

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CROWN POINT COMMUNITY
SCHOOL CORPORATION
LAKE COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED
05/30/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Financial Officer/Treasurer	Matthew D. Ruess	07-01-11 to 12-31-14
Superintendent of Schools	Dr. Teresa A. Eineman	07-01-11 to 06-30-14
President of the School Board	Scott T. Angel Jerry Caravana	07-01-11 to 12-31-13 01-01-14 to 12-31-14



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CROWN POINT COMMUNITY
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Crown Point Community 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 April 10, 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

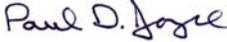
Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of 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 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 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

April 10, 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 CROWN POINT COMMUNITY
SCHOOL CORPORATION, LAKE 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 Crown Point Community 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 April 10, 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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001.

Crown Point Community 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

April 10, 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.

CROWN POINT COMMUNITY 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	\$ 5,828,879	\$ 41,710,819	\$ 41,026,688	\$ 620	\$ 6,513,630	\$ 43,599,022	\$ 39,581,541	\$ 1,702	\$ 10,532,813
Referendum Tax Levy	-	4,518,336	2,111,238	-	2,407,098	5,251,613	6,210,508	-	1,448,203
Debt Service	19,574	33,662	-	-	53,236	112,696	165,932	-	-
Exempt Debt	730,291	23,637,852	22,565,441	-	1,802,702	18,398,214	17,187,451	-	3,013,465
Exempt Retirement/Severance Bond Debt Service	45,860	1,799,404	1,774,719	-	70,545	1,262,328	1,149,798	-	183,075
Capital Projects	442,082	6,064,477	4,749,537	-	1,757,022	3,336,694	3,975,432	-	1,118,284
School Transportation	259,772	5,797,457	4,283,191	-	1,774,038	3,471,826	4,225,359	-	1,020,505
School Bus Replacement	145,379	914,320	555,372	-	504,327	517,511	672,688	-	349,150
Rainy Day	985,235	9,125,000	-	-	10,110,235	-	-	-	10,110,235
Retirement/Severance Bond	996,947	815	625,103	-	372,659	105	372,764	-	-
Post-Retirement/Severance Future Benefits	365,909	430	10,232	-	356,107	321	33,078	-	323,350
Construction 07-09 Project	(63,124)	123,115	325,367	1,797,592	1,532,216	29,639	236,092	-	1,325,763
Construction MS Project	4,337	123,671	124,433	-	3,575	109,900	105,564	-	7,911
School Lunch	907,565	2,987,232	2,783,119	-	1,111,678	3,000,148	3,134,403	-	977,423
Textbook Rental	646,744	2,100,663	2,535,308	-	212,099	2,153,523	1,777,645	-	587,977
Self-Insurance	2,349,419	7,874,692	7,228,207	-	2,995,904	8,225,708	7,434,022	-	3,787,590
Educational License Plates	3,211	2,175	2,114	-	3,272	1,444	1,456	-	3,260
Alternative Education	-	10,920	-	-	10,920	11,575	-	-	22,495
Pop Machine	22,283	39,392	24,534	-	37,141	60,102	42,810	-	54,433
Taft Miscellaneous Grants	-	500	-	-	500	3,000	850	-	2,650
CPHS Miscellaneous Grants	18,701	9,285	13,526	-	14,460	15,550	12,320	-	17,690
Ross Miscellaneous Grants	836	900	1,100	-	636	-	358	-	278
Wheeler Miscellaneous Grants	109	-	109	-	-	4,578	3,585	-	993
MacArthur Miscellaneous Grants	8,807	9,515	9,499	-	8,823	17,597	15,510	-	10,910
Tony Cook Memorial Grant	1,000	-	1,000	-	-	-	-	-	-
Miscellaneous Grants	1,285	700	720	-	1,265	5,200	5,323	-	1,142
EL Donation	-	300	-	-	300	-	300	-	-
Gifted/Talented 10-11	1,628	-	1,628	-	-	-	-	-	-
Gifted/Talented 11-12	-	56,213	38,372	-	17,841	-	17,841	-	-
Gifted/Talented 12-13	-	-	-	-	-	64,866	54,530	-	10,336
Scholarships and Awards	17,665	5,458	4,883	-	18,240	1,500	18,739	-	1,001
Scholarships	200	200	100	-	300	1,080	880	-	500
Non-English Speaking Programs 10-11	1,422	-	1,422	-	-	-	-	-	-
Non-English Speaking Programs 11-12	-	17,302	17,302	-	-	-	-	-	-

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

CROWN POINT COMMUNITY 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
(Continued)

	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
Non-English Speaking Programs 12-13	-	-	-	-	-	17,172	16,606	-	566
School Technology	384,443	136,073	190,969	-	329,547	128,427	153,901	-	304,073
Title I 10-11	3,058	118,353	121,411	-	-	-	-	-	-
Title I 11-12	-	265,616	322,710	-	(57,094)	125,627	68,472	(61)	-
Title I 12-13	-	-	-	-	-	468,571	488,960	61	(20,328)
Special Ed Part B 10-12	(64,475)	311,643	247,168	-	-	130,401	130,401	-	-
Special Ed Part B 11-13	-	999,682	1,074,099	-	(74,417)	296,331	221,914	-	-
Special Ed Part B 12-14	-	-	-	-	-	989,206	1,165,556	-	(176,350)
Special Ed Part B Preschool 10-12	(154)	2,138	1,984	-	-	981	981	-	-
Special Ed Part B Preschool 11-13	-	23,437	24,118	-	(681)	1,370	1,598	-	(909)
Special Ed Part B Preschool 12-14	-	-	-	-	-	17,497	21,611	-	(4,114)
Title IV-A Safe and Drug Free Schools	(438)	1,969	6,197	-	(4,666)	4,666	-	-	-
Perkins Vocational 10-11	(6,464)	34,003	27,539	-	-	-	-	-	-
Perkins Vocational 11-12	-	16,722	28,142	-	(11,420)	18,721	7,301	-	-
Perkins Vocational 12-13	-	-	-	-	-	15,006	32,675	-	(17,669)
Perkins Vocational 09-10	1,798	-	1,798	-	-	-	-	-	-
Perkins Techpoint 2012	-	1,600	1,600	-	-	-	-	-	-
Perkins Techpoint 2013	-	-	-	-	-	3,000	3,000	-	-
Tech Prep Planning 10/11	(4,424)	14,603	10,179	-	-	-	-	-	-
Title II Improving Teacher Quality 10-12	(1,656)	122,438	121,854	-	(1,072)	4,932	3,860	-	-
Title II Improving Teacher Quality 11-13	-	13,672	16,172	-	(2,500)	109,321	106,821	-	-
Title II Improving Teacher Quality 12-14	-	-	-	-	-	16,047	19,497	-	(3,450)
Title III Language Instruction 10-11	197	8,455	8,652	-	-	-	-	-	-
Title III Language Instruction 11-12	-	7,429	11,682	-	(4,253)	19,175	14,922	-	-
Title III Language Instruction 12-13	-	-	-	-	-	5,495	6,124	-	(629)
ARRA Title I	46,100	69,426	115,526	-	-	-	-	-	-
ARRA Special Education - Part B	(5,678)	472,350	466,672	-	-	-	-	-	-
ARRA Special Education - Part B - Preschool	58,014	-	58,014	-	-	-	-	-	-
Education Jobs	(122,604)	455,300	332,696	-	-	26,759	26,759	-	-
Payroll	132,076	9,725,622	9,729,915	-	127,783	9,991,954	9,986,982	-	132,755
Prepaid Food	28,635	1,716,769	1,705,092	-	40,312	1,813,867	1,803,290	-	50,889
Totals	\$ 14,190,444	\$ 121,482,105	\$ 105,438,453	\$ 1,798,212	\$ 32,032,308	\$ 103,860,266	\$ 100,718,010	\$ 1,702	\$ 35,176,266

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

CROWN POINT COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, 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.

