

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

MIDDLEBURY COMMUNITY SCHOOLS  
ELKHART COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
06/11/2015



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Shirley A. Meyer Mark D. Snyder	07-01-12 to 06-30-14 07-01-14 to 06-30-15
Superintendent of Schools	Jane A. Allen	07-01-12 to 06-30-15
President of the School Board	Joanna King David Black	01-01-12 to 12-31-12 01-01-13 to 12-31-15



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE MIDDLEBURY COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

### ***Report on the Financial Statement***

We have audited the accompanying financial statement of the Middlebury Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, 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, 2012 to June 30, 2014.

***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, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*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.


*Other Information*

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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated April 22, 2015, 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.

  
Paul D. Joyce, CPA  
State Examiner

April 22, 2015



**STATE OF INDIANA**  
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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 MIDDLEBURY COMMUNITY SCHOOLS, ELKHART 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 Middlebury Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated April 22, 2015, 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 2014-001 to be material weaknesses.



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

***Compliance and Other Matters***


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Middlebury Community Schools' Response to Findings***

The School Corporation's response to the findings identified in our audit is described in the accompanying 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 22, 2015

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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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MIDDLEBURY COMMUNITY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2013 and 2014

	Cash and Investments			Other Financing	Cash and Investments			Other Financing	Cash and Investments
	07-01-12	Receipts	Disbursements	Sources (Uses)	06-30-13	Receipts	Disbursements	Sources (Uses)	06-30-14
General	\$ 3,387,584	\$ 26,251,033	\$ 25,425,399	\$ -	\$ 4,213,218	\$ 26,603,464	\$ 26,505,241	\$ -	\$ 4,311,441
Debt Service	3,625,857	7,062,413	7,315,826	-	3,372,444	8,124,812	7,752,545	(180,320)	3,564,391
Capital Projects	2,463,184	3,507,303	3,540,593	(170,000)	2,259,894	3,406,632	3,469,568	103,784	2,300,742
School Transportation	806,981	2,081,316	2,051,383	56,683	893,597	2,124,858	1,924,795	63,024	1,156,684
School Bus Replacement	286,799	390,832	304,298	-	373,333	498,255	385,080	13,512	500,020
Rainy Day	4,031,750	-	170,000	170,000	4,031,750	-	-	-	4,031,750
Retirement/Severance Bond	468,612	970	7,560	-	462,022	555	-	-	462,577
Construction	120,094	-	9,793	-	110,301	-	99,853	-	10,448
2013 GOB Facility Improvement	-	-	262	20,000	19,738	284	1,842,850	1,976,524	153,696
School Lunch	518,983	1,952,553	1,835,310	-	636,226	1,950,423	1,845,632	-	741,017
Textbook Rental	277,468	334,173	36,627	-	575,014	336,327	340,976	-	570,365
Self-Insurance	3,480,026	3,942,826	4,403,525	-	3,019,327	3,652,169	3,524,312	-	3,147,184
Educational License Plates	113	262	300	-	75	338	338	-	75
Alternative Education	16,541	6,576	2,360	-	20,757	5,319	18,166	-	7,910
SAFE School Haven	-	-	11,500	-	(11,500)	19,550	8,050	-	-
NMS O/D Learning Ctn-Lowes	5,000	-	4,954	-	46	-	-	-	46
Heritage I. S. Toshiba Grant	-	1,000	1,000	-	-	-	-	-	-
IU Health Grant Mobil Aid Stat	-	2,000	-	-	2,000	-	1,995	-	5
Frank Miriam Miller Gift	465	-	-	-	465	-	-	-	465
Bike Shed NHS Donation	-	-	-	-	-	7,800	-	-	7,800
Bikes/Henkel Grant Winner	-	25,000	-	-	25,000	-	23,398	-	1,602
High Ability 2011-2012	12,158	-	12,158	-	-	-	-	-	-
High Ability 2012-2013	-	42,796	40,355	-	2,441	-	2,441	-	-
High Ability 2013-2014	-	-	-	-	-	42,771	22,188	-	20,583
Reading Recovery	1,015	-	-	-	1,015	-	-	-	1,015
Project Lead the Way 2012-2013	-	6,980	6,980	-	-	-	-	-	-
School Improvement Plan	4,499	-	1,868	-	2,631	-	1,705	-	926
Medicaid Reimbursement	7,675	30,660	12,436	-	25,899	53,397	10,256	-	69,040
Non-English Speaking Programs P.L. 273-1999	6,663	32,818	32,818	-	6,663	30,119	31,777	-	5,005
School Technology	6,649	7,971	11,720	-	2,900	7,793	6,336	-	4,357
Coordinated School Health Prog	1,200	200	90	-	1,310	-	-	-	1,310
No Excuses University	500	-	-	-	500	-	-	-	500
Excess PTRC Distributions	46,764	10,017	-	(56,683)	98	-	-	-	98
Title I 2012-2013	-	403,669	488,784	-	(85,115)	161,057	75,942	-	-
Title I 2013-2014	-	-	-	-	-	448,925	544,229	-	(95,304)
Title I 2011-2012	(86,862)	164,348	77,486	-	-	-	-	-	-
Technical Assistance - Special Education	-	-	-	-	-	1,961	2,522	-	(561)
Medicaid Reimbursement - Federal	77	-	-	-	77	-	-	-	77
Title II, Part A 2011-2012	-	48,328	60,798	-	(12,470)	70,404	57,934	-	-
Title II, Part A 2012-2013	-	-	-	-	-	92,621	104,865	-	(12,244)
Title III 2011-2012	(2,210)	6,114	3,904	-	-	-	-	-	-
Title III 2012-2013	-	39,072	41,478	-	(2,406)	10,051	7,645	-	-
Title III 2013-2014	-	-	-	-	-	33,974	41,666	-	(7,692)
Education Jobs	(138,666)	164,986	26,320	-	-	-	-	-	-
Payroll Clearing Account	170,867	19,671,701	19,678,400	-	164,168	20,225,733	20,217,015	-	172,886
Prepaid Food	48,538	272,485	266,278	-	54,745	283,924	282,445	-	56,224
McS Clearing Account	10,380	8,100	5,184	-	13,296	37,805	26,672	-	24,429
Clearing Account Employer	(156)	12,330	14,939	-	(2,765)	25,140	22,680	-	(305)
<b>Totals</b>	<b>\$ 19,578,548</b>	<b>\$ 66,480,832</b>	<b>\$ 65,902,686</b>	<b>\$ 20,000</b>	<b>\$ 20,176,694</b>	<b>\$ 68,256,461</b>	<b>\$ 69,201,117</b>	<b>\$ 1,976,524</b>	<b>\$ 21,208,562</b>

