

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

LOST RIVER CAREER COOPERATIVE

ORANGE COUNTY, INDIANA

July 1, 2011 to June 30, 2013



**FILED**  
05/01/2015



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sonya McKeighen	07-01-11 to 04-20-12
	(Vacant)	04-21-12 to 05-06-12
	Naomi S. Heinz	05-07-12 to 06-30-15
Director	David D. Embree	07-01-11 to 01-18-12
	Dr. Roberta Jackson	01-19-12 to 05-20-12
	Kevin Knies	05-21-12 to 06-30-15
President of the School Board	Larry Pritchett	07-01-11 to 01-08-13
	Scott Blankenbaker	01-09-13 to 12-31-14



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LOST RIVER CAREER COOPERATIVE, ORANGE COUNTY, INDIANA

We were engaged to examine the accompanying financial statement of the Lost River Career Cooperative (School Corporation), for the period of July 1, 2011 to June 30, 2013. The financial statement is the responsibility of the School Corporation's management.

The School Corporation did not provide sufficient information to examine beginning cash and investment balances, ending cash and investment balances for individual funds, or the accuracy or correctness of individual fund's receipts and disbursements. The School Corporation's records do not permit the application of other examination procedures to ascertain if the financial statement is fairly stated.

Since the School Corporation did not provide sufficient information to examine beginning cash and investment balances, ending cash and investment balances for individual funds, or the accuracy or correctness of individual fund's receipts and disbursements, and we were not able to apply other examination procedures to satisfy ourselves as to whether the financial statement is fairly stated, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statement.

Our examination was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, 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 examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

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

December 3, 2014

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## FINANCIAL STATEMENT

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

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LOST RIVER CAREER COOPERATIVE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2012 and 2013

	Cash and Investments 07-01-11	Receipts	Disbursements	Cash and Investments 06-30-12	Receipts	Disbursements	Cash and Investments 06-30-13
General	\$ 204,349	\$ 948,869	\$ 962,040	\$ 191,178	\$ 1,149,544	\$ 1,071,423	\$ 269,299
Technology Grants	-	-	-	-	-	9,021	(9,021)
Basic Grant 2011-12	-	19,915	58,241	(38,326)	55,668	73,804	(56,462)
Project Lead the Way	-	34,654	34,654	-	-	-	-
IEDC Grant 2010-11	-	12,673	13,558	(885)	-	-	(885)
Project Lead the Way 2011-12	-	36,800	22,273	14,527	38,337	17,410	35,454
Basic Grant 2012-13	-	-	-	-	47,918	56,541	(8,623)
Project Lead the Way 2010-11	14,788	-	46,934	(32,146)	-	-	(32,146)
Basic Grant 2006-07	-	-	(128)	128	-	-	128
Basic Grant 2008-09	2,069	-	(1,206)	3,275	-	-	3,275
Basic Grant 2009-10	14,181	-	16,870	(2,689)	-	-	(2,689)
Project Lead the Way 2009-10	16	-	(2,089)	2,105	-	-	2,105
Basic Grant 2010-11	11,553	13,408	26,171	(1,210)	-	-	(1,210)
Basic Grant Personnel 2010-11	(120)	-	600	(720)	-	-	(720)
Payroll	12,108	216,498	185,642	42,964	258,554	259,565	41,953
Totals	<u>\$ 258,944</u>	<u>\$ 1,282,817</u>	<u>\$ 1,363,560</u>	<u>\$ 178,201</u>	<u>\$ 1,550,021</u>	<u>\$ 1,487,764</u>	<u>\$ 240,458</u>

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

LOST RIVER CAREER COOPERATIVE  
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 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.

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.

LOST RIVER CAREER COOPERATIVE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

*F. 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.

**Note 3. 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.

LOST RIVER CAREER COOPERATIVE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**Note 4. 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 5. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
1 North Capitol 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.

LOST RIVER CAREER COOPERATIVE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
1 North Capitol 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.

*C. Additional Pension Plan*

The School Corporation also contributes to an additional pension plan unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

**Note 6. Negative Disbursements**

The financial statement contains some disbursements which appear as negative entries. This is a result of posting errors from prior periods corrected during the current period.

LOST RIVER CAREER COOPERATIVE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. Cash balance deficits were the result of funds being set up for reimbursable grants. Reimbursements for expenditures made by the School Corporation were not received by June 30. Cash balance deficits for other funds were the result of incorrect recording of financial transactions. Cash balance deficits for these funds will be eliminated when correcting transfers are made in future periods.

**Note 8. Restatements**

For the year ended June 30, 2012, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances.