CROWN POINT COMMUNITY 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.

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

Other receipts 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.

CROWN POINT COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

F. Other Financing Sources and Uses

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

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

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

CROWN POINT COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

CROWN POINT COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

CROWN POINT COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of grant reimbursements not received by June 30, 2012 or 2013.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with the Crown Point Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2012 and 2013, totaled \$15,013,500 and \$15,671,000, respectively.

Note 9. Subsequent Event

The School Corporation was party to a lawsuit against the Indiana State Teachers Association and their affiliates with regard to operation of their medical benefits insurance trust. The State of Indiana was also involved in a similar lawsuit against the Indiana State Teachers Association and their affiliates. As part of the legal action taken by the State of Indiana and the settlement reached regarding their lawsuit, the School Corporation agreed to a settlement on October 28, 2013. On December 11, 2013, the School Corporation received a check in the amount of \$3,040,851.39 as part of the settlement.

Note 10. Other Postemployment Benefit

Teachers/Administrators who were eligible for retirement prior to June 15, 2008, were allowed to elect whether their retirement would be calculated using the Buyout Replacement method or the prior retirement plan. This election had to be made in writing to the Superintendent of Schools on or before February 15, 2005.

Prior Retirement Plan

A teacher who has reached the age of 50 years or over and has 15 years of service with the Crown Point Community School Corporation and any administrator who has reached the age of 55 with 10 years of service may be eligible to receive at retirement a one-time benefit payment. The benefit payment is based on the number of years of active service, plus compensation for unused sick leave days with a maximum of 225.

These benefits were established as an aid to bridge the time between early retirement and the eligibility of the retiree to receive reduced or unreduced Medicare benefits. The early retiree shall receive 1/2 of the difference between the base salary of the retiree and the base salary of a beginning teacher for a period of 5 years, or until the teacher/administrator attains eligibility for Medicare, whichever occurs earliest. The retiree shall receive the same single insurance package in effect on the last day of employment for single teachers. The School Corporation shall make the same financial contributions to the retiree's insurance package every year thereafter.

CROWN POINT COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

There are currently 14 retirees participating in this program, and another 4 who are eligible for participation.

Retirement Severance Benefit

Under the buyout program, amounts were contributed to the employee's voluntary employee beneficiary association (VEBA) plan based upon an actuarial determination of the present value of the group health insurance benefits and term life insurance.

Under this program contributions were also made to a 401(a) plan based upon unused sick days.

No additional contributions will be made to either the VEBA or to the 401(a) plans.

There are currently 179 teachers in this plan.

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.

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

	General	Referendum Tax Levy	Debt Service	Exempt Debt	Exempt Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 5,828,879	\$ -	\$ 19,574	\$ 730,291	\$ 45,860	\$ 442,082	\$ 259,772	\$ 145,379	\$ 985,235
Receipts:									
Local sources	926,948	2,757,736	33,662	23,637,852	1,799,404	5,587,077	4,771,057	914,320	-
Intermediate sources	425,117	-	-	-	-	-	-	-	-
State sources	40,354,836	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	1,760,600	-	-	-	477,400	1,026,400	-	-
Interfund loans	-	-	-	-	-	-	-	-	9,125,000
Other	3,918	-	-	-	-	-	-	-	-
Total receipts	<u>41,710,819</u>	<u>4,518,336</u>	<u>33,662</u>	<u>23,637,852</u>	<u>1,799,404</u>	<u>6,064,477</u>	<u>5,797,457</u>	<u>914,320</u>	<u>9,125,000</u>
Disbursements:									
Current:									
Instruction	27,499,753	1,674,144	-	-	-	-	-	-	-
Support services	13,078,424	229,764	-	-	-	2,818,681	3,283,191	555,372	-
Noninstructional services	448,511	207,330	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	430,856	-	-	-
Debt services	-	-	-	16,565,441	1,149,719	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	6,000,000	625,000	1,500,000	1,000,000	-	-
Total disbursements	<u>41,026,688</u>	<u>2,111,238</u>	<u>-</u>	<u>22,565,441</u>	<u>1,774,719</u>	<u>4,749,537</u>	<u>4,283,191</u>	<u>555,372</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>684,131</u>	<u>2,407,098</u>	<u>33,662</u>	<u>1,072,411</u>	<u>24,685</u>	<u>1,314,940</u>	<u>1,514,266</u>	<u>358,948</u>	<u>9,125,000</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	620	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>684,751</u>	<u>2,407,098</u>	<u>33,662</u>	<u>1,072,411</u>	<u>24,685</u>	<u>1,314,940</u>	<u>1,514,266</u>	<u>358,948</u>	<u>9,125,000</u>
Cash and investments - ending	<u>\$ 6,513,630</u>	<u>\$ 2,407,098</u>	<u>\$ 53,236</u>	<u>\$ 1,802,702</u>	<u>\$ 70,545</u>	<u>\$ 1,757,022</u>	<u>\$ 1,774,038</u>	<u>\$ 504,327</u>	<u>\$ 10,110,235</u>

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

	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits	Construction 07-09 Project	Construction MS Project	School Lunch	Textbook Rental	Self- Insurance	Educational License Plates
Cash and investments - beginning	\$ 996,947	\$ 365,909	\$ (63,124)	\$ 4,337	\$ 907,565	\$ 646,744	\$ 2,349,419	\$ 3,211
Receipts:								
Local sources	815	430	60,000	123,671	1,961,080	871,302	7,874,692	-
Intermediate sources	-	-	-	-	-	-	-	2,175
State sources	-	-	-	-	46,604	1,229,361	-	-
Federal sources	-	-	-	-	977,206	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	63,115	-	2,342	-	-	-
Total receipts	<u>815</u>	<u>430</u>	<u>123,115</u>	<u>123,671</u>	<u>2,987,232</u>	<u>2,100,663</u>	<u>7,874,692</u>	<u>2,175</u>
Disbursements:								
Current:								
Instruction	625,103	10,232	-	-	-	-	-	2,114
Support services	-	-	164,886	94,382	2,079	2,535,308	-	-
Noninstructional services	-	-	-	-	2,781,040	-	-	-
Facilities acquisition and construction	-	-	160,481	30,051	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	7,228,207	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>625,103</u>	<u>10,232</u>	<u>325,367</u>	<u>124,433</u>	<u>2,783,119</u>	<u>2,535,308</u>	<u>7,228,207</u>	<u>2,114</u>
Excess (deficiency) of receipts over disbursements	<u>(624,288)</u>	<u>(9,802)</u>	<u>(202,252)</u>	<u>(762)</u>	<u>204,113</u>	<u>(434,645)</u>	<u>646,485</u>	<u>61</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	1,797,592	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,797,592</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>(624,288)</u>	<u>(9,802)</u>	<u>1,595,340</u>	<u>(762)</u>	<u>204,113</u>	<u>(434,645)</u>	<u>646,485</u>	<u>61</u>
Cash and investments - ending	<u>\$ 372,659</u>	<u>\$ 356,107</u>	<u>\$ 1,532,216</u>	<u>\$ 3,575</u>	<u>\$ 1,111,678</u>	<u>\$ 212,099</u>	<u>\$ 2,995,904</u>	<u>\$ 3,272</u>

