

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

LAKELAND SCHOOL CORPORATION  
LAGRANGE COUNTY, INDIANA

July 1, 2011 to June 30, 2013



**FILED**  
03/14/2014



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jennifer J. Landez	07-01-11 to 06-30-14
Superintendent of Schools	Risa J. Herber	07-01-11 to 06-30-14
President of the School Board	Robert Bond	07-01-11 to 06-30-14



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE LAKELAND SCHOOL CORPORATION, LAGRANGE COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of the Lakeland 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 December 9, 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* 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

December 9, 2013



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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 LAKELAND SCHOOL CORPORATION, LAGRANGE 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 Lakeland 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 December 9, 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.

***Internal Control Over Financial Reporting***

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 to be material weaknesses.

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*.

***Lakeland 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

December 9, 2013

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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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LAKELAND 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	\$ 1,297,474	\$ 14,215,577	\$ 13,563,739	\$ (35,000)	\$ 1,914,312	\$ 14,604,347	\$ 14,301,198	\$ -	\$ 2,217,461
Debt Service	881,097	1,403,171	1,476,007	(21,916)	786,345	1,319,849	2,006,528	(23,841)	75,825
Retirement/Severance Bond Debt Service	65,080	114,498	113,625	-	65,953	111,766	169,302	-	8,417
Capital Projects	1,449,330	2,158,746	2,069,427	-	1,538,649	2,230,616	2,255,593	-	1,513,672
School Transportation	482,292	1,528,319	1,558,855	2,428	454,184	1,571,870	1,197,182	45,921	874,793
School Bus Replacement	(21,277)	255,784	216,740	-	17,767	284,104	337,016	-	(35,145)
Rainy Day	104,000	-	-	-	104,000	-	-	-	104,000
H.S. New Tech Major Moves	(23,056)	701,310	678,254	-	-	-	-	-	-
Corporation Office	-	-	-	-	-	-	36,331	-	(36,331)
School Food and Nutrition	786,515	1,231,723	1,235,648	-	782,590	1,200,545	1,144,067	-	839,068
Textbook Rental	(160,341)	174,052	256,841	21,916	(221,214)	174,440	55,406	23,841	(78,339)
Levy Excess	30,858	(30,858)	-	-	-	-	-	-	-
Latch Key Program	6,146	9,403	9,185	35,000	41,364	9,219	13,067	-	37,516
Educational License Plates	2,686	281	-	-	2,967	281	-	-	3,248
Alternative Education	-	9,160	9,160	-	-	6,238	6,238	-	-
Safe Haven CJI SRO 11-12	-	15,000	15,000	-	-	-	-	-	-
Safe Haven CJI SRO 12-13	-	-	-	-	-	11,500	11,500	-	-
Early Intervention Grant 10-11	3,677	-	3,677	-	-	-	-	-	-
Riddick Estate	5,000	-	-	-	5,000	-	-	-	5,000
Lily Foundation New Tech	445	48,596	49,041	-	-	62,796	62,796	-	-
C.E.L.L. Grant - Leading Edge	42,181	-	18,128	-	24,053	-	24,053	-	-
Refunds - ISTA Section 125	8,786	-	-	-	8,786	1,386	-	-	10,172
High Ability 10-11	890	-	890	-	-	-	-	-	-
High Ability 11-12	-	33,062	29,183	-	3,879	-	3,879	-	-
High Ability 12-13	-	-	-	-	-	35,066	28,309	-	6,757
Talent Initiative Grant	25,000	48,700	15,452	-	58,248	-	25,832	-	32,416
Non-English Speaking 2011-2012	-	22,580	22,580	-	-	-	-	-	-
Non-English Speaking 2012-2013	-	-	-	-	-	24,422	22,386	-	2,036
Connectivity Funds	2,068	3,781	717	-	5,132	3,621	-	-	8,753
PLTW (Pre-Engineer)	-	14,990	14,990	-	-	-	-	-	-
PLTW (Bio-Medical)	-	14,913	14,913	-	-	-	-	-	-
Region 7/8 Tower Rent	(3,480)	-	-	-	(3,480)	-	-	-	(3,480)
Wellness-Insurance Consort	15,813	22,000	12,203	-	25,610	21,000	4,798	-	41,812
ING Grant (W/M)	291	-	291	-	-	-	-	-	-
Excess PTRC Distributions	19,311	12,511	-	-	31,822	(31,749)	-	-	73
Out of School Suspension	240	-	16,181	51,746	35,805	-	21,279	16,429	30,955
Title I 2010-2011	(28,598)	121,110	84,696	(7,816)	-	-	-	-	-
Title I 2011-2012	-	401,568	462,206	7,816	(52,822)	105,088	52,266	-	-
Title I 2012-2013	-	-	-	-	-	490,743	577,915	-	(87,172)
Title IV 2011-2012	-	1,263	1,263	-	-	-	-	-	-
LSTA Grant	-	7,919	10,000	-	(2,081)	2,081	-	-	-
Universal Service Fund	2,716	28,198	11,104	-	19,810	-	13,664	-	6,146
Title II, Part A 2009-2010	(735)	9,141	8,406	-	-	-	-	-	-
Title II, Part A 2010-2011	(6,350)	54,828	51,893	-	(3,415)	3,415	-	-	-
Title II, Part A 2011-2012	-	-	4,316	-	(4,316)	61,022	58,143	-	(1,437)
Title II, Part A 2012-2014	-	-	-	-	-	12,825	18,528	-	(5,703)
Title III 2010-2011	(1,954)	6,479	4,525	-	-	-	-	-	-
Title III 2011-2012	-	23,793	28,877	-	(5,084)	9,684	4,600	-	-
Title III 2012-2013	-	-	-	-	-	34,259	35,864	-	(1,605)
Title I School Improvement (Stimulus)	(5,617)	9,484	3,867	-	-	-	-	-	-
Special Education - Part B (Stimulus)	(41,720)	63,413	21,693	-	-	-	-	-	-
Education Jobs	-	295,521	399,702	-	(104,181)	147,133	42,952	-	-
Clearing Account	113,608	3,427,144	3,411,491	-	129,261	3,578,667	3,589,404	-	118,524
<b>Totals</b>	<b>\$ 5,052,376</b>	<b>\$ 26,457,160</b>	<b>\$ 25,904,766</b>	<b>\$ 54,174</b>	<b>\$ 5,658,944</b>	<b>\$ 26,086,234</b>	<b>\$ 26,120,096</b>	<b>\$ 62,350</b>	<b>\$ 5,687,432</b>

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

LAKELAND 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.

