

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH LAWRENCE COMMUNITY SCHOOLS
LAWRENCE COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
03/08/2013

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|--|-------------|
| Schedule of Officials | 2 |
| Independent Auditor's Report | 3-4 |
| 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 | 5-6 |
| Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis | 9 |
| Notes to Financial Statement | 10-15 |
| Supplementary Information - Unaudited: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis | 18-29 |
| Schedule of Leases and Debt | 31 |
| Audit Results and Comments: Unsupported Payments for Compensation, Benefits, and Mileage | 32-33 |
| Overdrawn Fund Balances | 33 |
| Capital Asset Records | 33 |
| Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 | 36-37 |
| Schedule of Expenditures of Federal Awards | 40-41 |
| Notes to Schedule of Expenditures of Federal Awards | 42 |
| Schedule of Findings and Questioned Costs | 43-46 |
| Auditee Prepared Schedule: Corrective Action Plan | 47-48 |
| Exit Conference | 49 |

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|---|--|
| Treasurer | Jennie Edwards Michele Cox | 07-01-10 to 09-30-10 10-01-10 to 06-30-13 |
| Superintendent of Schools | Dr. Dennis D. Turner | 07-01-10 to 06-30-14 |
| President of the School Board | Brad Flinn Jeff Lambrecht James Gary Holmes | 07-01-10 to 12-31-10 01-01-11 to 12-31-12 01-01-13 to 12-31-13 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTH LAWRENCE COMMUNITY
SCHOOLS, LAWRENCE COUNTY, INDIANA

We have audited the accompanying financial statement of the North Lawrence Community Schools (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated February 21, 2013, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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



Bruce Hartman
State Examiner

February 21, 2013



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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 NORTH LAWRENCE COMMUNITY
SCHOOLS, LAWRENCE COUNTY, INDIANA

We have audited the financial statement of the North Lawrence Community Schools (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 21, 2013, 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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.

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



Bruce Hartman
State Examiner

February 21, 2013

FINANCIAL STATEMENT

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

φ

(This page intentionally left blank.)

NORTH LAWRENCE COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

| | Cash and Investments 07-01-10 | | Other Financing Sources (Uses) | | Cash and Investments 06-30-11 | | Other Financing Sources (Uses) | | Cash and Investments 06-30-12 | |
|--|----------------------------------|----------------------|-----------------------------------|-----------------|----------------------------------|----------------------|-----------------------------------|-----------------|----------------------------------|---------------|
| | Receipts | Disbursements | Receipts | Disbursements | Receipts | Disbursements | Receipts | Disbursements | Receipts | Disbursements |
| General | \$ 2,399,147 | \$ 31,368,632 | \$ 31,374,745 | \$ 7,260 | \$ 2,400,294 | \$ 32,313,557 | \$ 33,553,213 | \$ 2,103 | \$ 1,162,741 | |
| Debt Service | 2,852,269 | 5,553,884 | 5,172,877 | (59,627) | 3,173,649 | 4,399,234 | 4,990,518 | (18,929) | 2,563,436 | |
| Retirement/Severance Bond Debt Service | 76,623 | 943,781 | 883,482 | - | 136,922 | 1,004,840 | 883,054 | 3,830 | 262,538 | |
| Capital Projects | 3,495,664 | 4,178,999 | 3,926,624 | - | 3,748,039 | 2,406,694 | 3,928,119 | 13,434 | 2,240,048 | |
| School Transportation | 2,857,912 | 3,457,630 | 3,586,350 | 17,905 | 2,747,097 | 3,438,057 | 3,187,648 | 65,567 | 3,063,073 | |
| School Bus Replacement | 580,540 | 257,006 | 104,358 | (200,000) | 533,188 | 383,248 | 464,735 | 1,059 | 452,760 | |
| Rainy Day | 883,546 | 1 | - | 221,281 | 1,104,828 | - | - | - | 1,104,828 | |
| Retirement/Severance Bond | 581,027 | 1,642 | 62,731 | - | 519,938 | 542 | 11,827 | - | 508,653 | |
| Post-Retirement/Severance Future Benefits | 400,000 | - | 400,000 | - | - | - | - | - | - | |
| School Lunch | 258,271 | 2,335,933 | 2,345,098 | 55 | 249,161 | 2,597,959 | 2,621,160 | 3,163 | 229,123 | |
| Textbook Rental | 474,579 | 649,227 | 504,357 | 59,627 | 679,076 | 742,478 | 901,585 | 42,679 | 562,648 | |
| Self-Insurance | 1,876,266 | 4,187,023 | 3,613,744 | - | 2,449,545 | 4,168,471 | 5,034,301 | - | 1,583,715 | |
| Levy Excess | - | 43,543 | - | - | 43,543 | - | - | (43,543) | - | |
| Joint Services and Supply - Special Education Cooperative | (255,430) | 1,095,565 | 1,348,366 | - | (508,231) | 1,583,801 | 1,463,716 | - | (388,146) | |
| Joint Services and Supply - Area Vocational School | - | 1,391,213 | 1,391,213 | - | - | 1,471,409 | 1,471,409 | - | - | |
| Alternative Education | 16,145 | 6,021 | 16,560 | - | 5,606 | 20,428 | - | - | 26,034 | |
| SAFE School Haven | - | 11,300 | 12,000 | - | (700) | 12,089 | 11,389 | - | - | |
| Donation Funds | 339 | 1,000 | 818 | - | 521 | 2,553 | 1,625 | - | 1,449 | |
| Donations/Wetlands | 3,454 | - | - | - | 3,454 | - | - | - | 3,454 | |
| Community Reading Project | 366 | 4,040 | 4,715 | - | (309) | 3,715 | 2,209 | - | 1,197 | |
| Hutton Library Books | 593 | - | - | - | 593 | - | - | - | 593 | |
| Other Donation Funds | 8,577 | - | 1,073 | - | 7,504 | - | 1,295 | - | 6,209 | |
| Cultural Arts | 3,453 | 3,545 | 3,709 | - | 3,289 | 5,501 | 4,217 | - | 4,573 | |
| Bloomington Arts Council | 135 | - | - | - | 135 | - | - | - | 135 | |
| Scholarships and Awards | 114,850 | 61,936 | 67,500 | - | 109,286 | 61,008 | 70,000 | - | 100,294 | |
| Pritchett Donation NLCC | 3,265 | - | - | - | 3,265 | - | - | - | 3,265 | |
| Pritchett Donation BLDG | 2 | - | - | - | 2 | - | - | - | 2 | |
| Instruction Support | 75,265 | - | 21,645 | - | 53,620 | - | 18,203 | - | 35,417 | |
| Gifted and Talented 10/11 | 11,830 | 47,468 | 47,341 | - | 11,957 | 46,100 | 41,077 | - | 16,980 | |
| Non-English Speaking Programs P.L. 273-1999 | 761 | - | - | - | 761 | - | - | - | 761 | |
| School Technology | 40,583 | 108,637 | 33,740 | - | 115,480 | 110,321 | 120,919 | - | 104,882 | |
| Excess PTRC Distributions | - | 56,658 | - | - | 56,658 | 48,072 | - | (56,658) | 48,072 | |
| Title I | 42,954 | 1,130,313 | 1,198,355 | (17,905) | (42,993) | 1,147,949 | 1,114,128 | (7,439) | (16,611) | |
| (IDEA, Part B) LEA Capacity Building (Sliver) Grants | 14,644 | 2,031,639 | 2,149,711 | (13,374) | (116,802) | 2,614,657 | 2,569,353 | - | (71,498) | |
| Federal Assistance Educational Preschool Handicapped | 3,450 | 91,548 | 102,157 | - | (7,159) | 105,225 | 100,832 | - | (2,766) | |
| Drug Free Schools | 247 | - | 247 | - | - | 3,755 | 3,755 | - | - | |
| PR 84.184B Mentor Program 2007-2008 | 1,653 | 99,823 | 95,714 | - | 5,762 | 5,238 | 11,000 | - | - | |
| Vocational and Technical Board Grants | (10,495) | 178,399 | 180,772 | - | (12,868) | 235,023 | 227,231 | - | (5,076) | |
| Other Federal Programs | (428) | 2,308 | 3,190 | - | (1,310) | 640 | 1,426 | - | (2,096) | |
| Improving Teaching Quality, No Child Left, Title II, Part A | 58,917 | 152,423 | 222,594 | - | (11,254) | 211,572 | 214,794 | - | (14,476) | |
| ITQ, Enhanced Education Through Technology, Title II, Part D | 31 | 85,531 | 86,239 | - | (677) | 58,639 | 57,562 | - | 400 | |
| Title I - Grants to LEAs | - | 296,380 | 290,460 | (7,907) | (1,987) | 51,864 | 40,596 | - | 9,281 | |
| Special Education - Part B | 7,075 | 827,479 | 858,165 | - | (23,611) | 641,483 | 617,872 | - | - | |
| Special Education - Part B - Preschool | 1,248 | 31,662 | 32,909 | - | 1 | 5,971 | 5,972 | - | - | |
| Education Jobs | - | - | 15,630 | - | (15,630) | 978,292 | 962,642 | - | 20 | |
| Payroll Clearing Accounts | 166,702 | 9,834,414 | 9,837,280 | - | 163,836 | 9,949,087 | 9,880,890 | - | 232,033 | |
| Prepaid Lunch Trust | 10,567 | 5,076 | - | - | 15,643 | 2,565 | - | - | 18,208 | |
| Totals | \$ 17,056,597 | \$ 70,531,679 | \$ 69,996,469 | \$ 7,315 | \$ 17,599,122 | \$ 70,832,037 | \$ 74,590,272 | \$ 5,266 | \$ 13,846,153 | |