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

	Alternative Education	Pop Machine	Taft Miscellaneous Grants	CPHS Miscellaneous Grants	Ross Miscellaneous Grants	Wheeler Miscellaneous Grants	MacArthur Miscellaneous Grants	Tony Cook Memorial Grant
Cash and investments - beginning	\$ -	\$ 22,283	\$ -	\$ 18,701	\$ 836	\$ 109	\$ 8,807	\$ 1,000
Receipts:								
Local sources	-	39,392	500	9,285	900	-	9,515	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	10,920	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>10,920</u>	<u>39,392</u>	<u>500</u>	<u>9,285</u>	<u>900</u>	<u>-</u>	<u>9,515</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	13,526	1,100	109	9,499	1,000
Support services	-	24,534	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>24,534</u>	<u>-</u>	<u>13,526</u>	<u>1,100</u>	<u>109</u>	<u>9,499</u>	<u>1,000</u>
Excess (deficiency) of receipts over disbursements	<u>10,920</u>	<u>14,858</u>	<u>500</u>	<u>(4,241)</u>	<u>(200)</u>	<u>(109)</u>	<u>16</u>	<u>(1,000)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>10,920</u>	<u>14,858</u>	<u>500</u>	<u>(4,241)</u>	<u>(200)</u>	<u>(109)</u>	<u>16</u>	<u>(1,000)</u>
Cash and investments - ending	<u>\$ 10,920</u>	<u>\$ 37,141</u>	<u>\$ 500</u>	<u>\$ 14,460</u>	<u>\$ 636</u>	<u>\$ -</u>	<u>\$ 8,823</u>	<u>\$ -</u>

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

	Miscellaneous Grants	EL Donation	Gifted/ Talented 10-11	Gifted/ Talented 11-12	Scholarships and Awards	Scholarships	Non-English Speaking Programs 10-11	Non-English Speaking Programs 11-12
Cash and investments - beginning	\$ 1,285	\$ -	\$ 1,628	\$ -	\$ 17,665	\$ 200	\$ 1,422	\$ -
Receipts:								
Local sources	700	300	-	-	5,458	200	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	56,213	-	-	-	17,302
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	700	300	-	56,213	5,458	200	-	17,302
Disbursements:								
Current:								
Instruction	720	-	1,628	38,372	-	-	1,422	17,302
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	4,883	100	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	720	-	1,628	38,372	4,883	100	1,422	17,302
Excess (deficiency) of receipts over disbursements	(20)	300	(1,628)	17,841	575	100	(1,422)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20)	300	(1,628)	17,841	575	100	(1,422)	-
Cash and investments - ending	\$ 1,265	\$ 300	\$ -	\$ 17,841	\$ 18,240	\$ 300	\$ -	\$ -

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

	School Technology	Title I 10-11	Title I 11-12	Special Ed Part B 10-12	Special Ed Part B 11-13	Special Ed Part B Preschool 10-12	Special Ed Part B Preschool 11-13	Title IV-A Safe and Drug Free Schools
Cash and investments - beginning	\$ 384,443	\$ 3,058	\$ -	\$ (64,475)	\$ -	\$ (154)	\$ -	\$ (438)
Receipts:								
Local sources	55,728	1,981	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	80,345	-	-	-	-	-	-	-
Federal sources	-	116,372	265,616	311,643	999,682	2,138	23,437	1,969
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>136,073</u>	<u>118,353</u>	<u>265,616</u>	<u>311,643</u>	<u>999,682</u>	<u>2,138</u>	<u>23,437</u>	<u>1,969</u>
Disbursements:								
Current:								
Instruction	-	103,606	316,960	56,472	613,684	1,338	24,118	5,757
Support services	190,969	6,660	3,074	162,847	460,415	-	-	-
Noninstructional services	-	360	2,676	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	10,785	-	27,849	-	646	-	440
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>190,969</u>	<u>121,411</u>	<u>322,710</u>	<u>247,168</u>	<u>1,074,099</u>	<u>1,984</u>	<u>24,118</u>	<u>6,197</u>
Excess (deficiency) of receipts over disbursements	<u>(54,896)</u>	<u>(3,058)</u>	<u>(57,094)</u>	<u>64,475</u>	<u>(74,417)</u>	<u>154</u>	<u>(681)</u>	<u>(4,228)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(54,896)</u>	<u>(3,058)</u>	<u>(57,094)</u>	<u>64,475</u>	<u>(74,417)</u>	<u>154</u>	<u>(681)</u>	<u>(4,228)</u>
Cash and investments - ending	<u>\$ 329,547</u>	<u>\$ -</u>	<u>\$ (57,094)</u>	<u>\$ -</u>	<u>\$ (74,417)</u>	<u>\$ -</u>	<u>\$ (681)</u>	<u>\$ (4,666)</u>

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

	Perkins Vocational 10-11	Perkins Vocational 11-12	Perkins Vocational 09-10	Perkins Techpoint 2012	Tech Prep Planning 10/11	Title II Improving Teacher Quality 10-12	Title II Improving Teacher Quality 11-13	Title III Language Instruction 10-11
Cash and investments - beginning	\$ (6,464)	\$ -	\$ 1,798	\$ -	\$ (4,424)	\$ (1,656)	\$ -	\$ 197
Receipts:								
Local sources	22,716	-	-	-	868	1	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	11,287	16,722	-	1,600	13,735	122,437	13,672	8,455
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>34,003</u>	<u>16,722</u>	<u>-</u>	<u>1,600</u>	<u>14,603</u>	<u>122,438</u>	<u>13,672</u>	<u>8,455</u>
Disbursements:								
Current:								
Instruction	-	-	1,798	1,600	-	-	-	8,319
Support services	27,539	28,142	-	-	10,179	118,462	16,172	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	3,392	-	333
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>27,539</u>	<u>28,142</u>	<u>1,798</u>	<u>1,600</u>	<u>10,179</u>	<u>121,854</u>	<u>16,172</u>	<u>8,652</u>
Excess (deficiency) of receipts over disbursements	<u>6,464</u>	<u>(11,420)</u>	<u>(1,798)</u>	<u>-</u>	<u>4,424</u>	<u>584</u>	<u>(2,500)</u>	<u>(197)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>6,464</u>	<u>(11,420)</u>	<u>(1,798)</u>	<u>-</u>	<u>4,424</u>	<u>584</u>	<u>(2,500)</u>	<u>(197)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (11,420)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,072)</u>	<u>\$ (2,500)</u>	<u>\$ -</u>

