

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CARROLL CONSOLIDATED SCHOOL CORPORATION
CARROLL COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED

03/07/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Leslie Allen	07-01-11 to 06-30-14
Superintendent of Schools	John A. Sayers James Auter Dr. Christopher J. Lagoni	07-01-11 to 12-31-11 01-01-12 to 03-08-12 03-09-12 to 06-30-14
President of the School Board	Sam L. Zook David W. Lambert	07-01-11 to 12-31-12 01-01-13 to 12-31-14



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CARROLL CONSOLIDATED
SCHOOL CORPORATION, CARROLL COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Carroll Consolidated School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 12, 2014, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Other Information

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.


Paul D. Joyce, CPA
State Examiner

February 12, 2014



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

TO: THE OFFICIALS OF THE CARROLL CONSOLIDATED
SCHOOL CORPORATION, CARROLL COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Carroll Consolidated School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated February 12, 2014, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free 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*.

Carroll Consolidated School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

February 12, 2014

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FINANCIAL STATEMENT

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

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CARROLL CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
General	\$ 1,166,038	\$ 6,528,375	\$ 5,986,975	\$ (519,982)	\$ 1,187,456	\$ 6,787,612	\$ 6,048,628	\$ (151,000)	\$ 1,775,440
Debt Service	579,298	974,406	824,066	-	729,638	1,006,916	1,130,376	(5,884)	600,294
Capital Projects	1,254,667	979,272	855,579	7,236	1,385,596	446,534	832,940	(100,000)	899,190
School Transportation	280,809	522,763	575,570	-	228,002	543,917	516,217	-	255,702
School Bus Replacement	277,376	222,132	208,004	6,746	298,250	190,415	144,695	-	343,970
Rainy Day	177,129	-	42,031	500,000	635,098	-	57,938	250,000	827,160
Construction	-	1,850,000	-	-	1,850,000	510,000	636,430	-	1,723,570
School Lunch	177,456	452,596	474,400	-	155,652	474,635	501,575	-	128,712
Textbook Rental	53,163	97,639	141,185	6,000	15,617	100,167	83,139	6,884	39,529
Educational License Plates	4,119	113	1,265	-	2,967	75	2,690	-	352
SIA Foundation Grant	1,587	-	-	-	1,587	-	-	-	1,587
Miscellaneous Programs	21	-	-	-	21	-	-	-	21
Soil & Water Conservation	372	-	-	-	372	-	-	-	372
State High Ability 2011-2012	-	28,397	15,203	-	13,194	-	13,194	-	-
State High Ability 2012-2013	-	-	-	-	-	29,647	14,793	-	14,854
State High Ability 2010-2011	12,501	-	12,501	-	-	-	-	-	-
Tech Prep Staff Develop 2000	1,466	-	-	-	1,466	-	1,307	-	159
Tech Prep	2,199	-	-	-	2,199	-	1,125	-	1,074
Education Technology	25	-	-	-	25	-	-	-	25
Drug Free Communities	31	-	-	-	31	-	-	-	31
Non-English Speaking Programs	1,159	-	-	-	1,159	-	-	-	1,159
School Technology	5,754	5,754	-	-	11,508	6,231	16,065	-	1,674
Performance Based Awards	8	-	-	-	8	-	-	-	8
Tech Prep Internship	200	-	-	-	200	-	-	-	200
I.S.G.L.P.	901	-	-	-	901	-	-	-	901
Title I 2012-2013	-	-	-	-	-	70,201	70,201	-	-
Title I 2011-2012	-	99,000	97,694	19,564	20,870	18,953	39,823	-	-
Title I 2009-2010	14,119	-	-	(14,119)	-	-	-	-	-
Title I 2010-2011	37,847	1,861	34,263	(5,445)	-	-	-	-	-
Title V P.L. 107-110	7,788	-	-	-	7,788	-	7,788	-	-
Title VI IASA 99	321	-	321	-	-	-	-	-	-
Title VI 2000-02	5,565	-	2,166	-	3,399	-	-	-	3,399
Drug Free Schools	4,436	-	225	-	4,211	-	4,211	-	-
Safe & Drug Free Schools FY 01	174	-	174	-	-	-	-	-	-
Educate Indiana 2000-2002	9,999	-	-	-	9,999	-	2,975	-	7,024
School to Work Opportunity Implementation	381	-	-	-	381	-	-	-	381
Improving Teaching Quality, No Child Left, Title II, Part A	4,037	24,765	28,563	-	239	30,020	30,259	-	-
Title III, Language Instruction	4,340	-	-	-	4,340	-	-	-	4,340
Technology Literacy Challenge, Title III	902	-	-	-	902	-	-	-	902
Title I - Grants to LEAs	5,998	-	5,998	-	-	-	-	-	-
Special Education - Part B	22,696	-	22,696	-	-	-	-	-	-
Education Jobs	-	-	-	-	-	210,742	210,742	-	-
Totals	<u>\$ 4,114,882</u>	<u>\$ 11,787,073</u>	<u>\$ 9,328,879</u>	<u>\$ -</u>	<u>\$ 6,573,076</u>	<u>\$ 10,426,065</u>	<u>\$ 10,367,111</u>	<u>\$ -</u>	<u>\$ 6,632,030</u>