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

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient, and self-insurance payments.

F. Other Financing Sources and Uses

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

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

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

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teacher's Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains funds with deficits in cash. This is a result of funds being set up as reimbursable grants/activities. The reimbursement for expenditures made by the School Corporation was not received by June 30, 2011 and 2012.

Note 8. Restatements and Reclassifications

For the period ended June 30, 2012, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated and reclassified beginning balances by fund. The new funds are payroll clearing accounts and prepaid lunch trust accounts that have not been reflected on the School Corporation's financial statement until the current reporting period.

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

| Fund | Balance as Reported June 30, 2010 | New Funds | Balance as Restated July 1, 2010 |
|---------------------------|--|------------|---|
| Payroll Clearing Accounts | \$ - | \$ 166,702 | \$ 166,702 |
| Prepaid Lunch Trust | - | 10,567 | 10,567 |

Note 9. Holding Corporation

The School Corporation has entered into a capital lease with North Lawrence School Improvement Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ending June 30, 2011, and June 30, 2012, totaled \$2,931,000 and \$3,411,000, respectively.

The School Corporation has entered into a capital lease with North Lawrence Multi School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ending June 30, 2011, and June 30, 2012, totaled \$2,120,000 and \$1,060,000, respectively.

(This page intentionally left blank.)

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

NORTH LAWRENCE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

| | General | Debt Service | Retirement/ Severance Bond Debt Service | Capital Projects | School Transportation | School Bus Replacement | Rainy Day | Retirement/ Severance Bond |
|---|---------------------|---------------------|---|---------------------|--------------------------|------------------------------|---------------------|----------------------------------|
| Cash and investments - beginning | \$ 2,399,147 | \$ 2,852,269 | \$ 76,623 | \$ 3,495,664 | \$ 2,857,912 | \$ 580,540 | \$ 883,546 | \$ 581,027 |
| Receipts: | | | | | | | | |
| Local sources | 787,017 | 5,481,296 | 850,577 | 3,137,867 | 3,400,787 | 251,388 | 1 | 1,642 |
| Intermediate sources | 56 | - | - | - | - | - | - | - |
| State sources | 30,471,991 | 72,588 | 93,204 | 40,917 | 43,489 | 5,618 | - | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Temporary loans | - | - | - | 1,000,215 | - | - | - | - |
| Other | 109,568 | - | - | - | 13,354 | - | - | - |
| Total receipts | <u>31,368,632</u> | <u>5,553,884</u> | <u>943,781</u> | <u>4,178,999</u> | <u>3,457,630</u> | <u>257,006</u> | <u>1</u> | <u>1,642</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 22,146,953 | - | - | - | - | - | - | 40,741 |
| Support services | 8,927,839 | - | - | 1,769,389 | 3,085,357 | 104,358 | - | 21,990 |
| Noninstructional services | 299,953 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | 1,174,216 | - | - | - | - |
| Debt services | - | 5,172,877 | 883,482 | 983,019 | 500,993 | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>31,374,745</u> | <u>5,172,877</u> | <u>883,482</u> | <u>3,926,624</u> | <u>3,586,350</u> | <u>104,358</u> | <u>-</u> | <u>62,731</u> |
| Excess (deficiency) of receipts over disbursements | <u>(6,113)</u> | <u>381,007</u> | <u>60,299</u> | <u>252,375</u> | <u>(128,720)</u> | <u>152,648</u> | <u>1</u> | <u>(61,089)</u> |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | 7,260 | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | 17,905 | - | 221,281 | - |
| Transfers out | - | (59,627) | - | - | - | (200,000) | - | - |
| Total other financing sources (uses) | <u>7,260</u> | <u>(59,627)</u> | <u>-</u> | <u>-</u> | <u>17,905</u> | <u>(200,000)</u> | <u>221,281</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>1,147</u> | <u>321,380</u> | <u>60,299</u> | <u>252,375</u> | <u>(110,815)</u> | <u>(47,352)</u> | <u>221,282</u> | <u>(61,089)</u> |
| Cash and investments - ending | <u>\$ 2,400,294</u> | <u>\$ 3,173,649</u> | <u>\$ 136,922</u> | <u>\$ 3,748,039</u> | <u>\$ 2,747,097</u> | <u>\$ 533,188</u> | <u>\$ 1,104,828</u> | <u>\$ 519,938</u> |