<u>Fund Name</u>	<u>Balance as of June 30, 2011</u>	<u>New Fund</u>	<u>Balance as of January 1, 2012</u>
Payroll	<u>\$ -</u>	<u>\$ 12,108</u>	<u>\$ 12,108</u>

**Note 9. Other Postemployment Benefits**

The School Corporation provides to eligible retirees and their spouses with medical insurance. This benefit poses a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

#### 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 examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

LOST RIVER CAREER COOPERATIVE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2012

	General	Technology Grants	Basic Grant 2011-12	Project Lead the Way	IEDC Grant 2010-11	Project Lead the Way 2011-12	Basic Grant 2012-13	Project Lead the Way 2010-11
Cash and investments - beginning	\$ 204,349	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,788
Receipts:								
Local sources	901,315	-	-	-	-	-	-	-
State sources	47,554	-	19,915	17,327	-	36,800	-	-
Federal sources	-	-	-	17,327	12,673	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	948,869	-	19,915	34,654	12,673	36,800	-	-
Disbursements:								
Current:								
Instruction	708,620	-	58,241	34,654	13,558	22,273	-	46,934
Support services	253,420	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	962,040	-	58,241	34,654	13,558	22,273	-	46,934
Excess (deficiency) of receipts over disbursements	(13,171)	-	(38,326)	-	(885)	14,527	-	(46,934)
Cash and investments - ending	\$ 191,178	\$ -	\$ (38,326)	\$ -	\$ (885)	\$ 14,527	\$ -	\$ (32,146)

LOST RIVER CAREER COOPERATIVE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2012  
(Continued)

	Basic Grant 2006-07	Basic Grant 2008-09	Basic Grant 2009-10	Project Lead the Way 2009-10	Basic Grant 2010-11	Basic Grant Personnel 2010-11	Payroll	Totals
Cash and investments - beginning	\$ -	\$ 2,069	\$ 14,181	\$ 16	\$ 11,553	\$ (120)	\$ 12,108	\$ 258,944
Receipts:								
Local sources	-	-	-	-	-	-	-	901,315
State sources	-	-	-	-	-	-	-	121,596
Federal sources	-	-	-	-	13,408	-	-	43,408
Other	-	-	-	-	-	-	216,498	216,498
Total receipts	-	-	-	-	13,408	-	216,498	1,282,817
Disbursements:								
Current:								
Instruction	(128)	(1,206)	16,870	(2,089)	26,171	600	-	924,498
Support services	-	-	-	-	-	-	-	253,420
Nonprogrammed charges	-	-	-	-	-	-	185,642	185,642
Total disbursements	(128)	(1,206)	16,870	(2,089)	26,171	600	185,642	1,363,560
Excess (deficiency) of receipts over disbursements	128	1,206	(16,870)	2,089	(12,763)	(600)	30,856	(80,743)
Cash and investments - ending	\$ 128	\$ 3,275	\$ (2,689)	\$ 2,105	\$ (1,210)	\$ (720)	\$ 42,964	\$ 178,201

LOST RIVER CAREER COOPERATIVE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013

	General	Technology Grants	Basic Grant 2011-12	Project Lead the Way	IEDC Grant 2010-11	Project Lead the Way 2011-12	Basic Grant 2012-13	Project Lead the Way 2010-11
Cash and investments - beginning	\$ 191,178	\$ -	\$ (38,326)	\$ -	\$ (885)	\$ 14,527	\$ -	\$ (32,146)
Receipts:								
Local sources	1,095,870	-	-	-	-	-	-	-
State sources	51,154	-	55,668	-	-	38,337	47,918	-
Other	2,520	-	-	-	-	-	-	-
Total receipts	1,149,544	-	55,668	-	-	38,337	47,918	-
Disbursements:								
Current:								
Instruction	780,089	9,021	73,804	-	-	17,410	51,541	-
Support services	291,334	-	-	-	-	-	5,000	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,071,423	9,021	73,804	-	-	17,410	56,541	-
Excess (deficiency) of receipts over disbursements	78,121	(9,021)	(18,136)	-	-	20,927	(8,623)	-
Cash and investments - ending	\$ 269,299	\$ (9,021)	\$ (56,462)	\$ -	\$ (885)	\$ 35,454	\$ (8,623)	\$ (32,146)