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

	Title III Language Instruction 11-12	ARRA Title I	ARRA Special Education - Part B	ARRA Special Education - Part B - Preschool	Education Jobs	Payroll	Prepaid Food	Totals
Cash and investments - beginning	\$ -	\$ 46,100	\$ (5,678)	\$ 58,014	\$ (122,604)	\$ 132,076	\$ 28,635	\$ 14,190,444
Receipts:								
Local sources	-	-	-	-	-	-	-	51,467,590
Intermediate sources	-	-	-	-	-	-	-	427,292
State sources	-	-	-	-	-	-	-	41,795,581
Federal sources	7,429	69,426	472,350	-	455,300	-	-	3,890,476
Temporary loans	-	-	-	-	-	-	-	3,264,400
Interfund loans	-	-	-	-	-	-	-	9,125,000
Other	-	-	-	-	-	9,725,622	1,716,769	11,511,766
Total receipts	<u>7,429</u>	<u>69,426</u>	<u>472,350</u>	<u>-</u>	<u>455,300</u>	<u>9,725,622</u>	<u>1,716,769</u>	<u>121,482,105</u>
Disbursements:								
Current:								
Instruction	11,682	111,451	20,512	57,477	313,898	-	-	31,544,696
Support services	-	654	446,160	537	18,798	-	-	24,277,229
Noninstructional services	-	1,146	-	-	-	-	-	3,441,063
Facilities acquisition and construction	-	-	-	-	-	-	-	621,388
Debt services	-	-	-	-	-	-	-	17,715,160
Nonprogrammed charges	-	2,275	-	-	-	9,729,915	1,705,092	18,713,917
Interfund loans	-	-	-	-	-	-	-	9,125,000
Total disbursements	<u>11,682</u>	<u>115,526</u>	<u>466,672</u>	<u>58,014</u>	<u>332,696</u>	<u>9,729,915</u>	<u>1,705,092</u>	<u>105,438,453</u>
Excess (deficiency) of receipts over disbursements	<u>(4,253)</u>	<u>(46,100)</u>	<u>5,678</u>	<u>(58,014)</u>	<u>122,604</u>	<u>(4,293)</u>	<u>11,677</u>	<u>16,043,652</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,797,592
Sale of capital assets	-	-	-	-	-	-	-	620
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,798,212</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(4,253)</u>	<u>(46,100)</u>	<u>5,678</u>	<u>(58,014)</u>	<u>122,604</u>	<u>(4,293)</u>	<u>11,677</u>	<u>17,841,864</u>
Cash and investments - ending	<u>\$ (4,253)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,783</u>	<u>\$ 40,312</u>	<u>\$ 32,032,308</u>

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

	General	Referendum Tax Levy	Debt Service	Exempt Debt	Exempt Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 6,513,630	\$ 2,407,098	\$ 53,236	\$ 1,802,702	\$ 70,545	\$ 1,757,022	\$ 1,774,038	\$ 504,327	\$ 10,110,235
Receipts:									
Local sources	1,097,674	5,251,613	112,696	18,398,214	1,262,328	3,331,459	3,471,826	517,511	-
Intermediate sources	273,504	-	-	-	-	-	-	-	-
State sources	42,222,966	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	4,878	-	-	-	-	5,235	-	-	-
Total receipts	<u>43,599,022</u>	<u>5,251,613</u>	<u>112,696</u>	<u>18,398,214</u>	<u>1,262,328</u>	<u>3,336,694</u>	<u>3,471,826</u>	<u>517,511</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	25,869,216	3,588,804	-	-	-	-	-	-	-
Support services	13,545,127	441,042	131,846	-	-	3,089,268	3,198,959	672,688	-
Noninstructional services	167,198	420,062	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	408,764	-	-	-
Debt services	-	1,760,600	34,086	17,187,451	1,149,798	477,400	1,026,400	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>39,581,541</u>	<u>6,210,508</u>	<u>165,932</u>	<u>17,187,451</u>	<u>1,149,798</u>	<u>3,975,432</u>	<u>4,225,359</u>	<u>672,688</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>4,017,481</u>	<u>(958,895)</u>	<u>(53,236)</u>	<u>1,210,763</u>	<u>112,530</u>	<u>(638,738)</u>	<u>(753,533)</u>	<u>(155,177)</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	1,702	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>4,019,183</u>	<u>(958,895)</u>	<u>(53,236)</u>	<u>1,210,763</u>	<u>112,530</u>	<u>(638,738)</u>	<u>(753,533)</u>	<u>(155,177)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 10,532,813</u>	<u>\$ 1,448,203</u>	<u>\$ -</u>	<u>\$ 3,013,465</u>	<u>\$ 183,075</u>	<u>\$ 1,118,284</u>	<u>\$ 1,020,505</u>	<u>\$ 349,150</u>	<u>\$ 10,110,235</u>

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

	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits	Construction 07-09 Project	Construction MS Project	School Lunch	Textbook Rental	Self- Insurance	Educational License Plates	Alternative Education
Cash and investments - beginning	\$ 372,659	\$ 356,107	\$ 1,532,216	\$ 3,575	\$ 1,111,678	\$ 212,099	\$ 2,995,904	\$ 3,272	\$ 10,920
Receipts:									
Local sources	105	321	18,744	109,900	2,096,404	886,719	8,225,708	-	-
Intermediate sources	-	-	-	-	-	-	-	1,444	-
State sources	-	-	-	-	49,372	1,266,804	-	-	11,575
Federal sources	-	-	-	-	852,066	-	-	-	-
Other	-	-	10,895	-	2,306	-	-	-	-
Total receipts	<u>105</u>	<u>321</u>	<u>29,639</u>	<u>109,900</u>	<u>3,000,148</u>	<u>2,153,523</u>	<u>8,225,708</u>	<u>1,444</u>	<u>11,575</u>
Disbursements:									
Current:									
Instruction	372,764	24,399	-	-	-	-	-	1,456	-
Support services	-	8,679	48,836	38,096	2,253	1,777,645	-	-	-
Noninstructional services	-	-	-	-	2,872,124	-	-	-	-
Facilities acquisition and construction	-	-	187,256	67,468	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	260,026	-	7,434,022	-	-
Total disbursements	<u>372,764</u>	<u>33,078</u>	<u>236,092</u>	<u>105,564</u>	<u>3,134,403</u>	<u>1,777,645</u>	<u>7,434,022</u>	<u>1,456</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(372,659)</u>	<u>(32,757)</u>	<u>(206,453)</u>	<u>4,336</u>	<u>(134,255)</u>	<u>375,878</u>	<u>791,686</u>	<u>(12)</u>	<u>11,575</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(372,659)</u>	<u>(32,757)</u>	<u>(206,453)</u>	<u>4,336</u>	<u>(134,255)</u>	<u>375,878</u>	<u>791,686</u>	<u>(12)</u>	<u>11,575</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 323,350</u>	<u>\$ 1,325,763</u>	<u>\$ 7,911</u>	<u>\$ 977,423</u>	<u>\$ 587,977</u>	<u>\$ 3,787,590</u>	<u>\$ 3,260</u>	<u>\$ 22,495</u>

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

	Pop Machine	Taft Miscellaneous Grants	CPHS Miscellaneous Grants	Ross Miscellaneous Grants	Wheeler Miscellaneous Grants	MacArthur Miscellaneous Grants	Miscellaneous Grants	EL Donation	Gifted/ Talented 11-12
Cash and investments - beginning	\$ 37,141	\$ 500	\$ 14,460	\$ 636	\$ -	\$ 8,823	\$ 1,265	\$ 300	\$ 17,841
Receipts:									
Local sources	60,102	3,000	15,550	-	4,578	17,597	5,200	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	60,102	3,000	15,550	-	4,578	17,597	5,200	-	-
Disbursements:									
Current:									
Instruction	-	850	12,320	358	3,585	15,510	5,323	300	17,841
Support services	42,810	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	42,810	850	12,320	358	3,585	15,510	5,323	300	17,841
Excess (deficiency) of receipts over disbursements	17,292	2,150	3,230	(358)	993	2,087	(123)	(300)	(17,841)
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	17,292	2,150	3,230	(358)	993	2,087	(123)	(300)	(17,841)
Cash and investments - ending	\$ 54,433	\$ 2,650	\$ 17,690	\$ 278	\$ 993	\$ 10,910	\$ 1,142	\$ -	\$ -