NORTH LAWRENCE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

| | Post Retirement/ Severance Future Benefits | School Lunch | Textbook Rental | Self- Insurance | Levy Excess | Joint Services and Supply Special Education Cooperative | Joint Services and Supply Area Vocational School | Alternative Education |
|---|--|-----------------|--------------------|--------------------|----------------|--|---|--------------------------|
| Cash and investments - beginning | \$ 400,000 | \$ 258,271 | \$ 474,579 | \$ 1,876,266 | \$ - | \$ (255,430) | \$ - | \$ 16,145 |
| Receipts: | | | | | | | | |
| Local sources | - | 1,092,713 | 505,379 | 2,613,124 | 43,543 | 1,094,528 | 1,391,213 | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | 25,392 | 143,848 | - | - | - | - | 6,021 |
| Federal sources | - | 1,211,232 | - | - | - | - | - | - |
| Temporary loans | - | - | - | - | - | - | - | - |
| Other | - | 6,596 | - | 1,573,899 | - | 1,037 | - | - |
| Total receipts | - | 2,335,933 | 649,227 | 4,187,023 | 43,543 | 1,095,565 | 1,391,213 | 6,021 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 380,000 | - | - | - | - | 258,149 | 1,189,098 | 16,560 |
| Support services | 20,000 | 646 | 504,357 | 2,676 | - | 1,084,217 | 202,115 | - |
| Noninstructional services | - | 2,180,957 | - | - | - | - | - | - |
| Facilities acquisition and construction | - | 163,495 | - | - | - | 6,000 | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | 3,611,068 | - | - | - | - |
| Total disbursements | 400,000 | 2,345,098 | 504,357 | 3,613,744 | - | 1,348,366 | 1,391,213 | 16,560 |
| Excess (deficiency) of receipts over disbursements | (400,000) | (9,165) | 144,870 | 573,279 | 43,543 | (252,801) | - | (10,539) |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | - | 55 | - | - | - | - | - | - |
| Transfers in | - | - | 59,627 | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | 55 | 59,627 | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (400,000) | (9,110) | 204,497 | 573,279 | 43,543 | (252,801) | - | (10,539) |
| Cash and investments - ending | \$ - | \$ 249,161 | \$ 679,076 | \$ 2,449,545 | \$ 43,543 | \$ (508,231) | \$ - | \$ 5,606 |

NORTH LAWRENCE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

| | SAFE School Haven | Donation Funds | Donations/ Wetlands | Community Reading Project | Hutton Library Books | Other Donation Funds | Cultural Arts | Bloomington Arts Council |
|---|-------------------------|-------------------|------------------------|------------------------------|-------------------------|-------------------------|------------------|-----------------------------|
| Cash and investments - beginning | \$ - | \$ 339 | \$ 3,454 | \$ 366 | \$ 593 | \$ 8,577 | \$ 3,453 | \$ 135 |
| Receipts: | | | | | | | | |
| Local sources | - | 1,000 | - | 4,040 | - | - | 3,545 | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | 11,300 | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Temporary loans | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | <u>11,300</u> | <u>1,000</u> | <u>-</u> | <u>4,040</u> | <u>-</u> | <u>-</u> | <u>3,545</u> | <u>-</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | - | - | - | - | - | - |
| Support services | 12,000 | - | - | 4,715 | - | - | 3,709 | - |
| Noninstructional services | - | 818 | - | - | - | 1,073 | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>12,000</u> | <u>818</u> | <u>-</u> | <u>4,715</u> | <u>-</u> | <u>1,073</u> | <u>3,709</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>(700)</u> | <u>182</u> | <u>-</u> | <u>(675)</u> | <u>-</u> | <u>(1,073)</u> | <u>(164)</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(700)</u> | <u>182</u> | <u>-</u> | <u>(675)</u> | <u>-</u> | <u>(1,073)</u> | <u>(164)</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ (700)</u> | <u>\$ 521</u> | <u>\$ 3,454</u> | <u>\$ (309)</u> | <u>\$ 593</u> | <u>\$ 7,504</u> | <u>\$ 3,289</u> | <u>\$ 135</u> |

NORTH LAWRENCE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

| | Scholarships and Awards | Pritchett Donation NLCC | Pritchett Donation BLDG | Instruction Support | Gifted and Talented 10/11 | Non-English Speaking Programs P.L. 273-1999 | School Technology | Excess PTRC Distributions |
|---|-------------------------------|----------------------------|----------------------------|------------------------|------------------------------|--|----------------------|---------------------------------|
| Cash and investments - beginning | \$ 114,850 | \$ 3,265 | \$ 2 | \$ 75,265 | \$ 11,830 | \$ 761 | \$ 40,583 | \$ - |
| Receipts: | | | | | | | | |
| Local sources | 61,936 | - | - | - | - | - | 104,804 | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | 47,468 | - | 3,833 | 56,658 |
| Federal sources | - | - | - | - | - | - | - | - |
| Temporary loans | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | <u>61,936</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>47,468</u> | <u>-</u> | <u>108,637</u> | <u>56,658</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | - | - | 47,195 | - | - | - |
| Support services | - | - | - | 21,645 | 146 | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | 33,740 | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | 67,500 | - | - | - | - | - | - | - |
| Total disbursements | <u>67,500</u> | <u>-</u> | <u>-</u> | <u>21,645</u> | <u>47,341</u> | <u>-</u> | <u>33,740</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>(5,564)</u> | <u>-</u> | <u>-</u> | <u>(21,645)</u> | <u>127</u> | <u>-</u> | <u>74,897</u> | <u>56,658</u> |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(5,564)</u> | <u>-</u> | <u>-</u> | <u>(21,645)</u> | <u>127</u> | <u>-</u> | <u>74,897</u> | <u>56,658</u> |
| Cash and investments - ending | <u>\$ 109,286</u> | <u>\$ 3,265</u> | <u>\$ 2</u> | <u>\$ 53,620</u> | <u>\$ 11,957</u> | <u>\$ 761</u> | <u>\$ 115,480</u> | <u>\$ 56,658</u> |

NORTH LAWRENCE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

| | Title I | (IDEA, Part B) LEA Capacity Building (Sliver) Grants | Federal Assistance Educational Preschool Handicapped | Drug Free Schools | PR 84.184B Mentor Program 2007-2008 | Vocational and Technical Board Grants | Other Federal Programs | Improving Teaching Quality No Child Left Title II, Part A |
|---|--------------------|--|--|-------------------------|---|---|------------------------------|--|
| Cash and investments - beginning | \$ 42,954 | \$ 14,644 | \$ 3,450 | \$ 247 | \$ 1,653 | \$ (10,495) | \$ (428) | \$ 58,917 |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - |
| Federal sources | 1,130,313 | 2,031,639 | 91,548 | - | 99,823 | 178,399 | - | 152,423 |
| Temporary loans | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | 2,308 | - |
| Total receipts | <u>1,130,313</u> | <u>2,031,639</u> | <u>91,548</u> | <u>-</u> | <u>99,823</u> | <u>178,399</u> | <u>2,308</u> | <u>152,423</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 1,058,721 | 1,732,061 | 53,885 | 247 | 80,432 | 58,114 | - | 199,012 |
| Support services | 123,275 | 417,650 | 48,272 | - | 15,282 | 122,658 | 3,190 | 23,582 |
| Noninstructional services | 16,359 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>1,198,355</u> | <u>2,149,711</u> | <u>102,157</u> | <u>247</u> | <u>95,714</u> | <u>180,772</u> | <u>3,190</u> | <u>222,594</u> |
| Excess (deficiency) of receipts over disbursements | <u>(68,042)</u> | <u>(118,072)</u> | <u>(10,609)</u> | <u>(247)</u> | <u>4,109</u> | <u>(2,373)</u> | <u>(882)</u> | <u>(70,171)</u> |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | (17,905) | (13,374) | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>(17,905)</u> | <u>(13,374)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(85,947)</u> | <u>(131,446)</u> | <u>(10,609)</u> | <u>(247)</u> | <u>4,109</u> | <u>(2,373)</u> | <u>(882)</u> | <u>(70,171)</u> |
| Cash and investments - ending | <u>\$ (42,993)</u> | <u>\$ (116,802)</u> | <u>\$ (7,159)</u> | <u>\$ -</u> | <u>\$ 5,762</u> | <u>\$ (12,868)</u> | <u>\$ (1,310)</u> | <u>\$ (11,254)</u> |

