Food Service Director will verify and sign each application to make sure eligibility is met.

Reporting

Food Service Director will prepare monthly reports, verification certification reports and annual financial reports. Food Service Director will submit each of these reports to the Corporation Secretary and/or Corporation Treasurer to verify, date and initial.

Anticipated Completion Date: January 2019

Finding 2017-004

Contact Person Responsible for Corrective Action: Greg Linton
Contact Phone Number: 765-795-4664

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Each school year the Food Service Director will complete the Paid Lunch Equity calculation to see if the corporation needs to raise paid lunches prices. After completing this calculation the Food Service Director will verify with the Corporation Secretary and/or Corporation Treasurer to check calculations, date and initial. After verification the Food Service Director will save and file for that school year.

Anticipated Completion Date: January 2019

Finding 2017-005

Contact Person Responsible for Corrective Action: Greg Linton
Contact Phone Number: 765-795-4664

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Verification is a requirement for the National School Lunch Program and the Food Service Director will conduct a verification each school year. Food Service Director will perform verification on a percentage of applications. After the Food Service Director completes his verification and signs the verification form, he will submit his verification/findings to the Corporation Secretary and/or Corporation Treasurer to verify, date and initial before submitting for approval. Once the verification is complete the Food Service Director will keep all applications and verification paperwork in a separate file for each school year.

Anticipated Completion Date: January 2019

Finding 2017-006

Contact Person Responsible for Corrective Action: Greg Linton
Contact Phone Number: 765-795-4664

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Food Service Director will inquire with the Procurement site, State Nutrition site and Food companies to make sure that all vendors are in good standing. Food Service Director will check with the school corporation office to verify they have not received a letter of debarred or suspension. Also, the Food Service Director will check the sam.gov website for Suspension and Debarment of vendors.

Anticipated Completion Date: January 2019



(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/>.