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

	Gifted/ Talented 12-13	Scholarships and Awards	Scholarships	Non-English Speaking Programs 12-13	School Technology	Title I 11-12	Title I 12-13	Special Ed Part B 10-12	Special Ed Part B 11-13
Cash and investments - beginning	\$ -	\$ 18,240	\$ 300	\$ -	\$ 329,547	\$ (57,094)	\$ -	\$ -	\$ (74,417)
Receipts:									
Local sources	-	1,500	1,080	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	64,866	-	-	17,172	128,427	-	-	-	-
Federal sources	-	-	-	-	-	125,627	468,571	130,401	296,331
Other	-	-	-	-	-	-	-	-	-
Total receipts	64,866	1,500	1,080	17,172	128,427	125,627	468,571	130,401	296,331
Disbursements:									
Current:									
Instruction	54,530	-	880	16,606	-	55,463	458,816	10,190	103,328
Support services	-	-	-	-	153,901	1,336	7,503	120,211	82,969
Noninstructional services	-	-	-	-	-	-	5,462	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	18,739	-	-	-	11,673	17,179	-	35,617
Total disbursements	54,530	18,739	880	16,606	153,901	68,472	488,960	130,401	221,914
Excess (deficiency) of receipts over disbursements	10,336	(17,239)	200	566	(25,474)	57,155	(20,389)	-	74,417
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	61	-	-
Transfers out	-	-	-	-	-	(61)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(61)	61	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,336	(17,239)	200	566	(25,474)	57,094	(20,328)	-	74,417
Cash and investments - ending	\$ 10,336	\$ 1,001	\$ 500	\$ 566	\$ 304,073	\$ -	\$ (20,328)	\$ -	\$ -

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

	Special Ed Part B 12-14	Special Ed Part B Preschool 10-12	Special Ed Part B Preschool 11-13	Special Ed Part B Preschool 12-14	Title IV-A Safe and Drug Free Schools	Perkins Vocational 11-12	Perkins Vocational 12-13	Perkins Techpoint 2013	Title II Improving Teacher Quality 10-12
Cash and investments - beginning	\$ -	\$ -	\$ (681)	\$ -	\$ (4,666)	\$ (11,420)	\$ -	\$ -	\$ (1,072)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	989,206	981	1,370	17,497	4,666	18,721	15,006	3,000	4,932
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>989,206</u>	<u>981</u>	<u>1,370</u>	<u>17,497</u>	<u>4,666</u>	<u>18,721</u>	<u>15,006</u>	<u>3,000</u>	<u>4,932</u>
Disbursements:									
Current:									
Instruction	615,619	981	909	21,611	-	-	-	3,000	-
Support services	549,937	-	-	-	-	7,301	32,675	-	3,860
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	689	-	-	-	-	-	-
Total disbursements	<u>1,165,556</u>	<u>981</u>	<u>1,598</u>	<u>21,611</u>	<u>-</u>	<u>7,301</u>	<u>32,675</u>	<u>3,000</u>	<u>3,860</u>
Excess (deficiency) of receipts over disbursements	<u>(176,350)</u>	<u>-</u>	<u>(228)</u>	<u>(4,114)</u>	<u>4,666</u>	<u>11,420</u>	<u>(17,669)</u>	<u>-</u>	<u>1,072</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(176,350)</u>	<u>-</u>	<u>(228)</u>	<u>(4,114)</u>	<u>4,666</u>	<u>11,420</u>	<u>(17,669)</u>	<u>-</u>	<u>1,072</u>
Cash and investments - ending	<u>\$ (176,350)</u>	<u>\$ -</u>	<u>\$ (909)</u>	<u>\$ (4,114)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,669)</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Title II Improving Teacher Quality 11-13	Title II Improving Teacher Quality 12-14	Title III Language Instruction 11-12	Title III Language Instruction 12-13	Education Jobs	Payroll	Prepaid Food	Totals
Cash and investments - beginning	\$ (2,500)	\$ -	\$ (4,253)	\$ -	\$ -	\$ 127,783	\$ 40,312	\$ 32,032,308
Receipts:								
Local sources	-	-	-	-	-	-	-	44,889,829
Intermediate sources	-	-	-	-	-	-	-	274,948
State sources	-	-	-	-	-	-	-	43,761,182
Federal sources	109,321	16,047	19,175	5,495	26,759	-	-	3,105,172
Other	-	-	-	-	-	9,991,954	1,813,867	11,829,135
Total receipts	<u>109,321</u>	<u>16,047</u>	<u>19,175</u>	<u>5,495</u>	<u>26,759</u>	<u>9,991,954</u>	<u>1,813,867</u>	<u>103,860,266</u>
Disbursements:								
Current:								
Instruction	-	-	14,922	6,124	26,759	-	-	31,302,464
Support services	103,213	15,771	-	-	-	-	-	24,075,926
Noninstructional services	-	-	-	-	-	-	-	3,464,846
Facilities acquisition and construction	-	-	-	-	-	-	-	663,488
Debt services	-	-	-	-	-	-	-	21,635,735
Nonprogrammed charges	3,608	3,726	-	-	-	9,986,982	1,803,290	19,575,551
Total disbursements	<u>106,821</u>	<u>19,497</u>	<u>14,922</u>	<u>6,124</u>	<u>26,759</u>	<u>9,986,982</u>	<u>1,803,290</u>	<u>100,718,010</u>
Excess (deficiency) of receipts over disbursements	<u>2,500</u>	<u>(3,450)</u>	<u>4,253</u>	<u>(629)</u>	<u>-</u>	<u>4,972</u>	<u>10,577</u>	<u>3,142,256</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	1,702
Transfers in	-	-	-	-	-	-	-	61
Transfers out	-	-	-	-	-	-	-	(61)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,702</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,500</u>	<u>(3,450)</u>	<u>4,253</u>	<u>(629)</u>	<u>-</u>	<u>4,972</u>	<u>10,577</u>	<u>3,143,958</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (3,450)</u>	<u>\$ -</u>	<u>\$ (629)</u>	<u>\$ -</u>	<u>\$ 132,755</u>	<u>\$ 50,889</u>	<u>\$ 35,176,266</u>

CROWN POINT COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Crown Point Multi-School Building Corporation	2005 New Middle School	\$ 5,298,000	05-01-07	01-15-27
Crown Point Multi-School Building Corporation	2007/08 Renovation and Expansion Projects	3,753,000	07-02-07	12-31-27
Crown Point Multi-School Building Corporation	2001 New Elementary	263,000	03-17-02	06-30-20
Crown Point Multi-School Building Corporation	2000 New High School	<u>6,660,000</u>	12-03-99	01-15-25
Total of annual lease payments		<u>\$ 15,974,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Notes and loans payable		\$ 9,488,362	\$ 1,450,229
General obligation bonds	Pension Bonds, Series 2004	<u>6,595,000</u>	<u>1,167,943</u>
Totals		<u>\$ 16,083,362</u>	<u>\$ 2,618,172</u>

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CROWN POINT COMMUNITY 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	\$ 6,884,038
Infrastructure	1,015,381
Buildings	175,511,690
Improvements other than buildings	9,482,268
Machinery, equipment, and vehicles	14,881,103
Books and other	2,887,844
Total capital assets	\$ 210,662,324

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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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 CROWN POINT COMMUNITY
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Crown Point Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 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 results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-003 and 2013-006. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying 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.