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

CARROLL CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

Local sources 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.

CARROLL CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

E. Disbursements

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

CARROLL CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

CARROLL CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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.

CARROLL CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
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.

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.

CARROLL CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,166,038	\$ 579,298	\$ 1,254,667	\$ 280,809	\$ 277,376	\$ 177,129	\$ -	\$ 177,456	\$ 53,163
Receipts:									
Local sources	122,207	974,406	979,272	522,763	222,132	-	-	241,673	62,799
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	6,406,168	-	-	-	-	-	-	-	34,840
Federal sources	-	-	-	-	-	-	-	210,923	-
Temporary loans	-	-	-	-	-	-	1,850,000	-	-
Total receipts	<u>6,528,375</u>	<u>974,406</u>	<u>979,272</u>	<u>522,763</u>	<u>222,132</u>	<u>-</u>	<u>1,850,000</u>	<u>452,596</u>	<u>97,639</u>
Disbursements:									
Current:									
Instruction	3,407,543	-	-	-	-	28,699	-	-	-
Support services	2,492,143	-	309,998	575,570	208,004	13,332	-	30,026	141,185
Noninstructional services	87,289	-	-	-	-	-	-	444,374	-
Facilities acquisition and construction	-	-	545,581	-	-	-	-	-	-
Debt services	-	824,066	-	-	-	-	-	-	-
Total disbursements	<u>5,986,975</u>	<u>824,066</u>	<u>855,579</u>	<u>575,570</u>	<u>208,004</u>	<u>42,031</u>	<u>-</u>	<u>474,400</u>	<u>141,185</u>
Excess (deficiency) of receipts over disbursements	<u>541,400</u>	<u>150,340</u>	<u>123,693</u>	<u>(52,807)</u>	<u>14,128</u>	<u>(42,031)</u>	<u>1,850,000</u>	<u>(21,804)</u>	<u>(43,546)</u>
Other financing sources (uses):									
Transfers in	-	-	7,236	-	6,746	500,000	-	-	6,000
Transfers out	(519,982)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(519,982)</u>	<u>-</u>	<u>7,236</u>	<u>-</u>	<u>6,746</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>21,418</u>	<u>150,340</u>	<u>130,929</u>	<u>(52,807)</u>	<u>20,874</u>	<u>457,969</u>	<u>1,850,000</u>	<u>(21,804)</u>	<u>(37,546)</u>
Cash and investments - ending	<u>\$ 1,187,456</u>	<u>\$ 729,638</u>	<u>\$ 1,385,596</u>	<u>\$ 228,002</u>	<u>\$ 298,250</u>	<u>\$ 635,098</u>	<u>\$ 1,850,000</u>	<u>\$ 155,652</u>	<u>\$ 15,617</u>