LAKELAND 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.

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, 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:

LAKELAND SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

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.

LAKELAND SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**Note 5. Risk Management**

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

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.

LAKELAND 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.

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursements for expenditures out of these funds by the School Corporation were not received by June 30, 2012, and June 30, 2013.

**Note 8. Holding Corporation**

The School Corporation has entered into capital leases with Lakeland High School Building Corporation. The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the fiscal years ending June 30, 2012 and 2013, totaled \$1,202,961 and \$1,925,176, respectively.

LAKELAND SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9. Subsequent Events**

On July 22, 2013, the School Corporation awarded \$910,965 to Hamilton Hunter for construction of a new corporation office.

On August 23, 2013, Lakeland High School Building Corporation issued \$6,000,000 Ad Valorem Property Tax First Mortgage Bonds, Series 2013 to finance construction costs for the High School, Middle School, and Parkside Elementary. The School Corporation entered into a lease agreement with Lakeland High School Building Corporation to pay off the bonds.

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## 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.

LAKELAND 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	H.S. New Tech Major Moves	Corporation Office
Cash and investments - beginning	\$ 1,297,474	\$ 881,097	\$ 65,080	\$ 1,449,330	\$ 482,292	\$ (21,277)	\$ 104,000	\$ (23,056)	\$ -
Receipts:									
Local sources	101,718	1,403,171	114,498	2,158,746	1,528,319	255,784	-	-	-
Intermediate sources	13	-	-	-	-	-	-	701,310	-
State sources	13,971,607	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	142,239	-	-	-	-	-	-	-	-
Total receipts	<u>14,215,577</u>	<u>1,403,171</u>	<u>114,498</u>	<u>2,158,746</u>	<u>1,528,319</u>	<u>255,784</u>	<u>-</u>	<u>701,310</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	9,058,806	-	-	-	-	-	-	-	-
Support services	4,504,933	-	-	574,159	1,558,855	216,740	-	678,254	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,495,268	-	-	-	-	-
Debt services	-	1,476,007	113,625	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>13,563,739</u>	<u>1,476,007</u>	<u>113,625</u>	<u>2,069,427</u>	<u>1,558,855</u>	<u>216,740</u>	<u>-</u>	<u>678,254</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>651,838</u>	<u>(72,836)</u>	<u>873</u>	<u>89,319</u>	<u>(30,536)</u>	<u>39,044</u>	<u>-</u>	<u>23,056</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	2,428	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(35,000)	(21,916)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(35,000)</u>	<u>(21,916)</u>	<u>-</u>	<u>-</u>	<u>2,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>616,838</u>	<u>(94,752)</u>	<u>873</u>	<u>89,319</u>	<u>(28,108)</u>	<u>39,044</u>	<u>-</u>	<u>23,056</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,914,312</u>	<u>\$ 786,345</u>	<u>\$ 65,953</u>	<u>\$ 1,538,649</u>	<u>\$ 454,184</u>	<u>\$ 17,767</u>	<u>\$ 104,000</u>	<u>\$ -</u>	<u>\$ -</u>

LAKELAND 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 Food and Nutrition	Textbook Rental	Levy Excess	Latch Key Program	Educational License Plates	Alternative Education	Safe Haven CJI SRO 11-12	Safe Haven CJI SRO 12-13	Early Intervention Grant 10-11
Cash and investments - beginning	\$ 786,515	\$ (160,341)	\$ 30,858	\$ 6,146	\$ 2,686	\$ -	\$ -	\$ -	\$ 3,677
Receipts:									
Local sources	431,769	68,756	(30,858)	9,403	-	-	-	-	-
Intermediate sources	-	-	-	-	281	-	-	-	-
State sources	-	105,296	-	-	-	9,160	15,000	-	-
Federal sources	799,954	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>1,231,723</u>	<u>174,052</u>	<u>(30,858)</u>	<u>9,403</u>	<u>281</u>	<u>9,160</u>	<u>15,000</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	-	-	9,185	-	9,160	-	-	3,677
Support services	-	256,841	-	-	-	-	15,000	-	-
Noninstructional services	1,235,648	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>1,235,648</u>	<u>256,841</u>	<u>-</u>	<u>9,185</u>	<u>-</u>	<u>9,160</u>	<u>15,000</u>	<u>-</u>	<u>3,677</u>
Excess (deficiency) of receipts over disbursements	<u>(3,925)</u>	<u>(82,789)</u>	<u>(30,858)</u>	<u>218</u>	<u>281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,677)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	21,916	-	35,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>21,916</u>	<u>-</u>	<u>35,000</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>(3,925)</u>	<u>(60,873)</u>	<u>(30,858)</u>	<u>35,218</u>	<u>281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,677)</u>
Cash and investments - ending	<u>\$ 782,590</u>	<u>\$ (221,214)</u>	<u>\$ -</u>	<u>\$ 41,364</u>	<u>\$ 2,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAKELAND 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)