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, 2013-004, 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.

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

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

April 10, 2014

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.

CROWN POINT COMMUNITY 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		\$ 113,098	\$ 113,665
National School Lunch Program		10.555		1,046,343	957,727
Total for federal grantor agency				1,159,441	1,071,392
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	10-4660	116,372	-
			11-4660	265,616	125,627
			12-4660	-	468,571
Total for program				381,988	594,198
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	Indiana Department of Education	84.389	10-4660	115,526	-
Total for cluster				497,514	594,198
<u>Special Education Cluster</u>					
Special Education - Grants to States	Indiana Department of Education	84.027	14211-080-PN01	247,167	130,401
			14212-080-PN01	999,682	296,331
			14213-080-PN01	-	989,206
Total for program				1,246,849	1,415,938
Special Education - Preschool Grants	Indiana Department of Education	84.173	45711-080-PN01	1,984	981
			45712-080-PN01	23,437	1,370
			45713-080-PN01	-	17,497
Total for program				25,421	19,848
ARRA Special Education - Grants to States, Recovery Act	Indiana Department of Education	84.391	33310-080-SN01	466,672	-
ARRA Special Education - Preschool Grants, Recovery Act	Indiana Department of Education	84.392	10-4660	58,014	-
Total for cluster				1,796,956	1,435,786

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

CROWN POINT COMMUNITY 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>					
Career and Technical Education - Basic Grants to States	Southlake Career Cooperative-Hanover Community School Corporation	84.048			
			11-4700-4580	17,823	-
			12-4700-4580	16,722	18,721
			13-4700-4580	-	15,006
			11-6200-4580	10,013	-
			A58-1-11C1-032	9,311	-
	TechPoint Foundation for Youth		8271	1,600	-
			10833	-	3,000
Total for program				<u>55,469</u>	<u>36,727</u>
Safe and Drug-Free Schools and Communities - State Grants	Indiana Department of Education	84.186	09-4660	<u>1,531</u>	<u>4,667</u>
English Language Acquisition State Grants	Indiana Department of Education	84.365			
			01111-043-PN01	8,455	-
			01112-043-PN01	7,429	19,175
			01113-043-PN01	-	5,495
Total for program				<u>15,884</u>	<u>24,670</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			09-4660	14,263	-
			10-4660	110,848	4,932
			11-4660	13,672	109,321
			12-4660	-	16,047
Total for program				<u>138,783</u>	<u>130,300</u>
Education Jobs Fund	Indiana Department of Education	84.410	10-4660	<u>332,696</u>	<u>26,759</u>
Total for federal grantor agency				<u>2,838,833</u>	<u>2,253,107</u>
Total federal awards expended				<u>\$ 3,998,274</u>	<u>\$ 3,324,499</u>

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

CROWN POINT COMMUNITY 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 Crown Point Community 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 ended 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	\$ 18,654	\$ 19,221
National School Lunch Program	10.555	172,583	185,616

CROWN POINT COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

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

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:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster

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. Issuing and Recording Receipts: Deposits are made daily throughout the month. Receipts are issued for all collections except for electronically transferred (EFT) collections. The EFT receipts are written after the end of a month and are backdated to the last day of the prior month. Failure to timely record receipt transactions may result in inaccurate cash and investment balances during the month.

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

2. Issuing Checks and Recording Disbursements: Bank reconcilements are completed monthly. After an initial bank reconciliation is completed, the Chief Financial Officer (CFO) reviews the reconciliation and determines if additional accounts payable vouchers (claims) and checks are to be processed and recorded. If so, these checks are backdated to reflect the month that is being reconciled. A revised bank reconciliation is completed and signed by the CFO. These checks are not approved by the governing board until after they have been issued. Failure to timely record disbursement transactions results in inaccurate cash and investment balances during the month.

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)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: . . .

- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2013-002 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE TITLE I, PART A CLUSTER

Federal Agency: Department of Education

Federal Programs: Title I Grants to Local Educational Agencies, ARRA – Title I
Grants to Local Educational Agencies, Recovery Act

CFDA Numbers: 84.010, 84.389

Federal Award Numbers: 10-4660, 11-4660, 12-4660

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 grant agreement and some of the compliance requirements that have a direct and material effect on the programs. This includes the following compliance requirements: Allowable Costs, Cash Management, Reporting, and Special Tests and Provisions for Comparability and Highly Qualified Teachers and Paraprofessionals. 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 programs.

Allowable Costs

The School Corporation has not implemented adequate policies and procedures to ensure that payroll is properly approved. The building principals submit payroll information to the finance department to be processed but the Title I Department does not verify that the proper wages and employees were paid from the Title I funds.

The School Corporation has not implemented adequate policies and procedures to ensure that the indirect cost amount is accurate. Indirect cost rates are provided to the School Corporation by the Indiana Department of Education at the time the grant application is submitted based upon the budgeted amounts in the grant. The indirect cost amount can change based upon the actual expenditures of the grant. The indirect cost amount was not reviewed for accuracy.

Cash Management

The School Corporation has not implemented adequate policies and procedures to ensure that all reimbursement requests are accurately prepared. The requests for reimbursement are prepared by Title I staff. Segregation of duties, such as an oversight or approval process, has not been properly designed or implemented.

Reporting

The School Corporation has not implemented adequate policies and procedures to ensure that all required reports are accurately prepared and timely submitted. The Deputy Treasurer prepares the Quarterly Monitoring Reports and Annual Expenditure Reports based upon the financial records. The reports are not reviewed by any other person; not from the Finance Department or the Title I Department. Segregation of duties, such as an oversight or approval process, has not been properly designed or implemented.

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

Special Tests and Provisions - Comparability Report

The School Corporation has not designed or implemented policies and procedures to ensure that the comparability requirement is completed accurately. The Title I Department Secretary compiles the information for the comparability report. Neither the Title I Director nor any Finance Department personnel review the information. Segregation of duties, such as an oversight or approval process, has not been properly implemented.

Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals

The School Corporation has not implemented policies and procedures to ensure that the Title I paraprofessionals have the required qualifications to meet the definition of "highly qualified."

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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. Non-compliance with the grant agreement or the compliance requirements that have a direct and material effect on the programs 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 on the programs.

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

FINDING 2013-003 - NONCOMPLIANCE WITH SPECIAL TESTS AND PROVISIONS - HIGHLY QUALIFIED TEACHERS AND PARAPROFESSIONALS AND COMPARABILITY REQUIREMENTS RELATED TO TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number: 10-4660, 11-4660, 12-4660
Pass-Through Entity: Indiana Department of Education

Highly Qualified Teachers and Paraprofessionals

The School Corporation did not fully comply with the Special Tests and Provisions requiring the employment of highly qualified paraprofessionals for the Title I Grants to Local Educational Agencies. The School Corporation did not present documentation required to verify compliance with the criteria for highly qualified paraprofessionals for 70 percent of the employees tested.