CARROLL CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Educational License Plates	SIA Foundation Grant	Miscellaneous Programs	Soil & Water Conservation	State High Ability 2011-2012	State High Ability 2012-2013	State High Ability 2010-2011	Tech Prep Staff Develop 2000	Tech Prep
Cash and investments - beginning	\$ 4,119	\$ 1,587	\$ 21	\$ 372	\$ -	\$ -	\$ 12,501	\$ 1,466	\$ 2,199
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	113	-	-	-	-	-	-	-	-
State sources	-	-	-	-	28,397	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Total receipts	113	-	-	-	28,397	-	-	-	-
Disbursements:									
Current:									
Instruction	1,265	-	-	-	15,203	-	12,501	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Total disbursements	1,265	-	-	-	15,203	-	12,501	-	-
Excess (deficiency) of receipts over disbursements	(1,152)	-	-	-	13,194	-	(12,501)	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,152)	-	-	-	13,194	-	(12,501)	-	-
Cash and investments - ending	\$ 2,967	\$ 1,587	\$ 21	\$ 372	\$ 13,194	\$ -	\$ -	\$ 1,466	\$ 2,199

CARROLL CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Education Technology	Drug Free Communities	Non-English Speaking Programs	School Technology	Performance Based Awards	Tech Prep Internship	I.S.G.L.P	Title I 2012-2013	Title I 2011-2012
Cash and investments - beginning	\$ 25	\$ 31	\$ 1,159	\$ 5,754	\$ 8	\$ 200	\$ 901	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	5,754	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	99,000
Temporary loans	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	5,754	-	-	-	-	99,000
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	84,665
Support services	-	-	-	-	-	-	-	-	8,228
Noninstructional services	-	-	-	-	-	-	-	-	4,801
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	-	97,694
Excess (deficiency) of receipts over disbursements	-	-	-	5,754	-	-	-	-	1,306
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	19,564
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	19,564
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	5,754	-	-	-	-	20,870
Cash and investments - ending	\$ 25	\$ 31	\$ 1,159	\$ 11,508	\$ 8	\$ 200	\$ 901	\$ -	\$ 20,870

CARROLL CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title I 2009-2010	Title I 2010-2011	Title V P.L. 107-110	Title VI IASA 99	Title VI 2000-02	Drug Free Schools	Safe & Drug Free Schools FY 01	Educate Indiana 2000-2002
Cash and investments - beginning	\$ 14,119	\$ 37,847	\$ 7,788	\$ 321	\$ 5,565	\$ 4,436	\$ 174	\$ 9,999
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	1,861	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Total receipts	-	1,861	-	-	-	-	-	-
Disbursements:								
Current:								
Instruction	-	27,653	-	-	2,166	225	174	-
Support services	-	6,177	-	321	-	-	-	-
Noninstructional services	-	433	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	-	34,263	-	321	2,166	225	174	-
Excess (deficiency) of receipts over disbursements	-	(32,402)	-	(321)	(2,166)	(225)	(174)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(14,119)	(5,445)	-	-	-	-	-	-
Total other financing sources (uses)	(14,119)	(5,445)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,119)	(37,847)	-	(321)	(2,166)	(225)	(174)	-
Cash and investments - ending	\$ -	\$ -	\$ 7,788	\$ -	\$ 3,399	\$ 4,211	\$ -	\$ 9,999