	Riddick Estate	Lily Foundation New Tech	C.E.L.L. Grant - Leading Edge	Refunds - ISTA Section 125	High Ability 10-11	High Ability 11-12	High Ability 12-13	Talent Initiative Grant	Non-English Speaking 2011-2012
Cash and investments - beginning	\$ 5,000	\$ 445	\$ 42,181	\$ 8,786	\$ 890	\$ -	\$ -	\$ 25,000	\$ -
Receipts:									
Local sources	-	48,596	-	-	-	-	-	48,700	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	33,062	-	-	22,580
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	48,596	-	-	-	33,062	-	48,700	22,580
Disbursements:									
Current:									
Instruction	-	-	-	-	890	29,183	-	-	22,580
Support services	-	49,041	18,128	-	-	-	-	15,452	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	49,041	18,128	-	890	29,183	-	15,452	22,580
Excess (deficiency) of receipts over disbursements	-	(445)	(18,128)	-	(890)	3,879	-	33,248	-
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	-	(445)	(18,128)	-	(890)	3,879	-	33,248	-
Cash and investments - ending	\$ 5,000	\$ -	\$ 24,053	\$ 8,786	\$ -	\$ 3,879	\$ -	\$ 58,248	\$ -

LAKELAND 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)

	Non-English Speaking 2012-2013	Connectivity Funds	PLTW (Pre-Engineer)	PLTW (Bio-Medical)	Region 7/8 Tower Rent	Wellness- Insurance Consort	ING Grant (W/M)	Excess PTRC Distributions	Out of School Suspension
Cash and investments - beginning	\$ -	\$ 2,068	\$ -	\$ -	\$ (3,480)	\$ 15,813	\$ 291	\$ 19,311	\$ 240
Receipts:									
Local sources	-	-	-	-	-	-	-	12,511	-
Intermediate sources	-	-	-	-	-	22,000	-	-	-
State sources	-	3,781	14,990	14,913	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	3,781	14,990	14,913	-	22,000	-	12,511	-
Disbursements:									
Current:									
Instruction	-	-	14,990	14,913	-	-	-	-	16,181
Support services	-	717	-	-	-	12,203	40	-	-
Noninstructional services	-	-	-	-	-	-	251	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	717	14,990	14,913	-	12,203	291	-	16,181
Excess (deficiency) of receipts over disbursements	-	3,064	-	-	-	9,797	(291)	12,511	(16,181)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	51,746
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	51,746
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	3,064	-	-	-	9,797	(291)	12,511	35,565
Cash and investments - ending	\$ -	\$ 5,132	\$ -	\$ -	\$ (3,480)	\$ 25,610	\$ -	\$ 31,822	\$ 35,805

LAKELAND 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 2010-2011	Title I 2011-2012	Title I 2012-2013	Title IV 2011-2012	LSTA Grant	Universal Service Fund	Title II, Part A 2009-2010	Title II, Part A 2010-2011	Title II, Part A 2011-2012
Cash and investments - beginning	\$ (28,598)	\$ -	\$ -	\$ -	\$ -	\$ 2,716	\$ (735)	\$ (6,350)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	7,919	-	-	-	-
Federal sources	121,110	401,568	-	1,263	-	28,198	9,141	54,828	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>121,110</u>	<u>401,568</u>	<u>-</u>	<u>1,263</u>	<u>7,919</u>	<u>28,198</u>	<u>9,141</u>	<u>54,828</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	56,161	332,888	-	-	-	-	-	-	-
Support services	27,872	127,649	-	1,263	10,000	11,104	8,406	51,893	4,316
Noninstructional services	663	1,669	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>84,696</u>	<u>462,206</u>	<u>-</u>	<u>1,263</u>	<u>10,000</u>	<u>11,104</u>	<u>8,406</u>	<u>51,893</u>	<u>4,316</u>
Excess (deficiency) of receipts over disbursements	<u>36,414</u>	<u>(60,638)</u>	<u>-</u>	<u>-</u>	<u>(2,081)</u>	<u>17,094</u>	<u>735</u>	<u>2,935</u>	<u>(4,316)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	7,816	-	-	-	-	-	-	-
Transfers out	<u>(7,816)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,816)</u>	<u>7,816</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>28,598</u>	<u>(52,822)</u>	<u>-</u>	<u>-</u>	<u>(2,081)</u>	<u>17,094</u>	<u>735</u>	<u>2,935</u>	<u>(4,316)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (52,822)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,081)</u>	<u>\$ 19,810</u>	<u>\$ -</u>	<u>\$ (3,415)</u>	<u>\$ (4,316)</u>

LAKELAND 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 II, Part A 2012-2014	Title III 2010-2011	Title III 2011-2012	Title III 2012-2013	Title I School Improvement (Stimulus)	Special Education - Part B (Stimulus)	Education Jobs	Clearing Account	Totals
Cash and investments - beginning	\$ -	\$ (1,954)	\$ -	\$ -	\$ (5,617)	\$ (41,720)	\$ -	\$ 113,608	\$ 5,052,376
Receipts:									
Local sources	-	-	-	-	-	-	-	-	6,151,113
Intermediate sources	-	-	-	-	-	-	-	-	723,604
State sources	-	-	-	-	-	-	-	-	14,198,308
Federal sources	-	6,479	23,793	-	9,484	63,413	295,521	-	1,814,752
Other	-	-	-	-	-	-	-	3,427,144	3,569,383
Total receipts	-	6,479	23,793	-	9,484	63,413	295,521	3,427,144	26,457,160
Disbursements:									
Current:									
Instruction	-	4,525	28,877	-	1,528	21,693	226,108	-	9,851,345
Support services	-	-	-	-	-	-	173,594	-	8,316,460
Noninstructional services	-	-	-	-	2,339	-	-	-	1,240,570
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,495,268
Debt services	-	-	-	-	-	-	-	-	1,589,632
Nonprogrammed charges	-	-	-	-	-	-	-	3,411,491	3,411,491
Total disbursements	-	4,525	28,877	-	3,867	21,693	399,702	3,411,491	25,904,766
Excess (deficiency) of receipts over disbursements	-	1,954	(5,084)	-	5,617	41,720	(104,181)	15,653	552,394
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	54,174
Transfers in	-	-	-	-	-	-	-	-	64,732
Transfers out	-	-	-	-	-	-	-	-	(64,732)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	54,174
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,954	(5,084)	-	5,617	41,720	(104,181)	15,653	606,568
Cash and investments - ending	\$ -	\$ -	\$ (5,084)	\$ -	\$ -	\$ -	\$ (104,181)	\$ 129,261	\$ 5,658,944