LOST RIVER CAREER COOPERATIVE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Basic Grant 2006-07	Basic Grant 2008-09	Basic Grant 2009-10	Project Lead the Way 2009-10	Basic Grant 2010-11	Basic Grant Personnel 2010-11	Payroll	Totals
Cash and investments - beginning	\$ 128	\$ 3,275	\$ (2,689)	\$ 2,105	\$ (1,210)	\$ (720)	\$ 42,964	\$ 178,201
Receipts:								
Local sources	-	-	-	-	-	-	-	1,095,870
State sources	-	-	-	-	-	-	-	193,077
Other	-	-	-	-	-	-	258,554	261,074
Total receipts	-	-	-	-	-	-	258,554	1,550,021
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	931,865
Support services	-	-	-	-	-	-	-	296,334
Nonprogrammed charges	-	-	-	-	-	-	259,565	259,565
Total disbursements	-	-	-	-	-	-	259,565	1,487,764
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	(1,011)	62,257
Cash and investments - ending	\$ 128	\$ 3,275	\$ (2,689)	\$ 2,105	\$ (1,210)	\$ (720)	\$ 41,953	\$ 240,458

LOST RIVER CAREER COOPERATIVE  
OTHER REPORT

The examination report presented herein was prepared in addition to another official report prepared for the individual School Corporation office listed below:

Special Investigation Report - Lost River Career Cooperative

## LOST RIVER CAREER COOPERATIVE EXAMINATION RESULTS AND COMMENTS

### ***BANK ACCOUNT RECONCILIATIONS***

Bank account reconciliations were not performed by Sonya McKeighen, former Treasurer. Naomi S. Heinz was appointed Treasurer on May 7, 2012, and began performing bank account reconciliations. Naomi S. Heinz's bank account reconciliation showed an unidentified variance (cash necessary to balance) between the record balance of cash and the bank balance in the amount of \$64,750.09. As a result of the same reconciling variance continuing for several months, the School Board approved an adjustment on September 19, 2012, to reduce the record balance of cash in the amount of \$64,750.09. After Board approval of the adjustment, Naomi S. Heinz identified \$14,182.26 in errors reducing the actual adjustment made to record balance of cash to \$50,567.83.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

A similar comment was made in prior Reports B42131 and B37469.

### ***CONDITION OF RECORDS***

Financial records presented for examination were incomplete. The records presented did not provide sufficient information to examine or establish beginning balances, receipts, disbursements, and individual fund ending balances, or the accuracy or correctness of the transactions as described below:

1. The record balance of cash was not reconciled with bank balances as described in Examination Result and Comment titled "Bank Account Reconciliations."
2. The financial record showed financial activity for the 2011-2012 and 2012-2013 school years and cash balances at June 30, 2012, and June 30, 2013, for various grant funds that financial reports submitted to grantor agencies showed had been closed out. Based on these financial reports, the various funds should have had zero cash balances and no financial activity should have been recorded after the grant was closed out.
3. The Payroll fund included several payroll accounts to account for net payroll checks issued employees and various withholdings of taxes, insurance, etc. The Net Salaries Account should subsequently zero out each payroll period. A review of the cash balance for this account showed that it contained an unidentified balance of \$18,397.80 from June 30, 2012 through June 30, 2013.

Failure to maintain financial records to properly account for cash and financial activity of grant funds resulted in a disclaimer of opinion on the financial statement in the Independent Accountant's Report.

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.

LOST RIVER CAREER COOPERATIVE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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)

A similar comment was made in prior Reports B42131 and B37469.

***APPROVAL OF DISBURSEMENTS***

The School Board documents their approving of vendor claims by signing the Accounts Payable Voucher (APV) register. Our review of claims showed that 28 percent of the claims reviewed did not have School Board approval. A further review of the approval of claims process showed that the APV register did not always include all of the claims paid.

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."

A similar comment was made in prior Report B42131.

***COLLECTION OF AMOUNT DUE***

The agreement between the members of the Lost River Career Cooperative requires the School Corporation to calculate assessments for the participating members. The assessment received from Paoli Community School Corporation was less than the amount billed by \$9,115.18 for the 2011-2012 school year.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***COLLECTIVE BARGAINING AGREEMENT***

The collective bargaining agreement presented for audit for the 2012-2013 school year and ratified on October 17, 2012, included the following subjects not authorized by Indiana Code 20-29-6-4.5:

1. Negotiation/discussion procedures.
2. Unpaid leave.

LOST RIVER CAREER COOPERATIVE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 20-29-6-4 states:

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

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

(b) Salary and wages include the amounts of pay increases available to employees under the salary scale adopted under IC 20-28-9-1.5, but do not include the teacher evaluation procedures and criteria, or any components of the teacher evaluation plan, rubric, or tool."

Indiana Code 20-29-6-4.5 states:

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

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

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

. . . Financial losses related to a corporation's inclusion of prohibited subjects may be the personal obligation of the responsible school official or employee. (The School Administrator and Uniform Compliance Guidelines Volume 198, June 2012)

LOST RIVER CAREER COOPERATIVE  
EXIT CONFERENCE

The contents of this report were discussed on December 3, 2014, with Scott Blankenbaker, President of the School Board; Kevin Knies, Director; and Naomi S. Heinz, Treasurer.