CARROLL CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	School to Work Opportunity Implementation	Improving Teaching Quality No Child Left Title II, Part A	Title III Language Instruction	Technology Literacy Challenge Title III	Title I Grants to LEAs	Special Education Part B	Education Jobs	Totals
Cash and investments - beginning	\$ 381	\$ 4,037	\$ 4,340	\$ 902	\$ 5,998	\$ 22,696	\$ -	\$ 4,114,882
Receipts:								
Local sources	-	-	-	-	-	-	-	3,125,252
Intermediate sources	-	-	-	-	-	-	-	113
State sources	-	-	-	-	-	-	-	6,475,159
Federal sources	-	24,765	-	-	-	-	-	336,549
Temporary loans	-	-	-	-	-	-	-	1,850,000
Total receipts	-	24,765	-	-	-	-	-	11,787,073
Disbursements:								
Current:								
Instruction	-	26,495	-	-	5,677	9,991	-	3,622,257
Support services	-	2,068	-	-	11	-	-	3,787,063
Noninstructional services	-	-	-	-	310	-	-	537,207
Facilities acquisition and construction	-	-	-	-	-	12,705	-	558,286
Debt services	-	-	-	-	-	-	-	824,066
Total disbursements	-	28,563	-	-	5,998	22,696	-	9,328,879
Excess (deficiency) of receipts over disbursements	-	(3,798)	-	-	(5,998)	(22,696)	-	2,458,194
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	539,546
Transfers out	-	-	-	-	-	-	-	(539,546)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,798)	-	-	(5,998)	(22,696)	-	2,458,194
Cash and investments - ending	\$ 381	\$ 239	\$ 4,340	\$ 902	\$ -	\$ -	\$ -	\$ 6,573,076

CARROLL CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,187,456	\$ 729,638	\$ 1,385,596	\$ 228,002	\$ 298,250	\$ 635,098	\$ 1,850,000	\$ 155,652	\$ 15,617
Receipts:									
Local sources	178,029	1,006,916	446,534	543,917	190,415	-	-	252,040	64,753
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	6,609,583	-	-	-	-	-	-	-	35,414
Federal sources	-	-	-	-	-	-	-	222,595	-
Temporary loans	-	-	-	-	-	-	510,000	-	-
Total receipts	<u>6,787,612</u>	<u>1,006,916</u>	<u>446,534</u>	<u>543,917</u>	<u>190,415</u>	<u>-</u>	<u>510,000</u>	<u>474,635</u>	<u>100,167</u>
Disbursements:									
Current:									
Instruction	3,665,248	-	-	-	-	43,938	-	-	-
Support services	2,277,344	-	323,778	516,217	144,695	-	-	16,854	83,139
Noninstructional services	106,036	-	-	-	-	-	-	484,721	-
Facilities acquisition and construction	-	-	509,162	-	-	14,000	636,430	-	-
Debt services	-	1,130,376	-	-	-	-	-	-	-
Total disbursements	<u>6,048,628</u>	<u>1,130,376</u>	<u>832,940</u>	<u>516,217</u>	<u>144,695</u>	<u>57,938</u>	<u>636,430</u>	<u>501,575</u>	<u>83,139</u>
Excess (deficiency) of receipts over disbursements	<u>738,984</u>	<u>(123,460)</u>	<u>(386,406)</u>	<u>27,700</u>	<u>45,720</u>	<u>(57,938)</u>	<u>(126,430)</u>	<u>(26,940)</u>	<u>17,028</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	250,000	-	-	6,884
Transfers out	(151,000)	(5,884)	(100,000)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(151,000)</u>	<u>(5,884)</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>6,884</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>587,984</u>	<u>(129,344)</u>	<u>(486,406)</u>	<u>27,700</u>	<u>45,720</u>	<u>192,062</u>	<u>(126,430)</u>	<u>(26,940)</u>	<u>23,912</u>
Cash and investments - ending	<u>\$ 1,775,440</u>	<u>\$ 600,294</u>	<u>\$ 899,190</u>	<u>\$ 255,702</u>	<u>\$ 343,970</u>	<u>\$ 827,160</u>	<u>\$ 1,723,570</u>	<u>\$ 128,712</u>	<u>\$ 39,529</u>