Comparability

The School Corporation did not comply with Special Tests and Provisions for comparability in 2012. The supporting documentation for the Full Time Employee (FTE) staff numbers for the Title I Schools and Non-Title I Schools were not in agreement with the reported numbers. The School Corporation recalculated the FTE staff numbers and resubmitted the comparability report.

34 CFR 200.58 Qualifications of paraprofessionals, states in part:

"(b) *All paraprofessionals.* A paraprofessional covered under paragraph (a) of this section, regardless of the paraprofessional's hiring date, must have earned a secondary school diploma or its recognized equivalent.

(c) *New paraprofessionals.* A paraprofessional covered under paragraph (a) of this section who is hired after January 8, 2002 must have—

- (1) Completed at least two years of study at an institution of higher education;
- (2) Obtained an associate's or higher degree; or
- (3) (i) Met a rigorous standard of quality, and can demonstrate—through a formal State or local academic assessment—knowledge of, and the ability to assist in instructing, as appropriate—
 - (A) Reading/language arts, writing, and mathematics; or
 - (B) Reading readiness, writing readiness, and mathematics readiness.
- (ii) A secondary school diploma or its recognized equivalent is necessary, but not sufficient, to meet the requirement in paragraph (c)(3)(i) of this section.

(d) *Existing paraprofessionals.* Each paraprofessional who was hired on or before January 8, 2002 must meet the requirements in paragraph (c) of this section no later than January 8, 2006."

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

20 U.S. Code 6321(c) Comparability of services, states in part:

"(1) In general

(A) Comparable services. Except as provided in paragraphs (4) and (5), a local educational agency may receive funds under this part only if State and local funds will be used in schools served under this part to provide services that, taken as a whole, are at least comparable to services in schools that are not receiving funds under this part.

(B) Substantially comparable services. If the local educational agency is serving all of such agency's schools under this part, such agency may receive funds under this part only if such agency will use State and local funds to provide services that, taken as a whole, are substantially comparable in each school.

(C) Basis. A local educational agency may meet the requirements of subparagraphs (A) and (B) on a grade-span by grade-span basis or a school-by-school basis.

(2) Written assurance

(A) Equivalence. A local educational agency shall be considered to have met the requirements of paragraph (1) if such agency has filed with the State educational agency a written assurance that such agency has established and implemented—

- (i) a local educational agency-wide salary schedule;
- (ii) a policy to ensure equivalence among schools in teachers, administrators, and other staff; and
- (iii) a policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies."

"(3) Procedures and records. Each local educational agency assisted under this part shall—

(A) develop procedures for compliance with this subsection; and

(B) maintain records that are updated biennially documenting such agency's compliance with this subsection."

Failure to comply with the Special Tests and Provisions regarding Highly Qualified Teachers and Paraprofessionals and Comparability could result in the loss of federal funds to the School Corporation.

We recommended that School Corporation officials ensure that the required documentation is maintained to document compliance with the employment of highly qualified paraprofessionals. We also recommended that School Corporation officials comply with comparability requirements by verifying that the supporting documentation and the comparability numbers reported agree.

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

FINDING 2013-004 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE SPECIAL EDUCATION CLUSTER

Federal Agency: Department of Education

Federal Programs: Special Education – Grants to States, Special Education – Preschool Grants, ARRA
Special Education – Grants to States, Recovery Act; ARRA Special Education –
Preschool Grants, Recovery Act

CFDA Numbers: 84.027, 84.173, 84.391, 84.392

Federal Award Numbers: 14211-080-PN01, 14212-080-PN01, 14213-080-PN01, 45711-080-PN01,
45712-080-PN01, 45713-080-PN01, 33310-080-SN01, 10-4660

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 grant agreement and the Allowable Costs and Level of Effort compliance requirements that have a direct and material effect to the Special Education Cluster programs. 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 programs.

Allowable Costs

The School Corporation has not designed or implemented adequate policies or procedures to verify that the proper wages are paid from Special Education Grant funds. A review or approval of the payroll paid from Special Education Grant funds was not performed by the Special Education Department.

Level of Effort

One person was solely responsible to prepare and submit maintenance of effort calculations. There was no evidence that a review was performed by anyone other than the preparer.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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."

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

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirements that have a direct and material effect on the programs 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 on the programs.

FINDING 2013-005 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Years: FY 2011/2012, FY 2012/2013

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 grant agreement and some of the compliance requirements that have a direct and material effect to the programs. This includes the following compliance requirements: Eligibility; Procurement, Suspension, and Debarment; Reporting; and Special Tests and Provisions - Verification of Free and Reduced Price Applications. 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 programs.

Eligibility and Verification of Free and Reduced Price Applications

The School Corporation has not designed or implemented adequate policies or procedures to ensure that student's eligibility for free and reduced price meals is properly determined or that the applications for free and reduced price meals are verified in compliance with program requirements. One Food Service employee was solely responsible for the eligibility determinations and verifications. There is no oversight or review process to ensure correct eligibility determinations or proper verification of the applications. The verification of income and continued eligibility should be approved by someone other than the person who approved the original application.

Procurement, Suspension, and Debarment

The School Corporation relies on a consultant from a purchasing cooperative to perform Procurement activities and to verify compliance with Suspension and Debarment requirements. The Food Service Director evaluates the consultant's recommended vendors for bread and milk/dairy products based on product availability and past performance. Upon the director's approval, the cooperative board approves the winning awards. Procurement of a third-party purchasing service for other food products, materials and supplies is approved by the cooperative board. No local School Corporation oversight or approval was noted of the Food Service Director's decisions or the consultant's responsibilities.

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

Reporting

The Food Service Director was solely responsible for preparing and submitting all required reports. There is no segregation of duties, such as an oversight or approval process.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by ensuring proper oversight, reviews, and approvals take place and having a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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. Non-compliance with the grant agreement or the compliance requirements that have a direct and material effect on the programs 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 on the programs.

FINDING 2013-006 - NONCOMPLIANCE WITH SPECIAL TESTS AND PROVISIONS - SCHOOL FOOD ACCOUNTS

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Years: FY 2011/2012, FY 2012/2013

Pass-Through Entity: Indiana Department of Education

The School Corporation Food Service Department maintained a cash balance in excess of federal regulations. The average cash balances of the School Lunch fund for FY 2011/2012 and FY 2012/2013 were \$984,235.31 and \$1,158,477.92, respectively; average monthly expenditures were \$231,926.27 and \$261,200.02, respectively.

The cash balance maintained by the School Corporation results in noncompliance with program requirements that they must operate a nonprofit school food service and limit net cash resource. Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal reimbursements.

7 CFR 220.7 Requirements for participation for the School Breakfast Program states that the school food authority shall "Maintain a nonprofit school food service."

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

7 CFR 210.14 states in part:

"(a) *Nonprofit school food service.* School food authorities shall maintain a nonprofit school food service. . . .

(b) *Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency . . ."

Failure to comply with the Special Tests and Provisions of the grant could result in the loss of federal funds to the School Corporation.

We recommended that School Corporation officials limit net cash resources to 3 months' average expenditures to comply with School Food Account requirements that its school food service program is operated as a nonprofit service.