LAKELAND 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	H.S. New Tech Major Moves	Corporation Office
Cash and investments - beginning	\$ 1,914,312	\$ 786,345	\$ 65,953	\$ 1,538,649	\$ 454,184	\$ 17,767	\$ 104,000	\$ -	\$ -
Receipts:									
Local sources	114,403	1,319,681	111,766	2,150,664	1,567,524	284,104	-	-	-
Intermediate sources	17	-	-	-	-	-	-	-	-
State sources	14,419,812	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	79,952	-	-	-	-	-
Other	70,115	168	-	-	4,346	-	-	-	-
Total receipts	14,604,347	1,319,849	111,766	2,230,616	1,571,870	284,104	-	-	-
Disbursements:									
Current:									
Instruction	9,274,418	-	-	-	-	-	-	-	-
Support services	5,026,780	-	-	444,155	1,197,182	337,016	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,811,438	-	-	-	-	36,331
Debt services	-	2,006,528	169,302	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	14,301,198	2,006,528	169,302	2,255,593	1,197,182	337,016	-	-	36,331
Excess (deficiency) of receipts over disbursements	303,149	(686,679)	(57,536)	(24,977)	374,688	(52,912)	-	-	(36,331)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	45,921	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(23,841)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(23,841)	-	-	45,921	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	303,149	(710,520)	(57,536)	(24,977)	420,609	(52,912)	-	-	(36,331)
Cash and investments - ending	\$ 2,217,461	\$ 75,825	\$ 8,417	\$ 1,513,672	\$ 874,793	\$ (35,145)	\$ 104,000	\$ -	\$ (36,331)

LAKELAND 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 Food and Nutrition	Textbook Rental	Levy Excess	Latch Key Program	Educational License Plates	Alternative Education	Safe Haven CJI SRO 11-12	Safe Haven CJI SRO 12-13	Early Intervention Grant 10-11
Cash and investments - beginning	\$ 782,590	\$ (221,214)	\$ -	\$ 41,364	\$ 2,967	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	436,395	72,614	-	9,219	-	-	-	-	-
Intermediate sources	-	-	-	-	281	-	-	-	-
State sources	-	101,826	-	-	-	6,238	-	11,500	-
Federal sources	764,150	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	1,200,545	174,440	-	9,219	281	6,238	-	11,500	-
Disbursements:									
Current:									
Instruction	-	-	-	13,067	-	6,238	-	-	-
Support services	-	55,406	-	-	-	-	-	11,500	-
Noninstructional services	1,144,067	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,144,067	55,406	-	13,067	-	6,238	-	11,500	-
Excess (deficiency) of receipts over disbursements	56,478	119,034	-	(3,848)	281	-	-	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	23,841	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	23,841	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	56,478	142,875	-	(3,848)	281	-	-	-	-
Cash and investments - ending	\$ 839,068	\$ (78,339)	\$ -	\$ 37,516	\$ 3,248	\$ -	\$ -	\$ -	\$ -

LAKELAND 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)

	Riddick Estate	Lily Foundation New Tech	C.E.L.L. Grant - Leading Edge	Refunds - ISTA Section 125	High Ability 10-11	High Ability 11-12	High Ability 12-13	Talent Initiative Grant	Non-English Speaking 2011-2012
Cash and investments - beginning	\$ 5,000	\$ -	\$ 24,053	\$ 8,786	\$ -	\$ 3,879	\$ -	\$ 58,248	\$ -
Receipts:									
Local sources	-	62,796	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	35,066	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	1,386	-	-	-	-	-
Total receipts	-	62,796	-	1,386	-	-	35,066	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	3,879	28,309	700	-
Support services	-	62,796	24,053	-	-	-	-	25,132	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	62,796	24,053	-	-	3,879	28,309	25,832	-
Excess (deficiency) of receipts over disbursements	-	-	(24,053)	1,386	-	(3,879)	6,757	(25,832)	-
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	-	-	(24,053)	1,386	-	(3,879)	6,757	(25,832)	-
Cash and investments - ending	\$ 5,000	\$ -	\$ -	\$ 10,172	\$ -	\$ -	\$ 6,757	\$ 32,416	\$ -

LAKELAND 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)

	Non-English Speaking 2012-2013	Connectivity Funds	PLTW (Pre-Engineer)	PLTW (Bio-Medical)	Region 7/8 Tower Rent	Wellness- Insurance Consort	ING Grant (W/M)	Excess PTRC Distributions	Out of School Suspension
Cash and investments - beginning	\$ -	\$ 5,132	\$ -	\$ -	\$ (3,480)	\$ 25,610	\$ -	\$ 31,822	\$ 35,805
Receipts:									
Local sources	-	-	-	-	-	-	-	(31,749)	-
Intermediate sources	-	-	-	-	-	21,000	-	-	-
State sources	24,422	3,621	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	24,422	3,621	-	-	-	21,000	-	(31,749)	-
Disbursements:									
Current:									
Instruction	22,386	-	-	-	-	-	-	-	21,279
Support services	-	-	-	-	-	4,798	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	22,386	-	-	-	-	4,798	-	-	21,279
Excess (deficiency) of receipts over disbursements	2,036	3,621	-	-	-	16,202	-	(31,749)	(21,279)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	16,429
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	16,429
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,036	3,621	-	-	-	16,202	-	(31,749)	(4,850)
Cash and investments - ending	\$ 2,036	\$ 8,753	\$ -	\$ -	\$ (3,480)	\$ 41,812	\$ -	\$ 73	\$ 30,955