CARROLL CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Educational License Plates	SIA Foundation Grant	Miscellaneous Programs	Soil & Water Conservation	State High Ability 2011-2012	State High Ability 2012-2013	State High Ability 2010-2011	Tech Prep Staff Develop 2000	Tech Prep
Cash and investments - beginning	\$ 2,967	\$ 1,587	\$ 21	\$ 372	\$ 13,194	\$ -	\$ -	\$ 1,466	\$ 2,199
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	75	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	29,647	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Total receipts	75	-	-	-	-	29,647	-	-	-
Disbursements:									
Current:									
Instruction	2,690	-	-	-	13,194	14,793	-	1,307	-
Support services	-	-	-	-	-	-	-	-	525
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	600
Debt services	-	-	-	-	-	-	-	-	-
Total disbursements	2,690	-	-	-	13,194	14,793	-	1,307	1,125
Excess (deficiency) of receipts over disbursements	(2,615)	-	-	-	(13,194)	14,854	-	(1,307)	(1,125)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,615)	-	-	-	(13,194)	14,854	-	(1,307)	(1,125)
Cash and investments - ending	\$ 352	\$ 1,587	\$ 21	\$ 372	\$ -	\$ 14,854	\$ -	\$ 159	\$ 1,074

CARROLL CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Education Technology	Drug Free Communities	Non-English Speaking Programs	School Technology	Performance Based Awards	Tech Prep Internship	I.S.G.L.P	Title I 2012-2013	Title I 2011-2012
Cash and investments - beginning	\$ 25	\$ 31	\$ 1,159	\$ 11,508	\$ 8	\$ 200	\$ 901	\$ -	\$ 20,870
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	6,231	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	70,201	18,953
Temporary loans	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	6,231	-	-	-	70,201	18,953
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	70,201	33,903
Support services	-	-	-	11,369	-	-	-	-	2,040
Noninstructional services	-	-	-	-	-	-	-	-	3,880
Facilities acquisition and construction	-	-	-	4,696	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	16,065	-	-	-	70,201	39,823
Excess (deficiency) of receipts over disbursements	-	-	-	(9,834)	-	-	-	-	(20,870)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(9,834)	-	-	-	-	(20,870)
Cash and investments - ending	\$ 25	\$ 31	\$ 1,159	\$ 1,674	\$ 8	\$ 200	\$ 901	\$ -	\$ -

CARROLL CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Title I 2009-2010	Title I 2010-2011	Title V P.L. 107-110	Title VI IASA 99	Title VI 2000-02	Drug Free Schools	Safe & Drug Free Schools FY 01	Educate Indiana 2000-2002
Cash and investments - beginning	\$ -	\$ -	\$ 7,788	\$ -	\$ 3,399	\$ 4,211	\$ -	\$ 9,999
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-
Disbursements:								
Current:								
Instruction	-	-	7,788	-	-	4,211	-	2,975
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	-	-	7,788	-	-	4,211	-	2,975
Excess (deficiency) of receipts over disbursements	-	-	(7,788)	-	-	(4,211)	-	(2,975)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(7,788)	-	-	(4,211)	-	(2,975)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 3,399	\$ -	\$ -	\$ 7,024

CARROLL CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	School to Work Opportunity Implementation	Improving Teaching Quality No Child Left Title II, Part A	Title III Language Instruction	Technology Literacy Challenge Title III	Title I Grants to LEAs	Special Education Part B	Education Jobs	Totals
Cash and investments - beginning	\$ 381	\$ 239	\$ 4,340	\$ 902	\$ -	\$ -	\$ -	\$ 6,573,076
Receipts:								
Local sources	-	-	-	-	-	-	-	2,682,604
Intermediate sources	-	-	-	-	-	-	-	75
State sources	-	-	-	-	-	-	-	6,680,875
Federal sources	-	30,020	-	-	-	-	210,742	552,511
Temporary loans	-	-	-	-	-	-	-	510,000
Total receipts	-	30,020	-	-	-	-	210,742	10,426,065
Disbursements:								
Current:								
Instruction	-	28,097	-	-	-	-	175,221	4,063,566
Support services	-	2,162	-	-	-	-	35,521	3,413,644
Noninstructional services	-	-	-	-	-	-	-	594,637
Facilities acquisition and construction	-	-	-	-	-	-	-	1,164,888
Debt services	-	-	-	-	-	-	-	1,130,376
Total disbursements	-	30,259	-	-	-	-	210,742	10,367,111
Excess (deficiency) of receipts over disbursements	-	(239)	-	-	-	-	-	58,954
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	256,884
Transfers out	-	-	-	-	-	-	-	(256,884)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(239)	-	-	-	-	-	58,954
Cash and investments - ending	\$ 381	\$ -	\$ 4,340	\$ 902	\$ -	\$ -	\$ -	\$ 6,632,030