NORTH LAWRENCE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

| | ITQ Enhanced Education Through Technology Title II, Part D | Title I Grants to LEAs | Special Education Part B | Special Education Part B Preschool | Education Jobs | Payroll Clearing Accounts | Prepaid Lunch Trusts | Totals |
|---|---|------------------------------|--------------------------------|---|-------------------|---------------------------------|-------------------------|---------------|
| Cash and investments - beginning | \$ 31 | \$ - | \$ 7,075 | \$ 1,248 | \$ - | \$ 166,702 | \$ 10,567 | \$ 17,056,597 |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | 20,826,400 |
| Intermediate sources | - | - | - | - | - | - | - | 56 |
| State sources | - | - | - | - | - | - | - | 31,022,327 |
| Federal sources | 85,531 | 296,380 | 827,479 | 31,662 | - | - | - | 6,136,429 |
| Temporary loans | - | - | - | - | - | - | - | 1,000,215 |
| Other | - | - | - | - | - | 9,834,414 | 5,076 | 11,546,252 |
| Total receipts | 85,531 | 296,380 | 827,479 | 31,662 | - | 9,834,414 | 5,076 | 70,531,679 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | 108,633 | 798,165 | 32,909 | 15,630 | - | - | 28,216,505 |
| Support services | 86,239 | 176,742 | 60,000 | - | - | - | - | 16,842,049 |
| Noninstructional services | - | 5,085 | - | - | - | - | - | 2,504,245 |
| Facilities acquisition and construction | - | - | - | - | - | - | - | 1,377,451 |
| Debt services | - | - | - | - | - | - | - | 7,540,371 |
| Nonprogrammed charges | - | - | - | - | - | 9,837,280 | - | 13,515,848 |
| Total disbursements | 86,239 | 290,460 | 858,165 | 32,909 | 15,630 | 9,837,280 | - | 69,996,469 |
| Excess (deficiency) of receipts over disbursements | (708) | 5,920 | (30,686) | (1,247) | (15,630) | (2,866) | 5,076 | 535,210 |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | 7,315 |
| Transfers in | - | - | - | - | - | - | - | 298,813 |
| Transfers out | - | (7,907) | - | - | - | - | - | (298,813) |
| Total other financing sources (uses) | - | (7,907) | - | - | - | - | - | 7,315 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (708) | (1,987) | (30,686) | (1,247) | (15,630) | (2,866) | 5,076 | 542,525 |
| Cash and investments - ending | \$ (677) | \$ (1,987) | \$ (23,611) | \$ 1 | \$ (15,630) | \$ 163,836 | \$ 15,643 | \$ 17,599,122 |

NORTH LAWRENCE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012

| | General | Debt Service | Retirement/ Severance Bond Debt Service | Capital Projects | School Transportation | School Bus Replacement | Rainy Day | Retirement/ Severance Bond |
|---|---------------------|---------------------|---|---------------------|--------------------------|------------------------------|---------------------|----------------------------------|
| Cash and investments - beginning | \$ 2,400,294 | \$ 3,173,649 | \$ 136,922 | \$ 3,748,039 | \$ 2,747,097 | \$ 533,188 | \$ 1,104,828 | \$ 519,938 |
| Receipts: | | | | | | | | |
| Local sources | 701,989 | 4,399,234 | 1,004,840 | 2,406,694 | 3,426,458 | 383,248 | - | 542 |
| Intermediate sources | 63 | - | - | - | - | - | - | - |
| State sources | 31,449,623 | - | - | - | - | - | - | - |
| Federal sources | 152,000 | - | - | - | - | - | - | - |
| Other | 9,882 | - | - | - | 11,599 | - | - | - |
| Total receipts | <u>32,313,557</u> | <u>4,399,234</u> | <u>1,004,840</u> | <u>2,406,694</u> | <u>3,438,057</u> | <u>383,248</u> | <u>-</u> | <u>542</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 24,256,941 | - | - | - | 5,100 | - | - | 7,344 |
| Support services | 8,998,392 | 400,273 | 14,364 | 1,890,553 | 3,182,548 | 464,735 | - | 4,483 |
| Noninstructional services | 297,880 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | 1,037,351 | - | - | - | - |
| Debt services | - | 4,590,245 | 868,690 | 1,000,215 | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>33,553,213</u> | <u>4,990,518</u> | <u>883,054</u> | <u>3,928,119</u> | <u>3,187,648</u> | <u>464,735</u> | <u>-</u> | <u>11,827</u> |
| Excess (deficiency) of receipts over disbursements | <u>(1,239,656)</u> | <u>(591,284)</u> | <u>121,786</u> | <u>(1,521,425)</u> | <u>250,409</u> | <u>(81,487)</u> | <u>-</u> | <u>(11,285)</u> |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | 2,103 | - | - | - | - | - | - | - |
| Transfers in | - | 23,750 | 3,830 | 13,434 | 65,567 | 1,059 | - | - |
| Transfers out | - | (42,679) | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>2,103</u> | <u>(18,929)</u> | <u>3,830</u> | <u>13,434</u> | <u>65,567</u> | <u>1,059</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(1,237,553)</u> | <u>(610,213)</u> | <u>125,616</u> | <u>(1,507,991)</u> | <u>315,976</u> | <u>(80,428)</u> | <u>-</u> | <u>(11,285)</u> |
| Cash and investments - ending | <u>\$ 1,162,741</u> | <u>\$ 2,563,436</u> | <u>\$ 262,538</u> | <u>\$ 2,240,048</u> | <u>\$ 3,063,073</u> | <u>\$ 452,760</u> | <u>\$ 1,104,828</u> | <u>\$ 508,653</u> |

NORTH LAWRENCE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

| | Post Retirement/ Severance Future Benefits | School Lunch | Textbook Rental | Self- Insurance | Levy Excess | Joint Services and Supply Special Education Cooperative | Joint Services and Supply Area Vocational School | Alternative Education |
|---|--|-----------------|--------------------|--------------------|----------------|--|---|--------------------------|
| Cash and investments - beginning | \$ - | \$ 249,161 | \$ 679,076 | \$ 2,449,545 | \$ 43,543 | \$ (508,231) | \$ - | \$ 5,606 |
| Receipts: | | | | | | | | |
| Local sources | - | 1,165,619 | 545,728 | 2,567,234 | - | 1,582,584 | 1,470,307 | 20,428 |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | 25,404 | 196,750 | - | - | - | - | - |
| Federal sources | - | 1,397,152 | - | - | - | - | - | - |
| Other | - | 9,784 | - | 1,601,237 | - | 1,217 | 1,102 | - |
| Total receipts | - | 2,597,959 | 742,478 | 4,168,471 | - | 1,583,801 | 1,471,409 | 20,428 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | - | - | - | 361,060 | 1,272,747 | - |
| Support services | - | 889 | 901,585 | - | - | 1,091,656 | 198,662 | - |
| Noninstructional services | - | 2,462,739 | - | - | - | - | - | - |
| Facilities acquisition and construction | - | 157,532 | - | - | - | 11,000 | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | 5,034,301 | - | - | - | - |
| Total disbursements | - | 2,621,160 | 901,585 | 5,034,301 | - | 1,463,716 | 1,471,409 | - |
| Excess (deficiency) of receipts over disbursements | - | (23,201) | (159,107) | (865,830) | - | 120,085 | - | 20,428 |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | - | 3,163 | - | - | - | - | - | - |
| Transfers in | - | - | 42,679 | - | - | - | - | - |
| Transfers out | - | - | - | - | (43,543) | - | - | - |
| Total other financing sources (uses) | - | 3,163 | 42,679 | - | (43,543) | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | (20,038) | (116,428) | (865,830) | (43,543) | 120,085 | - | 20,428 |
| Cash and investments - ending | \$ - | \$ 229,123 | \$ 562,648 | \$ 1,583,715 | \$ - | \$ (388,146) | \$ - | \$ 26,034 |