LAKELAND 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 2010-2011	Title I 2011-2012	Title I 2012-2013	Title IV 2011-2012	LSTA Grant	Universal Service Fund	Title II, Part A 2009-2010	Title II, Part A 2010-2011	Title II, Part A 2011-2012
Cash and investments - beginning	\$ -	\$ (52,822)	\$ -	\$ -	\$ (2,081)	\$ 19,810	\$ -	\$ (3,415)	\$ (4,316)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	2,081	-	-	-	-
Federal sources	-	105,088	490,743	-	-	-	-	3,415	61,022
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	105,088	490,743	-	2,081	-	-	3,415	61,022
Disbursements:									
Current:									
Instruction	-	29,876	347,364	-	-	-	-	-	14,375
Support services	-	22,390	230,318	-	-	13,664	-	-	43,768
Noninstructional services	-	-	233	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	52,266	577,915	-	-	13,664	-	-	58,143
Excess (deficiency) of receipts over disbursements	-	52,822	(87,172)	-	2,081	(13,664)	-	3,415	2,879
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	-	52,822	(87,172)	-	2,081	(13,664)	-	3,415	2,879
Cash and investments - ending	\$ -	\$ -	\$ (87,172)	\$ -	\$ -	\$ 6,146	\$ -	\$ -	\$ (1,437)

LAKELAND 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 II, Part A 2012-2014	Title III 2010-2011	Title III 2011-2012	Title III 2012-2013	Title I School Improvement (Stimulus)	Special Education - Part B (Stimulus)	Education Jobs	Clearing Account	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (5,084)	\$ -	\$ -	\$ -	\$ (104,181)	\$ 129,261	\$ 5,658,944
Receipts:									
Local sources	-	-	-	-	-	-	-	-	6,097,417
Intermediate sources	-	-	-	-	-	-	-	-	21,298
State sources	-	-	-	-	-	-	-	-	14,604,566
Federal sources	12,825	-	9,684	34,259	-	-	147,133	-	1,628,319
Temporary loans	-	-	-	-	-	-	-	-	79,952
Other	-	-	-	-	-	-	-	3,578,667	3,654,682
Total receipts	12,825	-	9,684	34,259	-	-	147,133	3,578,667	26,086,234
Disbursements:									
Current:									
Instruction	-	-	4,600	35,864	-	-	31,725	-	9,834,080
Support services	18,528	-	-	-	-	-	11,227	-	7,528,713
Noninstructional services	-	-	-	-	-	-	-	-	1,144,300
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,847,769
Debt services	-	-	-	-	-	-	-	-	2,175,830
Nonprogrammed charges	-	-	-	-	-	-	-	3,589,404	3,589,404
Total disbursements	18,528	-	4,600	35,864	-	-	42,952	3,589,404	26,120,096
Excess (deficiency) of receipts over disbursements	(5,703)	-	5,084	(1,605)	-	-	104,181	(10,737)	(33,862)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	62,350
Transfers in	-	-	-	-	-	-	-	-	23,841
Transfers out	-	-	-	-	-	-	-	-	(23,841)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	62,350
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,703)	-	5,084	(1,605)	-	-	104,181	(10,737)	28,488
Cash and investments - ending	\$ (5,703)	\$ -	\$ -	\$ (1,605)	\$ -	\$ -	\$ -	\$ 118,524	\$ 5,687,432

LAKELAND 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>\$ 1,522,306</u>	<u>\$ 95,917</u>

LAKELAND SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Lakeland HS Bldg Corp Series 2012 (QZAB)	High School renovations	\$ 218,750	07-15-13	01-15-16
Lakeland HS Bldg Corp Series 2011 (QZAB)	High School renovations	<u>76,000</u>	07-15-11	01-15-21
Total of annual lease payments		<u>\$ 294,750</u>		

Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Type			
Governmental activities:			
Capital leases:			
Lakeland High School Series 2010 Refunding Bonds	High School renovations	\$ 555,000	\$ 560,000
Lakeland High School First Mortgage Bonds Series 2010	New Tech Renovations	1,880,000	160,500
Bonds payable:			
General obligation bonds:			
2004 Severance liability	Pension	<u>160,000</u>	<u>111,792</u>
Totals		<u>\$ 2,595,000</u>	<u>\$ 832,292</u>

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LAKELAND 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.

	Ending Balance
Governmental activities:	
Land	\$ 1,190,550
Buildings	33,242,163
Improvements other than buildings	171,950
Machinery, equipment, and vehicles	6,786,986
 Total capital assets	 \$ 41,391,649

LAKELAND SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**OVERDRAWN CASH BALANCES**

The financial statements presented in this report included the following funds with overdrawn cash balances at June 30, 2012, and June 30, 2013:

Fund	June 30, 2012	June 30, 2013
Textbook Rental	\$ 221,214	\$ 78,339
Corporation Office	-	36,331
Region 7/8 Tower Rent	3,480	3,480

The cash 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)

**PENALTIES, INTEREST, AND OTHER CHARGES**

The School Corporation paid penalties, interest, and other charges to the Indiana Department of Revenue in the amount of \$11,138.88 because the School Corporation did not remit payments and required returns on a timely basis.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

LAKELAND SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

**OFFICIAL BOND**

The School Treasurer did not have an individual surety bond from October 9, 2010 to August 20, 2013. The Deputy School Treasurer did not have an individual surety bond from April 17, 2010 to August 20, 2013. The School Treasurer and Deputy School Treasurer each obtained an individual surety bond for the period of August 21, 2013 to August 21, 2014, for \$100,000 and \$55,000, respectively. The surety bonds were recorded at the County Recorder's Office on August 23, 2013.