CARROLL CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2013

<u>School Corporation</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 306,166</u>	<u>\$ 12,523</u>

CARROLL CONSOLIDATED SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2013

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Wellness & Fitness Center at School	\$ -	\$ 231,020
General obligation notes	Construction	<u>510,000</u>	<u>1,078,733</u>
Totals		<u>\$ 510,000</u>	<u>\$ 1,309,753</u>

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CARROLL CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2013

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 77,961
Buildings	15,612,784
Improvements other than buildings	3,124,593
Machinery, equipment, and vehicles	<u>1,778,023</u>
Total capital assets	<u>\$ 20,593,361</u>

CARROLL CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ADVANCE PAYMENTS

Eight months of Special Education teaching services for each of the years 2012 and 2013 were paid on December 31, 2011, and December 31, 2012, respectively.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

COLLECTIVE BARGAINING AGREEMENT

The collective bargaining agreement, entered into on October 1, 2012, contained the following items prohibited by Indiana Code 20-29-6-4.5:

1. Article IV entitled "Compensation, Expenses and Benefits," section (H)(1) discusses the "School Year Pay Schedule."
2. Article V entitled "Leaves," sections (D)(G)(H) and (I) discuss various types of unpaid leave.
3. Article VI entitled "Grievance Procedure" states in section D(3), "the decision of the Arbitrator shall be final and binding on the association, its members, the teachers, the employee or employees involved and the Board."

Indiana Code 20-29-6-4 states:

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

- (1) Salary.
- (2) Wages.

CARROLL CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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

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

Indiana Code 20-29-6-4.5 states:

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

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

(b) A subject set forth in subsection (a) that may not be bargained collectively may not be included in an agreement entered into under this article."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE CARROLL CONSOLIDATED
SCHOOL CORPORATION, CARROLL COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Carroll Consolidated School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013.

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

Other Matters

The School Corporation's response to our audit is described in the accompanying Official Response. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2013-002 to be a material weakness.

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

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


Paul D. Joyce, CPA
State Examiner

February 12, 2014

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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.

CARROLL CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>DEPARTMENT OF AGRICULTURE</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 2011-2012	\$ 31,684	\$ 30,768
National School Lunch Program	Indiana Department of Education	10.555	FY 2012-2013	206,382	220,630
Total - Department of Agriculture				238,066	251,398
<u>DEPARTMENT OF EDUCATION</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	2010-2011	1,861	-
			2011-2012	99,000	18,953
			2012-2013	-	70,201
Total - Title I Grants to Local Educational Agencies				100,861	89,154
ARRA - Title 1 Grants to Local Educational Agencies, Recovery Act	Indiana Department of Education	84.389	FY 2011-2012	5,998	-
Total - Title I, Part A Cluster				106,859	89,154
Safe and Drug Free Schools and Communities - State Grants	Indiana Department of Education	84.186	SY 2007-2008	174	-
			SY 2008-2009	225	4,211
Total - Safe and Drug Free Schools and Communities - State Grants				399	4,211
State Grants for Innovative Programs	Indiana Department of Education	84.298			
Title V, Part A, Innovative Programs			P.L. 107-110	-	7,788
Title VI, Innovative Education Program 1999-2000			P.L. 103-382	321	-
Title VI, Innovative Education Program 2001-2002			P.L. 103-382	2,166	-
Total - State Grants for Innovative Programs				2,487	7,788