NORTH LAWRENCE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

| | SAFE School Haven | Donation Funds | Donations/ Wetlands | Community Reading Project | Hutton Library Books | Other Donation Funds | Cultural Arts | Bloomington Arts Council |
|---|-------------------------|-------------------|------------------------|------------------------------|-------------------------|-------------------------|------------------|-----------------------------|
| Cash and investments - beginning | \$ (700) | \$ 521 | \$ 3,454 | \$ (309) | \$ 593 | \$ 7,504 | \$ 3,289 | \$ 135 |
| Receipts: | | | | | | | | |
| Local sources | - | 1,070 | - | 3,715 | - | - | 5,501 | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | 12,089 | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Other | - | 1,483 | - | - | - | - | - | - |
| Total receipts | 12,089 | 2,553 | - | 3,715 | - | - | 5,501 | - |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | 1,575 | - | - | - | - | - | - |
| Support services | 11,389 | - | - | 2,209 | - | - | 4,217 | - |
| Noninstructional services | - | 50 | - | - | - | 1,295 | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | 11,389 | 1,625 | - | 2,209 | - | 1,295 | 4,217 | - |
| Excess (deficiency) of receipts over disbursements | 700 | 928 | - | 1,506 | - | (1,295) | 1,284 | - |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 700 | 928 | - | 1,506 | - | (1,295) | 1,284 | - |
| Cash and investments - ending | \$ - | \$ 1,449 | \$ 3,454 | \$ 1,197 | \$ 593 | \$ 6,209 | \$ 4,573 | \$ 135 |

NORTH LAWRENCE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

| | Scholarships and Awards | Pritchett Donation NLCC | Pritchett Donation BLDG | Instruction Support | Gifted and Talented 10/11 | Non-English Speaking Programs P.L. 273-1999 | School Technology | Excess PTRC Distributions |
|---|-------------------------------|----------------------------|----------------------------|------------------------|------------------------------|--|----------------------|---------------------------------|
| Cash and investments - beginning | \$ 109,286 | \$ 3,265 | \$ 2 | \$ 53,620 | \$ 11,957 | \$ 761 | \$ 115,480 | \$ 56,658 |
| Receipts: | | | | | | | | |
| Local sources | 61,008 | - | - | - | - | - | 106,047 | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | 46,100 | - | 4,274 | 48,072 |
| Federal sources | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | 61,008 | - | - | - | 46,100 | - | 110,321 | 48,072 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | - | - | 41,077 | - | - | - |
| Support services | - | - | - | 18,203 | - | - | 226 | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | 120,693 | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | 70,000 | - | - | - | - | - | - | - |
| Total disbursements | 70,000 | - | - | 18,203 | 41,077 | - | 120,919 | - |
| Excess (deficiency) of receipts over disbursements | (8,992) | - | - | (18,203) | 5,023 | - | (10,598) | 48,072 |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | (56,658) |
| Total other financing sources (uses) | - | - | - | - | - | - | - | (56,658) |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (8,992) | - | - | (18,203) | 5,023 | - | (10,598) | (8,586) |
| Cash and investments - ending | \$ 100,294 | \$ 3,265 | \$ 2 | \$ 35,417 | \$ 16,980 | \$ 761 | \$ 104,882 | \$ 48,072 |

NORTH LAWRENCE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

| | Title I | (IDEA, Part B) LEA Capacity Building (Sliver) Grants | Federal Assistance Educational Preschool Handicapped | Drug Free Schools | PR 84.184B Mentor Program 2007-2008 | Vocational and Technical Board Grants | Other Federal Programs | Improving Teaching Quality No Child Left Title II, Part A |
|---|--------------------|--|--|-------------------------|---|---|------------------------------|--|
| Cash and investments - beginning | \$ (42,993) | \$ (116,802) | \$ (7,159) | \$ - | \$ 5,762 | \$ (12,868) | \$ (1,310) | \$ (11,254) |
| Receipts: | | | | | | | | |
| Local sources | 1,516 | - | - | - | - | - | - | 135 |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - |
| Federal sources | 1,146,433 | 2,614,657 | 105,225 | 3,755 | 5,238 | 235,023 | 61 | 211,437 |
| Other | - | - | - | - | - | - | 579 | - |
| Total receipts | <u>1,147,949</u> | <u>2,614,657</u> | <u>105,225</u> | <u>3,755</u> | <u>5,238</u> | <u>235,023</u> | <u>640</u> | <u>211,572</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 1,020,154 | 2,158,182 | 59,334 | 3,632 | - | 102,545 | - | 194,561 |
| Support services | 81,182 | 411,171 | 41,498 | 123 | 11,000 | 124,686 | 1,426 | 20,233 |
| Noninstructional services | 12,792 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>1,114,128</u> | <u>2,569,353</u> | <u>100,832</u> | <u>3,755</u> | <u>11,000</u> | <u>227,231</u> | <u>1,426</u> | <u>214,794</u> |
| Excess (deficiency) of receipts over disbursements | <u>33,821</u> | <u>45,304</u> | <u>4,393</u> | <u>-</u> | <u>(5,762)</u> | <u>7,792</u> | <u>(786)</u> | <u>(3,222)</u> |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | (7,439) | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>(7,439)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>26,382</u> | <u>45,304</u> | <u>4,393</u> | <u>-</u> | <u>(5,762)</u> | <u>7,792</u> | <u>(786)</u> | <u>(3,222)</u> |
| Cash and investments - ending | <u>\$ (16,611)</u> | <u>\$ (71,498)</u> | <u>\$ (2,766)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (5,076)</u> | <u>\$ (2,096)</u> | <u>\$ (14,476)</u> |