Indiana Code 20-26-4-5 states:

"For each school year commencing July 1, the treasurer of each governing body and the governing body's school corporation and a deputy treasurer, if so appointed, shall give a bond for the faithful performance of the treasurer's and deputy treasurer's duties written by an insurance company licensed to do business in Indiana, in an amount determined by the governing body. The treasurer shall be responsible under the treasurer's bond for the acts of a deputy treasurer appointed as provided in section 1 of this chapter."

The treasurer of the school corporation and the deputy treasurer if one is appointed, for each school year commencing July 1, shall each give a bond for the faithful performance of duty, written by an insurance company licensed to do business in the State of Indiana, in an amount determined by the governing body. The treasurer shall be responsible under the treasurer's bond for the acts of any deputy treasurer appointed as provided in IC 20-26-4-5. All bonds must be made payable to the State of Indiana, IC 5-4-1-10; and approved by the governing body of the school corporation. The State Board of Accounts is of the audit position bonds should be filed and recorded in the office of the county recorder. No charge is made for recording official bonds, IC 36-2-7-10. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE LAKELAND SCHOOL CORPORATION, LAGRANGE COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited the Lakeland 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 the noncompliance findings identified in our audit is described in the accompanying Official Response. The School Corporation's response was not subjected to auditing procedures 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 certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-002, 2013-003, 2013-004, and 2013-005 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying 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

December 9, 2013

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

LAKELAND 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>U.S. DEPARTMENT OF AGRICULTURE</u>					
Child Nutrition Cluster School Breakfast Program	Indiana Department of Education	10.553	FY 2012 FY 2013	\$ 189,756 -	\$ - 180,489
Total - School Breakfast Program				<u>189,756</u>	<u>180,489</u>
National School Lunch Program	Indiana Department of Education	10.555	FY 2012 FY 2013	662,659 -	- 642,922
Total - National School Lunch Program				<u>662,659</u>	<u>642,922</u>
Summer Food Service Program For Children	Indiana Department of Education	10.559	FY 2012 FY 2013	14,960 -	- 16,241
Total - Summer Food Service Program For Children				<u>14,960</u>	<u>16,241</u>
Total - Child Nutrition Cluster				<u>867,375</u>	<u>839,652</u>
Child and Adult Care Food Program (CACFP)	Indiana Department of Education	10.558	FY 2012	1,354	-
Total - Department of Agriculture				<u>868,729</u>	<u>839,652</u>
<u>U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>					
Grants to States	Indiana State Library	45.310	2011 LSTA	7,919	2,081
Total - Institute of Museum and Library Services				<u>7,919</u>	<u>2,081</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Title I, Part A Cluster Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	11-4535 12-4535 13-4535	92,515 364,358 -	- 105,088 490,743
Total - Title I Grants to Local Educational Agencies				<u>456,873</u>	<u>595,831</u>

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

LAKELAND 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>U.S. DEPARTMENT OF EDUCATION (continued)</u>					
Title I, Part A Cluster (continued)					
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	Indiana Department of Education	84.389	10-0255	3,867	-
Total - Title I, Part A Cluster				<u>460,740</u>	<u>595,831</u>
Special Education Cluster					
ARRA - Special Education-Grants to States, Recovery Act	DeKalb County Eastern Community School District	84.391	33310-012-SN01	63,411	-
Total - Special Education Cluster				<u>63,411</u>	<u>-</u>
Safe and Drug Free Schools and Communities - State Grants					
	Indiana Department of Education	84.186	FY09	1,263	-
Tech-Prep Education					
	DeKalb County Eastern Community School District	84.243	12-4535	29,903	-
English Language Acquisition Grants					
	Indiana Department of Education	84.365	FY 10-11	4,525	-
			FY 11-12	23,793	9,684
			FY 12-13	-	34,259
Total - English Language Acquisition Grants				<u>28,318</u>	<u>43,943</u>
Improving Teacher Quality State Grants					
	Indiana Department of Education	84.367	09-4535	8,407	-
			10-4535	51,893	-
			11-4535	-	61,022
			12-4535	-	12,825
Total - Improving Teacher Quality State Grants				<u>60,300</u>	<u>73,847</u>
Education Jobs Fund					
	Indiana Department of Education	84.410	2010 843410A	295,521	147,133
Total - Department of Education				<u>939,456</u>	<u>860,754</u>
Total federal awards expended				<u>\$ 1,816,104</u>	<u>\$ 1,702,487</u>

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

LAKELAND 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 Lakeland 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	\$ 17,097	\$ 18,194
National School Lunch Program	10.555	62,116	67,470

LAKELAND 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 receipting of funds and disbursement of payroll. We believe the following deficiencies constitute material weaknesses:

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 and payroll. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

LAKELAND SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 - ALLOWABLE COSTS INTERNAL CONTROLS***

Federal Agency: U.S. Department of Education  
Federal Program: Education Jobs Fund  
CFDA Number: 84.410  
Federal Award Number and Year: 2010 843410A FY 11 and FY 12  
Pass-Through Entity: Indiana Department of Education

The School Corporation used the Education Jobs Fund grant to supplement allowable employees' payroll. The School Corporation has a lack of internal control over payroll processing. The same person enters the payroll, processes the payroll, and performs the direct deposits of payroll. No payroll review documentation was presented for audit by the School Corporation or its Board. The failure to establish these controls could enable unallowable payroll costs or other irregularities to occur and be undetected.

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."