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

CARROLL CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>DEPARTMENT OF EDUCATION (continued)</u>					
Tech Prep Demonstration Grants	Indiana Department of Education	84.353			
FY00 Tech Prep Staff Development and Curriculum Imp. Grant			#-1000-0750	-	1,850
Fy01 Tech Prep Staff Development and Curriculum Imp. Grant			#-0-1000-0750	-	1,125
Total - Tech Prep Demonstration Grants				-	2,975
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
Title II, Part A - Improving Teacher Quality, Class Size Reduction			Sy 2010-2012	24,765	-
Title II, Part A - Improving Teacher Quality, Class Size Reduction			Sy 2012-2013	-	30,020
Total - Improving Teacher Quality State Grants				24,765	30,020
Special Education Cluster (IDEA)					
ARRA - Special Education - Grants to States, Recovery Act	Logansport Community School Corporation	84.391	FY 2009-2011	22,696	-
Total - Special Education Cluster (IDEA)				22,696	-
Education Jobs Fund	Indiana Department of Education	84.410	FY 2012	-	210,742
Total - Department of Education				157,206	344,890
Total federal awards expended				<u>\$ 395,272</u>	<u>\$ 596,288</u>

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

CARROLL CONSOLIDATED SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2012	2013
School Breakfast Program	10.553	\$ 6,299	\$ 4,219
National School Lunch Program	10.555	27,716	31,153

CARROLL CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
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 Education Jobs Fund

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

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

CARROLL CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the School Corporation's audited financial statement and then determining how those identified risks should be managed. The School Corporation has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the School Board to monitor and assess the quality of the School Corporation's system of internal control. The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls.

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

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2013-002 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE CHILD NUTRITION CLUSTER

Federal Agency: U.S. Department of Agriculture

Federal Programs: School Breakfast Program and National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Number and Year: 2011/12 2012/13

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the Reporting requirements of the School Breakfast Program and National School Lunch Program. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

Currently, School Corporation lunch reports are submitted to the Indiana Department of Education without any form of independent review for accuracy prior to their submission.

CARROLL CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the applicable compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

Carroll Consolidated School Corporation

Office of the Superintendent of Schools

2 SOUTH THIRD STREET • FLORA, INDIANA 46929 • PHONE 574 967-4113 • FAX 574 967-3831

December 17, 2013

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2011-02

Original SBA Audit Report Number:	<u>B40032</u>
Fiscal Year	<u>2011</u>
Auditee Contact Person	<u>Leslie Allen</u>
Title of Contact Person	<u>Corporation Treasurer</u>

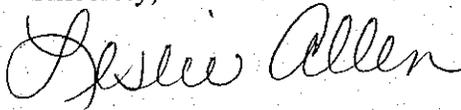
Finding 2011-02, Internal Controls over Financial Transactions and Reporting

The purpose of this communication is to provide an update regarding the corrective action plan for Carroll Consolidated School Corporation. The administration has reviewed office procedures and determined to add staff at the Administration Office. July 1, 2013 they hired an Assistant Treasurer for payroll and benefits to segregate duties to improve internal control.

Finding 2011-03, Cash Management

The Indiana Department of Education has changed their procedure to replace the previous cash request system with a reimbursement request system. The new reimbursement process is currently being utilized which has resulted in reduction in cash balances.

Sincerely,



Leslie Allen, Corporation Treasurer
Carroll Consolidated School Corporation

Carroll Consolidated School Corporation

Office of the Superintendent of Schools

2 SOUTH THIRD STREET • FLORA, INDIANA 46929 • PHONE 574 967-4113 • FAX 574 967-3831

Corrective Action Plan

February 12, 2014

Audit Contact: Christopher Lagoni, Superintendent
Phone: 574-967-4113

Section II – Financial Statement Findings

Finding 2013-001, Internal Controls over Financial Transactions and Reporting

Corrective Action Planned:

The management of Carroll Consolidated School Corporation has reviewed the Financial Statement Findings related to their audit for the years ended June 30, 2012 and June 30, 2013 and offers the following corrective actions.