NORTH LAWRENCE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

| | ITQ Enhanced Education Through Technology Title II, Part D | Title I Grants to LEAs | Special Education Part B | Special Education Part B Preschool | Education Jobs | Payroll Clearing Accounts | Prepaid Lunch Trusts | Totals |
|---|---|------------------------------|--------------------------------|---|-------------------|---------------------------------|-------------------------|---------------|
| Cash and investments - beginning | \$ (677) | \$ (1,987) | \$ (23,611) | \$ 1 | \$ (15,630) | \$ 163,836 | \$ 15,644 | \$ 17,599,122 |
| Receipts: | | | | | | | | |
| Local sources | - | - | 1,318 | - | - | - | - | 19,855,215 |
| Intermediate sources | - | - | - | - | - | - | - | 63 |
| State sources | - | - | - | - | - | - | - | 31,782,312 |
| Federal sources | 58,639 | 51,864 | 640,165 | 5,971 | 978,292 | - | - | 7,605,912 |
| Other | - | - | - | - | - | 9,949,087 | 2,565 | 11,588,535 |
| Total receipts | 58,639 | 51,864 | 641,483 | 5,971 | 978,292 | 9,949,087 | 2,565 | 70,832,037 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | 35,448 | 420,116 | 5,972 | 852,493 | - | - | 30,798,281 |
| Support services | 57,562 | 4,361 | - | - | 110,149 | - | - | 18,047,775 |
| Noninstructional services | - | 787 | - | - | - | - | - | 2,775,543 |
| Facilities acquisition and construction | - | - | 185,426 | - | - | - | - | 1,512,002 |
| Debt services | - | - | - | - | - | - | - | 6,459,150 |
| Nonprogrammed charges | - | - | 12,330 | - | - | 9,880,890 | - | 14,997,521 |
| Total disbursements | 57,562 | 40,596 | 617,872 | 5,972 | 962,642 | 9,880,890 | - | 74,590,272 |
| Excess (deficiency) of receipts over disbursements | 1,077 | 11,268 | 23,611 | (1) | 15,650 | 68,197 | 2,565 | (3,758,235) |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | 5,266 |
| Transfers in | - | - | - | - | - | - | - | 150,319 |
| Transfers out | - | - | - | - | - | - | - | (150,319) |
| Total other financing sources (uses) | - | - | - | - | - | - | - | 5,266 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 1,077 | 11,268 | 23,611 | (1) | 15,650 | 68,197 | 2,565 | (3,752,969) |
| Cash and investments - ending | \$ 400 | \$ 9,281 | \$ - | \$ - | \$ 20 | \$ 232,033 | \$ 18,209 | \$ 13,846,153 |

(This page intentionally left blank.)

NORTH LAWRENCE COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2012

The School Corporation has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|--|--------------------------------|---|
| Governmental activities: | | |
| Capital leases: | | |
| North Lawrence Community School Building Corporation | 42,143,350 | 3,945,964 |
| Notes and loans payable | 2,034,480 | 415,521 |
| Bonds payable: | | |
| General obligation bonds: | | |
| Pension bonds | 8,145,000 | 869,192 |
| Total governmental activities debt | \$ 52,322,830 | \$ 5,230,677 |

NORTH LAWRENCE COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

UNSUPPORTED PAYMENTS FOR COMPENSATION, BENEFITS, AND MILEAGE

Janet Jacobs was hired as a licensed Traveling Specialist for the North Lawrence Community School Corporation (School Corporation) beginning in the 2005-2006 school year. Her duties required her to travel to the various school corporations in the Orange, Lawrence, Jackson, Martin, Green, Joint Services Agreement in Special Education (Co-op) to provide support to classroom teachers. Ms. Jacobs would arrive at the Co-op office, or contact them by phone, and report which schools she was going to visit during the day. Ms. Jacob was supposed to sign in as a visitor at each building she visited.

In 2012, the School Corporation Administrators became aware that Ms. Jacobs had not actually visited one of the schools as she reported. Ms. Jacobs was questioned by School Corporation Administrators and admitted that she had not made all the school visits she had reported. She estimated that she was paid for fifty days when no work was performed.

Officials then contacted the Co-op member schools and requested the visitor sign in sheets from all the buildings. The Treasurer discovered that not all of the sign in sheets were available, and some schools did not require Co-op employees to sign in the building. However, by comparing Ms. Jacobs travel claims to the sign in sheets for the time period July 1, 2009 to April 10, 2012, it was discovered that Ms. Jacobs had charged mileage on 266 days when she did not sign the visitor's log or the sign in log was not available.

The Treasurer calculated the salary and benefit cost per day for Ms. Jacobs. She also abstracted the mileage paid for the undocumented days. The amounts paid to Ms. Jacobs for the undocumented days were:

| Years | Days | Salary and Benefits | Mileage | Totals |
|-----------|------|------------------------|-------------|---------------|
| 2009-2010 | 93 | \$ 38,652.66 | \$ 1,146.29 | \$ 39,798.95 |
| 2010-2011 | 100 | 41,562.00 | 1,597.16 | 43,159.16 |
| 2011-2012 | 73 | 30,340.26 | 704.74 | 31,045.00 |
| Totals | 266 | \$ 110,554.92 | \$ 3,448.19 | \$ 114,003.11 |

On April 10, 2012, Ms. Jacobs signed a "Settlement Agreement and Release" with the School Corporation. She agreed to reimburse the School Corporation \$113,222.14 for payments she received on undocumented days. In addition, she agreed to pay \$1,000 attorney costs and 8 percent interest on the amount she owed. The interest charged was \$930.69. She made the following payments:

| Date | Receipt No. | Amount |
|-----------------------------------|-------------|---------------|
| 07-18-12 | 59394 | \$ 200.00 |
| 07-17-12 | 59390 | 25,450.32 |
| 06-30-12 | 59320 | 85,935.42 |
| 05-30-12 | 59231 | 3,667.09 |
| 05-30-12 | 59231 | 200.00 |
| Amount due to Janet Jacobs | | (300.00) |
| Amount Reimbursed by Janet Jacobs | | \$ 115,152.83 |

NORTH LAWRENCE COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 35-44.1-1-3 states in part:

". . . (d) A person employed by a governmental entity who knowingly or intentionally accepts property from the entity for the performance of duties not related to the operation of the entity commits ghost employment, a Class D felony. . . ."

The State Board of Accounts recommends that all public school corporations, as governmental entities, carefully maintain accurate prescribed or approved employment, service and other records for all persons employed so that documentation is available to substantiate all duties assigned and all amounts paid to each. Internal controls were bypassed which had the effect of compensating at least one employee for work not performed, and the cost was charged to the Special Education Grants To States program.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

OVERDRAWN FUND BALANCES

The Joint Services and Supply - Special Education Cooperative Fund was overdrawn in 2010-2011 and 2011-2012.

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

CAPITAL ASSET RECORDS

Information presented for audit did not indicate the capital asset inventory of the School Corporation was kept up to date during the audit period.

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

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE NORTH LAWRENCE COMMUNITY SCHOOLS, LAWRENCE COUNTY,
INDIANA

Compliance

We have audited the North Lawrence Community Schools' (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. However the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be material weaknesses.

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

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



Bruce Hartman
State Examiner

February 21, 2013

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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.