We recommended that the School Corporation document their payroll review before payroll checks are issued to ensure compliance with grant agreements.

***FINDING 2013-003 - ALLOWABLE COSTS AND PROGRAM INCOME INTERNAL CONTROLS***

Federal Agency: U.S. Department of Agriculture  
Federal Program: National School Lunch Program, School Breakfast Program,  
Summer Food Service Program For Children  
CFDA Number: 10.555, 10.553, 10.559  
Federal Award Number and Year: 4535 FY 2012 and FY 2013  
Pass-Through Entity: Indiana Department of Education

LAKELAND SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation used the Child Nutrition grant and program income to supplement allowable employees' payroll. The School Corporation has a lack of internal control over payroll processing. The same person enters the payroll, processes the payroll, and performs the direct deposits of payroll. No payroll review documentation was presented for audit by the School Corporation or its Board. The failure to establish these controls could enable unallowable payroll costs or other irregularities to occur and be undetected.

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."

We recommended that the School Corporation document their payroll review before payroll checks are issued to ensure compliance with grant requirements.

***FINDING 2013-004 - ELIGIBILITY INTERNAL CONTROLS***

Federal Agency: U.S. Department of Agriculture  
Federal Program: National School Lunch Program, School Breakfast Program,  
Summer Food Service Program For Children  
CFDA Number: 10.555, 10.553, 10.559  
Federal Award Number and Year: 4535 FY 2012 and FY 2013  
Pass-Through Entity: Indiana Department of Education

The Cafeteria Director uses a food service computer program to either input application data from a hardcopy application or download application data collected from another application program. The food service computer program then determines eligibility based on the federal income eligibility guidelines. Hardcopy application files are reviewed by the Cafeteria Director; however, no adequate supporting documentation was on file to prove that eligibility was properly determined by the food service computer program. Downloaded application data collected from another application program did not have supporting documentation that the Cafeteria Director reviewed it for proper eligibility determination. The failure to establish these controls could allow ineligible recipients to receive benefits and eligible recipients to be denied benefits of the programs.

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."

We recommended that the appropriate School Corporation personnel review and document that the eligibility determined is accurate.

LAKELAND SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2013-005 - REPORTING INTERNAL CONTROLS***

Federal Agency: U.S. Department of Agriculture  
Federal Program: National School Lunch Program, School Breakfast Program,  
Summer Food Service Program For Children  
CFDA Number: 10.555, 10.553, 10.559  
Federal Award Number and Year: 4535 FY 2012 and FY 2013  
Pass-Through Entity: Indiana Department of Education

The Cafeteria Director submits monthly reimbursement claims and annual reports as required by the grant agreement. Management reviews the monthly reimbursement claims and annual reports after the submission deadline has expired. The failure to establish controls reviewing monthly reimbursement claims before the submission deadline could result inaccurate reporting of reimbursements received.

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."

We recommended management review the Cafeteria Director's monthly reimbursement claims and annual reports for proper reporting before submission deadlines.



# Lakeland School Corporation

200 South Cherry Street • LaGrange, Indiana 46761 • Phone (260) 499-2400 • Fax (260) 463-4800

October 8, 2013

Corrective Action Plan

## **Section II – Financial Statement Findings**

### **FINDINGS 2013 – 001 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

Payroll Processing – The human resources director/payroll clerk/treasurer will prepare the payroll and print the *Payroll Trial Journal*. The business manager will review the trial journal. If the trial journal is in order, the business manager will initial and date the report for approval. The HRD/payroll clerk/treasurer will then complete the ACH file for submission to the bank for direct deposit to employee accounts.

Depositing and Receipting of Checks/Cash – The corporation receptionist will collect all money received in the corporation office on a daily basis. Prior to the close of each business day the corporation receptionist will count all checks/cash received and prepare a bank deposit. In coordination with the corporation receptionist, the accounts payable/receivable clerk will enter and issue receipts through the school corporation's accounting software (Komputrol). The deposit receipt the corporation receptionist receives at the bank will be returned to the accounts payable/receivable clerk for verification of deposit amount to the receipted amount. Both the corporation receptionist and the accounts payable/receivable clerk will initial and date the deposit receipt.

Robert Bond, President  
David Larimer, Vice President  
Kathy Fuller, Secretary

Risa J. Herber, Superintendent  
Crystal A. Leu, Director of Curriculum  
Cathy J. Phillip, Business Manager

Sue Keenan, Member  
Carey McKibben, Member  
Robert Murphy, Member



# Lakeland School Corporation

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## **Finding Number 2013-002 – ALLOWABLE COSTS INTERNAL CONTROLS**

Federal Agency: U.S. Department of Education  
Federal Program: ARRA-Education Jobs Fund, Recovery Act  
CFDA Number: 84.410  
Federal Award Number and Year: 2010 843410A FY 11 and FY 12  
Pass-Through Entity: Indiana Department of Education

Auditee Contact Person: Jenny Landez  
Title of Contact Person: Human Resources Director/Treasurer  
Phone Number: 260-499-2400 (option 6)

Date: October 8, 2013

### **Corrective Action Plan:**

The human resources director/payroll clerk/treasurer will prepare the payroll and print the *Payroll Trial Journal*. The business manager will review the trial journal. If the trial journal is in order, the business manager will initial and date the report for approval. The HRD/payroll clerk/treasurer will then complete the ACH file for submission to the bank for direct deposit to employee accounts.