CROWN POINT COMMUNITY SCHOOL CORPORATION



200 E. North Street
Crown Point, Indiana 46307
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BUSINESS OFFICE

Matthew D. Ruess
Chief Financial Officer
mruess@cps.k12.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2011-1, TITLE I, REPORTING

Federal Agency: U.S. Department of Education
Federal Program: Title I, Grants to Local Education Agencies
CFDA Number: 84.010
Pass-Through: Indiana Department of Education
Award Numbers: 10-4660, 11-4660
Auditee Contact Person: Matthew D. Ruess
Title of Contact Person: Chief Financial Officer
Phone Number: 219.663.3371

Status of Finding: A reoccurring task was established for the Title I Secretary, Deputy Treasurer and the Chief Financial Officer to complete the quarterly reports. For 2013, quarterly reports are no longer required.

Signed

Matthew D. Ruess

Title

CFO

Date

FEBRUARY 6, 2014

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CORRECTIVE ACTION PLANS

Section II – Financial Statement Findings

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

All transactions will be recorded in the accounting system in a timely manner.

Section III – Federal Awards Findings and Questioned Costs

FINDING 2013-002 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE TITLE I, PART A CLUSTER

Federal Agency: U.S. Department of Education
Federal Program: Title I, Part A Cluster
CFDA Number: 84.010, 84.389
Pass-Through: Indiana Department of Education
Award Numbers: 10-4660, 11-4660, 12-4660
Auditee Contact Person: Matthew D. Ruess
Title of Contact Person: Chief Financial Officer
Phone Number: 219.663.3371

Payroll approvals will be processed through the Title I Director for approval and returned for verification after payroll is processed. Indirect cost will be recalculated at the end of the grant based on actual expenditures. Reimbursement requests will be verified by the Business Office prior to submission. Financial reports will continue to be completed by the Business Office and will be verified for accuracy from the Title I Office. The school corporation will implement policies and procedures to ensure that the Title I paraprofessionals have the required qualifications. The Business Office will verify the Comparability Report that will be completed by the Title I Office.

FINDING 2013-003 - NONCOMPLIANCE WITH SPECIAL TESTS AND PROVISIONS - HIGHLY QUALIFIED TEACHERS AND COMPARABILITY

Federal Agency: Department of Education
Federal Program: Title I, Part A Cluster
CFDA Number: 84.010, 84.389
Federal Award Number and Year: 10-4660, 11-4660, 12-4660
Pass-Through Entity: Indiana Department of Education
Auditee Contact Person: Matthew D. Ruess
Title of Contact Person: Chief Financial Officer
Phone Number: 219.663.3371

The Crown Point Community School Corporation will secure appropriate documentation to verify compliance of the highly qualified criteria by all paraprofessionals. Documentation for all Title I paraprofessionals will include a secondary school diploma or its recognized equivalent and one of the following:

- Completion verification of two years of study at an institution of higher education; or

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- Diploma or its recognized equivalent of an obtained associate's (or higher) degree; or
- Document verifying the passing of a formal State or local academic assessment for the knowledge of and the ability to assist in instructing, reading, writing, and mathematics (or, as appropriate, reading readiness, writing readiness, and mathematics readiness).

The Crown Point Community School Corporation will provide supporting documentation for the Full Time Employee (FTE) staff numbers for the Title I Schools and Non-Title I Schools to validate the comparability report compiled and submitted each year.

FINDING 2013-004 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE SPECIAL EDUCATION CLUSTER

Federal Agency: U.S. Department of Education
Federal Program: Special Education Cluster
CFDA Number: 84.027, 84.173, 84.391, 84.392
Federal Award Numbers and Years: 14211-080-PN01, 14212-080-PN01, 14213-080-PN01, 45711-080-PN01, 45712-080-PN-01, 45712-080-PN01, 45713-080-PN01, 33310-080-SN01, and 10-4660
Pass-Through Entity: Indiana Department of Education
Auditee Contact Person: Matthew D. Ruess
Title of Contact Person: Chief Financial Officer
Phone Number: 219.663.3371

Payroll approvals will be processed through the Exceptional Learners Director for approval and returned for verification after payroll is processed. Level of Effort will be verified through the Exceptional Learners Department prior to its submittal.

FINDING 2013-005 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE CHILD NUTRITION CLUSTER

Federal Agency: U.S. Department of Agriculture
Federal Program: Child Nutrition Cluster
CFDA Number: 10.555, 10.553
Federal Award Number and Year: FY 2011-12 and FY 2012-13
Pass-Through Entity: Indiana Department of Education
Auditee Contact Person: Matthew D. Ruess
Title of Contact Person: Chief Financial Officer
Phone Number: 219.663.3371

Eligibility will be reviewed by a second Food Service employee and verifications will be reviewed by the Director of Food Service. Upon receiving the recommendation for approval from the school corporation's consultant for bread and milk/dairy products, the Director of Food Service will request approval from the Board of School Trustees. The Director of Food Service will monitor vendors for disbarment and suspension annually. The Business Office will verify all required reports.

FINDING 2013-006 - NONCOMPLIANCE WITH SPECIAL TESTS AND PROVISIONS - SCHOOL FOOD ACCOUNTS

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program

CROWN POINT COMMUNITY SCHOOL CORPORATION



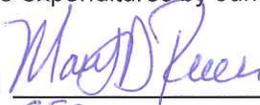
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CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2011/2012 and FY 2012/2013
Pass-Through Entity: Indiana Department of Education
Auditee Contact Person: Matthew D. Ruess
Title of Contact Person: Chief Financial Officer
Phone Number: 219.663.3371

The School Corporation will implement procedures to ensure to limit net cash resources to 3 months' average expenditures by June 30, 2014.

Signed 
Title CFO
Date APRIL 10, 2014

CROWN POINT COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 10, 2014, with Matthew D. Ruess, Chief Financial Officer/Treasurer; Dr. Teresa A. Eineman, Superintendent of Schools; and Jerry Caravana, President of the School Board. The Official Response has been made a part of this report and may be found on page 60.

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Mr. Paul Joyce, CPA
State Examiner
State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, In 46204

April 21, 2014

RE: Official Audit Response

Dear Mr. Joyce:

We had our final exit conference on Thursday, April 10, 2014 with the State Board of Accounts regarding the audit period of July 1, 2011 through June 30, 2013. We would like to thank the representatives from the State Board of Accounts for their professionalism and thoroughness with which they conducted this audit.

While it is unusual for an entity to respond to an audit in which there were no audit results or comments, we feel compelled to respond to the Federal Award Findings that were included. We take exception to the notion that the school corporation had a lack of internal controls. The standard language or "boiler-plate" language used within the findings leaves no room for the relative importance of the opinion regarding the internal controls. The Indiana Public School Corporation Manual published by the State Board of Accounts in Part 9-8 states the exact same language that can be found within this audit document.

Four of the findings were, in the opinion of the SBA representatives, related to a lack of internal controls. Using "boiler-plate" phrases such as "has not established an effective internal control system" is not an accurate statement. While our internal controls may not have reached ideal levels for your representatives, only one item of the findings has a compliance related finding and more importantly none of the compliance findings are financial related. This demonstrates that we do indeed have effective internal controls. As mentioned in our action plans, we will introduce additional steps and documentation in our already effective internal controls to work to comply.

Sincerely,

Dr. Teresa A. Eineman
Superintendent

Matthew D. Ruess
Chief Financial Officer