NORTH LAWRENCE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012

| Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended 06-30-11 | Total Federal Awards Expended 06-30-12 |
|---|---------------------------|--|---|---|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | | |
| Pass-Through Indiana Department of Education | | | | |
| Child Nutrition Cluster | | | | |
| School Breakfast Program | 10.553 | | \$ 236,425 | \$ 306,183 |
| National School Lunch Program | 10.555 | | 1,063,855 | 1,209,971 |
| Summer Food Service Program for Children | 10.559 | | <u>41,689</u> | <u>58,872</u> |
| Total for cluster | | | <u>1,341,969</u> | <u>1,575,026</u> |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | |
| Pass-Through Indiana Department of Education | | | | |
| Title I, Part A Cluster | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | | | |
| FY 09 | | 09-5075 | 146,099 | - |
| FY 10 | | 10-5075 | 1,027,168 | 100,111 |
| FY 11 | | 11-5075 | <u>-</u> | <u>1,046,445</u> |
| Total for program | | | <u>1,173,267</u> | <u>1,146,556</u> |
| ARRA - Title I Grants to Local Educational Agencies, Recovery Act | 84.389 | | | |
| FY 09 | | 09-5075 | 69,936 | - |
| FY 10 | | 10-5075 | - | 12,586 |
| FY 11 | | 11-5075 | <u>231,123</u> | <u>39,278</u> |
| Total for program | | | <u>301,059</u> | <u>51,864</u> |
| Total for cluster | | | <u>1,474,326</u> | <u>1,198,420</u> |
| Special Education Cluster | | | | |
| Special Education - Grants to States | 84.027 | | | |
| | | 14209-049-FY02 | 14,644 | - |
| | | 14210-049-PN01 | 321,235 | 145,391 |
| | | 14211-049-PN01 | 1,813,827 | 588,900 |
| | | 14212-049-PN01 | <u>-</u> | <u>1,763,568</u> |
| Total for program | | | <u>2,149,706</u> | <u>2,497,859</u> |
| Special Education - Preschool Grants | 84.173 | | | |
| | | H173A100104 | 94,106 | 11,938 |
| | | 45710-049-PN01 | 10,898 | 2,552 |
| | | 45712-049-PN01 | <u>-</u> | <u>80,729</u> |
| Total for program | | | <u>105,004</u> | <u>95,219</u> |
| ARRA - Special Education - Grants to States, Recovery Act | 84.391 | | | |
| | | 3310-049-SN01 | <u>834,554</u> | <u>640,164</u> |
| ARRA - Special Education - Preschool Grants, Recovery Act | 84.392 | | | |
| | | 4410-049-SN01 | <u>32,553</u> | <u>5,971</u> |
| Total for cluster | | | <u>3,121,817</u> | <u>3,239,213</u> |

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

NORTH LAWRENCE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012
(Continued)

| Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended 06-30-11 | Total Federal Awards Expended 06-30-12 |
|---|---------------------------|--|---|---|
| <u>U.S. DEPARTMENT OF EDUCATION (continued)</u> | | | | |
| Pass-Through Indiana Department of Education (continued) | | | | |
| Education Technology State Grants Cluster | | | | |
| Educational Technology State Grants | 84.318 | | 86,239 | 57,563 |
| FY 09-10 | | | | |
| Total for cluster | | | <u>86,239</u> | <u>57,563</u> |
| Direct Grant: | | | | |
| Safe and Drug-Free Schools and Communities - National Programs | 84.184 | | | |
| Mentoring Programs Grant | | Q184B070641-09 | 95,716 | 11,000 |
| Pass-Through Indiana Department of Education | | | | |
| Career and Technical Education - Basic Grants to States | 84.048 | | | |
| | | 11-4700-5075 | 123,741 | 36,268 |
| | | 12-4700-5075 | - | 145,880 |
| | | 10-4700-5075 | 36,111 | - |
| | | 11-6200-5075 | - | 44,927 |
| Total for program | | | <u>159,852</u> | <u>227,075</u> |
| Safe and Drug-Free Schools and Communities - State Grants | 84.186 | | | |
| | | 09-5075 | 247 | 3,508 |
| Pass-Through Indiana Department of Workforce Development | | | | |
| Tech-Prep Education | 84.243 | | | |
| | | 5075-6219 | 5,983 | 5,874 |
| Pass-Through Indiana Department of Education | | | | |
| Improving Teacher Quality State Grants | 84.367 | | | |
| | | 08-5075 | 56,052 | 53 |
| | | 10-5075 | 164,483 | 77,967 |
| | | 11-5075 | - | 121,410 |
| Total for program | | | <u>220,535</u> | <u>199,430</u> |
| Education Jobs Fund | 84.410 | | | |
| | | | 15,629 | - |
| | | | - | 962,642 |
| Total for program | | | <u>15,629</u> | <u>962,642</u> |
| Total for federal grantor agency | | | <u>5,180,344</u> | <u>5,904,725</u> |
| Total federal awards expended | | | <u>\$ 6,522,313</u> | <u>\$ 7,479,751</u> |

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

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2011 and 2012:

| Program Title | Federal CFDA Number | 2010-2011 | 2011-2012 |
|--|---------------------------|------------|------------|
| ARRA - Special Education - Grants to States, Recovery Act | 84.391 | \$ 362,670 | \$ 320,846 |
| ARRA - Special Education - Preschool Grants, Recovery Act | 84.392 | 2,888 | 1,287 |

Note 3. Noncash Assistance

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

| Program Title | Federal CFDA Number | 2010-2011 | 2011-2012 |
|-------------------------------|---------------------------|-----------|-----------|
| Child Nutrition Cluster: | | | |
| Food Commodities | | | |
| School Breakfast Program | 10.553 | \$ 23,742 | \$ 32,124 |
| National School Lunch Program | 10.555 | 106,997 | 126,948 |

NORTH LAWRENCE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

| | |
|--|---|
| Type of auditor's report issued: | Adverse as to GAAP; Unqualified as to Regulatory Basis |
| Internal control over financial reporting: | |
| Material weaknesses identified? | no |
| Significant deficiencies identified? | none reported |
| Noncompliance material to financial statement noted? | no |

Federal Awards:

| | |
|--|---------------|
| Internal control over major programs: | |
| Material weaknesses identified? | yes |
| Significant deficiencies identified? | none reported |
| Type of auditor's report issued on compliance for major programs: | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | yes |

Identification of Major Programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|------------------------|---|
| 84.410 | Child Nutrition Cluster Special Education Cluster Education Jobs Fund |

Dollar threshold used to distinguish between Type A and Type B programs: \$420,062

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

NORTH LAWRENCE COMMUNITY SCHOOLS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-1 – ALLOWABLE COSTS/COST PRINCIPLES - UNSUPPORTED PAYMENTS

Federal Agency: Department of Education
 Federal Program: Special Education – Grants to States
 CFDA Number: 84.027
 Federal Award Number and Year: 14210-049-PN01, 14211-049-PN01, 14212-049-PN01
 Pass-Through Entity: Indiana Department of Education

Janet Jacobs was hired as an Intense Intervention Consultant for the North Lawrence Community School Corporation (School Corporation) beginning in the 2004-2005 school year. Her duties required her to travel to the various school corporations in the Orange, Lawrence, Jackson, Martin, Greene, Joint Services Agreement in Special Education (Co-op) to provide support to classroom teachers. Ms. Jacobs would arrive at the Co-op office, or contact them by phone, and report which schools she was going to visit during the day. Ms. Jacob was supposed to sign in as a visitor at each building she visited.

In 2012, the School Corporation Administrators became aware that Ms. Jacobs had not actually visited one of the schools as she reported. Ms. Jacobs was questioned by School Corporation Administrators and admitted that she had not made all the school visits she had reported. She estimated that she was paid for fifty days when no work was performed.

School Corporation Administrators then contacted the Co-op member schools and requested the visitor sign in sheets from all the buildings. The School Corporation Treasurer discovered that not all of the sign in sheets were available, and some schools did not require Co-op employees to sign in the building. However, by comparing Ms. Jacobs travel claims to the sign in sheets for the time period July 1, 2009 to April 10, 2012, it was discovered that Ms. Jacobs had charged mileage on 266 days when she did not sign the visitor's log or the sign in log was not available.