Lack of Segregation of Duties: The school district and Board understand it is important to separate the purchasing responsibilities with schools. The school will make sure to implement separation of duties when it comes to purchasing. Dr. Lagoni will handle all authorizing, Leslie Allen (Treasurer) will handle all recording, and Cindy Tussinger (Corporation Secretary) will handle all chain of custody functions so that a cross-check is provided for each function.

The Superintendent will assign all account numbers to be used for purchase orders. The Treasurer will double check that the account number is valid for the purchase. The Corporation Secretary will monitor the chain of custody for each purchase order.

Preparing Financial Statements: A risk assessment survey will be completed. The purpose of this survey is to find possible risks of error in the preparation of financial statements. The results from this survey will be shared with the School Board, Treasurer, and Assistant Treasurer (Lisa Beaver). During the same time the district files its Form 9 each year, the Superintendent will implement managerial controls including:

- The Superintendent will perform a high level review of detailed report of transactions completed by the Treasurer.
- The Superintendent will periodically select a sample of transactions, request and review the supporting documents to ensure that they are complete, appropriate, and accurately processed. This monitoring procedure will be documented.
- Superintendent will increase supervisory oversight; observation and inquiry. Where appropriate, increasing supervisory reviews through the observation of processes performed in certain functions and making inquiries of the Treasurer and Assistant Treasurer.
- The Treasurer and Assistant Treasurer will continue to share responsibilities or “check” each other more frequently.

Monitoring of Controls: Bank reconciliation will be reviewed with Superintendent monthly.

Section III – Federal Award Findings and Questioned Costs

Finding 2013-002, Internal Controls over Compliance Requirements that have a Direct and Material Effect to the National School Lunch Program

Corrective Action Planned:

The management of Carroll Consolidated School Corporation has reviewed the Federal Award Findings and Questioned Costs related to their audit for the years 2011-2013 and offers the following corrective actions.

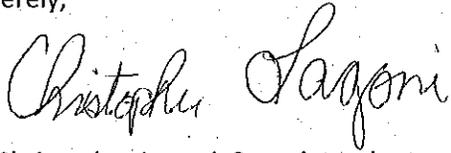
Lack of Segregation of Duties Related to the Reporting Requirements: The Food Service Director reviews and reconciles the number of lunches served each month. This data is pulled from Harmony, our S.I.S, for Food Services. The Director of Data, Information, and Integration will pull the same report monthly for the Superintendent. A spreadsheet will be created which mirrors the USDA website for Indiana Department of Education. This will calculate the expected revenue based on reimbursement rate and lunches served.

The week before the second Board meeting of the year, the Food Service Director will review federal revenue received with Superintendent to reconcile with data from USDA website.

- Both Food Service Director and Superintendent will sign off on a reconciliation form that documents revenue for the month.
- Expenditures from Food Services account will be reviewed by the Corporation Treasurer to ensure they are proper and valid.
- Cafeteria Managers will verify lunches served each month along with their own cash reconciliation.

The School Board will review revenue and expense reports along with monthly fund totals for Food Services.

Sincerely,

A handwritten signature in cursive script that reads "Christopher Lagoni". The signature is written in black ink and is positioned above the typed name.

Dr. Christopher Lagoni, Superintendent
Carroll Consolidated School Corporation

CARROLL CONSOLIDATED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 12, 2014, with Leslie Allen, Treasurer; Dr. Christopher J. Lagoni, Superintendent of Schools; and David W. Lambert, President of the School Board.

Carroll Consolidated School Corporation

Office of the Superintendent of Schools

2 SOUTH THIRD STREET FLORA, INDIANA 46929 PHONE 574 967-4113 FAX 574 967-3831

2/15/2014

Response to Audit Findings,

Carroll Consolidated School Corporation has reviewed the finding on Collective Bargaining Agreements. We have noted differences between IEERB and the State Board of Accounts regarding what can be in a teachers' master contract. We will continue to work with the Carroll Education Association to improve our master contract language and comply with IEERB and the State Board of Accounts.



Christopher Lagoni
Superintendent