Robert Bond, President  
David Larimer, Vice President  
Kathy Fuller, Secretary

Risa J. Herber, Superintendent  
Crystal A. Leu, Director of Curriculum  
Cathy J. Phillip, Business Manager

Sue Keenan, Member  
Carey McKibben, Member  
Robert Murphy, Member



# Lakeland School Corporation

200 South Cherry Street • LaGrange, Indiana 46761 • Phone (260) 499-2400 • Fax (260) 463-4800

## **Finding Number 2013-003 – ALLOWABLE COSTS AND PROGRAM INCOME INTERNAL CONTROLS**

Federal Agency: U.S. Department of Agriculture  
Federal Program: National School Lunch Program, School Breakfast Program,  
Summer Food Service Program for Children  
CFDA Number: 10.555, 10.553, 10.559  
Federal Award Number and Year: 4535 FY 2012 and FY 2013  
Pass-Through Entity: Indiana Department of Education

Auditee Contact Person: Jenny Landez  
Title of Contact Person: Human Resources Director/Treasurer  
Phone Number: 260-499-2400 (option 6)

Date: October 8, 2013

### **Corrective Action Plan:**

The human resources director/payroll clerk/treasurer will prepare the payroll and print the *Payroll Trial Journal*. The business manager will review the trial journal. If the trial journal is in order, the business manager will initial and date the report for approval. The HRD/payroll clerk/treasurer will then complete the ACH file for submission to the bank for direct deposit to employee accounts.

Robert Bond, President  
David Larimer, Vice President  
Kathy Fuller, Secretary

Risa J. Herber, Superintendent  
Crystal A. Leu, Director of Curriculum  
Cathy J. Phillip, Business Manager

Sue Keenan, Member  
Carey McKibben, Member  
Robert Murphy, Member



# Lakeland School Corporation

200 South Cherry Street • LaGrange, Indiana 46761 • Phone (260) 499-2400 • Fax (260) 463-4800

## **Finding Number 2013-004 – ELIGIBILITY INTERNAL CONTROLS**

Federal Agency:	U.S. Department of Agriculture
Federal Program:	National School Lunch Program, School Breakfast Program, Summer Food Service Program for Children
CFDA Number:	10.555, 10.553, 10.559
Federal Award Number and Year:	4535 FY 2012 and FY 2013
Pass-Through Entity:	Indiana Department of Education
Auditee Contact Person:	Jenny Landez
Title of Contact Person:	Human Resources Director/Treasurer
Phone Number:	260-499-2400 (option 6)
Date:	October 8, 2013

### **Corrective Action Plan:**

The Foodservice Director will enter and approve all applications (hard copy and electronic) that are processed through the school's software program. The Business Manager will sample twenty-five (25%) of the applications on a monthly basis to verify the applications are being processed accurately. The Business Manager will initial and date all applications that are verified during this process.

Robert Bond, President  
David Larimer, Vice President  
Kathy Fuller, Secretary

Risa J. Herber, Superintendent  
Crystal A. Leu, Director of Curriculum  
Cathy J. Phillip, Business Manager

Sue Keenan, Member  
Carey McKibben, Member  
Robert Murphy, Member



# Lakeland School Corporation

200 South Cherry Street • LaGrange, Indiana 46761 • Phone (260) 499-2400 • Fax (260) 463-4800

## **Finding Number 2013-005 – REPORTING INTERNAL CONTROLS**

Federal Agency: U.S. Department of Agriculture  
Federal Program: National School Lunch Program, School Breakfast Program,  
Summer Food Service Program for Children  
CFDA Number: 10.555, 10.553, 10.559  
Federal Award Number and Year: 4535 FY 2012 and FY 2013  
Pass-Through Entity: Indiana Department of Education

Auditee Contact Person: Jenny Landez  
Title of Contact Person: Human Resources Director/Treasurer  
Phone Number: 260-499-2400 (option 6)

Date: October 8, 2013

### **Corrective Action Plan:**

The Foodservice Director will provide the Business Manager with the monthly reimbursement claims and annual reports along with all supporting documents prior to the submission. The Business Manager will review all claims and reports for approval. The Business Manager will initial and date the claims and reports.

Robert Bond, President  
David Larimer, Vice President  
Kathy Fuller, Secretary

Risa J. Herber, Superintendent  
Crystal A. Leu, Director of Curriculum  
Cathy J. Phillip, Business Manager

Sue Keenan, Member  
Carey McKibben, Member  
Robert Murphy, Member

LAKELAND SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on December 9, 2013, with Robert Bond, President of School Board; Risa J. Herber, Superintendent of Schools; Jennifer J. Landez, Treasurer; and Cathy Phillip, Business Manager. The Official Response has been made a part of this report and may be found on page 57.



# Lakeland School Corporation

200 South Cherry Street • LaGrange, Indiana 46761 • Phone (260) 499-2400 • Fax (260) 463-4800

December 9, 2013

Mr. Paul D. Joyce, CPA  
State Examiner  
Indiana State Board of Accounts  
302 W. Washington Street, Room E418  
Indianapolis, Indiana 46204-2765

RE: Lakeland School Corporation audit 7-1-11 to 6-30-13

Dear Mr. Joyce:

Please accept this letter as our official response to all audit comments and exceptions noted during the recent audit of Lakeland School Corporation financial records and procedures. All parties involved in the management of Lakeland School Corporation financial records and procedures acknowledge the findings as noted in the official transcript of the audit and have taken steps to rectify all items identified under comments and exceptions.

We would like to acknowledge the SBA staff who we worked with during this audit, Bill Akey, Susan Metzger, Gail Jackson and Stacey Saberniak. Their professionalism and positive support in identifying areas of deficiencies and recommending corrective action were greatly appreciated.

We welcome any further comments relative to our corrective action plan that would support our continued improvements in financial management and day-to-day procedures.

Sincerely,

Risa J. Herber  
Superintendent

Robert Bond, President  
David Larimer, Vice President  
Kathy Fuller, Secretary

Risa J. Herber, Superintendent  
Crystal A. Leu, Director of Curriculum  
Cathy J. Phillip, Business Manager

Sue Keenan, Member  
Carey McKibben, Member  
Robert Murphy, Member