The School Corporation Treasurer calculated the salary and benefit cost per day for Ms. Jacobs. She also abstracted the mileage paid for the undocumented days. The amounts paid to Ms. Jacobs and charged to the Special Education Grants for the 266 undocumented days were:

| Years | Undocumented Days | (IDEA, Part B) LEA | (IDEA, Part B) LEA | (IDEA, Part B) LEA | Totals |
|-------------------------------|-------------------|---|---|---|----------------------|
| | | Capacity Building (Sliver) Grants 2009-2010 | Capacity Building (Sliver) Grants 2010-2011 | Capacity Building (Sliver) Grants 2011-2012 | |
| | | 14210-049-PN01 Fund Numbe 5259 | 14211-049-PN01 Fund Numbe 5250 | 14212-049-PN01 Fund Numbe 5251 | |
| 2009-2010 | 93 | \$ 38,652.66 | \$ - | \$ - | \$ 38,652.66 |
| 2010-2011 | 100 | - | 41,562.00 | - | 41,562.00 |
| 2011-2012 | 73 | - | - | 30,340.26 | 30,340.26 |
| Mileage | | 1,146.29 | 1,597.16 | 704.74 | 3,448.19 |
| Total Questioned Costs | 266 | \$ 39,798.95 | \$ 43,159.16 | \$ 31,045.00 | \$ 114,003.11 |

The \$114,003.11 is considered a questioned cost since there is not sufficient documentation to verify that work was performed.

NORTH LAWRENCE COMMUNITY SCHOOLS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (Continued)

On April 10, 2012, Ms. Jacobs signed a "Settlement Agreement and Release" with the School Corporation. She agreed to reimburse the School Corporation \$113,222.14 for payments she received on undocumented days. In addition, she agreed to pay \$1,000 attorney costs and 8 percent interest on the amount she owed. The interest charged was \$930.69. She made the following payments:

| Date | Receipt No. | Amount |
|-----------------------------------|-------------|---------------|
| 07-18-12 | 59394 | \$ 200.00 |
| 07-17-12 | 59390 | 25,450.32 |
| 06-30-12 | 59320 | 85,935.42 |
| 05-30-12 | 59231 | 3,667.09 |
| 05-30-12 | 59231 | 200.00 |
| Amount due to Janet Jacobs | | (300.00) |
| Amount Reimbursed by Janet Jacobs | | \$ 115,152.83 |

The payments received from Ms. Jacobs are being held by North Lawrence Community School Corporation in a clearing account for wage repayments. The balance in the account on December 31, 2012, was \$115,452.83.

Internal controls were bypassed in this case, which had the effect of compensating at least one employee for work not performed, and the cost was charged to the Special Education Grants To States program.

OMB Circular A-133, Subpart C, section .300 (b) states:

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

OMB Circular A-87, Attachment B, Section 8 Compensation for personal services, states in part:

"(a) General. Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under Federal awards, including but not necessarily limited to wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this Circular, and that the total compensation for individual employees:

- (1) Is reasonable for the services rendered and conforms to the established policy of the governmental unit consistently applied to both Federal and non-Federal activities;
- (2) Follows an appointment made in accordance with a governmental unit's laws and rules and meets merit system or other requirements required by Federal law, where applicable; and
- (3) Is determined and supported as provided in subsection h. . . .

H. Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

NORTH LAWRENCE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit."

We recommended that School Corporation Officials design and properly monitor procedures to ensure that the program is in compliance with allowable cost program requirements. Also, the School Corporation Officials were instructed to contact the Indiana Department of Education, the State pass-through agency, to seek a resolution to the issue.

We recommended that School Corporation Officials take steps to enforce established internal controls, and communicate and implement consequences for not following established controls.



NORTH LAWRENCE COMMUNITY SCHOOLS

460 W Street • P.O. Box 729 • Bedford, IN 47421-0729

(812) 279-3521

SCHOOLS

Bedford North Lawrence High School

Bedford Middle School

Dollens Elementary School

Englewood School

Fayetteville Elementary School

Heltonville Elementary School

Lincoln Elementary School

Needmore Elementary School

Oolitic Middle School

Parkview Primary Elementary School

Parkview Intermediate Elementary School

Shawswick Elementary/ Middle School

Springville Elementary School

Stalker Elementary School

North Lawrence Vocational Technical Center

February 21, 2013

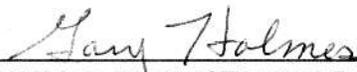
FINDING 2012-1 – ALLOWABLE COSTS/COST PRINCIPLES – UNSUPPORTED PAYMENTS

| | |
|--------------------------------|--|
| Federal Agency: | DEPARTMENT OF EDUCATION |
| Federal Program: | SPECIAL EDUCATION GRANTS TO STATES |
| CFDA Number: | 84.027 |
| Federal Award Number and Year: | 14210-049-PN01, 14211-049-PN01, 14212-049-PN01 |
| Pass-Through Entity: | Indiana Department of Education |

An internal investigation was performed regarding suspected ghost employment. As a result of this investigation, a settlement agreement was signed on April 10, 2012, in which the former employee admitted to ghost employment and falsification of some mileage reports. The agreement called for a repayment of wages, mileage reimbursement and attorney fees totaling \$114,222.14. The former employee made full restitution plus \$930.69 interest by July 31, 2012. The monies are being held in an account awaiting guidance from the Department of Education. All related tax forms have been completed and refunds are expected. Those refunds will be deposited into the holding account. No refunds of any overpayments will be issued to the former employee until instructions to do so are received from the Department of Education or State Board of Accounts.

Corrective Action:

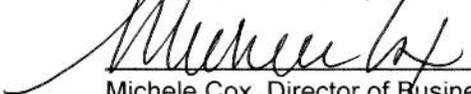
1. March 30, 2012: Staff meeting to discuss new procedure with sign-in/sign-out log book at each school served by Joint Services. Staff must sign-in and sign-out of this book. Each school was to fax or email completed sheets back to our office weekly. These sheets will be used to audit attendance and cross-reference mileage. Staff attendance was taken at the meeting.
2. April 9, 2012: Nicole Norvell, State Director of Special Education, was sent an email about employee issue requesting guidance. Call was returned on April 10, 2012 with advice of attorney to consult with Office of Legal Affairs.
3. April 19, 2012: Attended an NLCS Board of Trustees Executive Session to discuss events and new procedures in place to ensure this would not happen again.
4. April 20, 2012: Staff meeting to review procedures and expectations from the NLCS Board of Trustees. Attendance taken at the meeting.
5. April 2012-Present: Collection and review of detailed daily schedules by director of special education.
6. April 2012-Present: Monthly review of sign-in/sign-out sheets and cross-referenced with mileage that has been turned in for payment. This review is completed by a secretary and the director of special education.
7. January 16, 2013: Nicole Norvell, State Director of Special Education; Jennifer Thompson, State Grant Director; Michele Cox, NLCS Treasurer; Greg Pittman, NLCS Attorney; and Phyllis Moffatt, State Auditor; were sent an email as a follow-up to a conversation with the state department as to payment back of funds remitted. The state department is to talk with the Department of Finance and get back with us. As of this writing, we have not heard from them due to changes at the state department.



Gary Holmes, Board of Trustees President



Dr. Dennis Turner, Superintendent



Michele Cox, Director of Business Services

NORTH LAWRENCE COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 21, 2013, with Michele Cox, Treasurer; Dr. Dennis D. Turner, Superintendent of Schools; and James Gary Holmes, President of the School Board. The officials concurred with our audit findings.