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

MIDDLEBURY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

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

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the 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.

MIDDLEBURY COMMUNITY SCHOOLS  
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.

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

*E. Disbursements*

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

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

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

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

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

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

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

*F. Other Financing Sources and Uses*

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

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

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.

MIDDLEBURY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

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

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



MIDDLEBURY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

MIDDLEBURY COMMUNITY SCHOOLS  
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  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

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

**Note 7. Negative Receipts and Disbursements**

The financial statement contains some receipts and/or disbursements which appear as negative entries. This is a result of corrections and adjustments.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of grant funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2014.

MIDDLEBURY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9. Holding Corporations**

The School Corporation has entered into capital leases with Middlebury Schools 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 2013 and 2014 for Series A, High School Classroom Project totaled \$4,962,000 and \$4,968,000, respectively. Lease payments during the years 2013 and 2014 for Series B, Auditorium and Pool Project totaled \$1,210,000 and \$1,239,500, respectively.

The School Corporation has entered into a capital lease with Middlebury Elementary Schools 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 2013 and 2014 totaled \$1,060,762 and \$1,056,962, respectively.

**Note 10. Other Postemployment Benefits**

All retirees and their spouses, if eligible, may receive medical benefits under the Middlebury Community Schools Group Health Plan, which is a self-insurance plan. The retiree is responsible for paying the full cost of the benefit. A full cost premium is determined annually. The actual benefits provided under the self-insurance plan may be more or less than the premium charged. The annual premium for each year of the audit period was \$4,851 for single coverage and \$15,847 for family coverage.

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#### OTHER INFORMATION - UNAUDITED

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. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/Severance Bond	Construction	2013 GOB Facility Improvement
Cash and investments - beginning	\$ 3,387,584	\$ 3,625,857	\$ 2,463,184	\$ 806,981	\$ 286,799	\$ 4,031,750	\$ 468,612	\$ 120,094	\$ -
Receipts:									
Local sources	576,539	7,061,429	3,507,303	2,063,645	390,832	-	970	-	-
Intermediate sources	436	-	-	-	-	-	-	-	-
State sources	24,884,993	-	-	-	-	-	-	-	-
Federal sources	789,065	-	-	17,671	-	-	-	-	-
Other	-	984	-	-	-	-	-	-	-
Total receipts	26,251,033	7,062,413	3,507,303	2,081,316	390,832	-	970	-	-
Disbursements:									
Current:									
Instruction	18,252,828	-	7,297	-	-	170,000	7,560	-	-
Support services	6,767,353	-	1,679,238	2,051,383	304,298	-	-	-	-
Noninstructional services	405,218	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	1,382,018	-	-	-	-	9,793	262
Debt services	-	7,315,826	472,040	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	25,425,399	7,315,826	3,540,593	2,051,383	304,298	170,000	7,560	9,793	262
Excess (deficiency) of receipts over disbursements	825,634	(253,413)	(33,290)	29,933	86,534	(170,000)	(6,590)	(9,793)	(262)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	20,000
Transfers in	-	-	-	56,683	-	170,000	-	-	-
Transfers out	-	-	(170,000)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(170,000)	56,683	-	170,000	-	-	20,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	825,634	(253,413)	(203,290)	86,616	86,534	-	(6,590)	(9,793)	19,738
Cash and investments - ending	\$ 4,213,218	\$ 3,372,444	\$ 2,259,894	\$ 893,597	\$ 373,333	\$ 4,031,750	\$ 462,022	\$ 110,301	\$ 19,738

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

	School Lunch	Textbook Rental	Self- Insurance	Educational License Plates	Alternative Education	SAFE School Haven	NMS O/D Learning Ctn-Lowes	Heritage I. S. Toshiba Grant
Cash and investments - beginning	\$ 518,983	\$ 277,468	\$ 3,480,026	\$ 113	\$ 16,541	\$ -	\$ 5,000	\$ -
Receipts:								
Local sources	1,145,616	227,549	3,942,826	-	-	-	-	1,000
Intermediate sources	-	-	-	262	-	-	-	-
State sources	27,777	106,624	-	-	6,576	-	-	-
Federal sources	779,160	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	1,952,553	334,173	3,942,826	262	6,576	-	-	1,000
Disbursements:								
Current:								
Instruction	-	-	-	300	2,360	-	-	1,000
Support services	-	36,627	-	-	-	-	4,954	-
Noninstructional services	1,717,794	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	11,500	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	117,516	-	4,403,525	-	-	-	-	-
Total disbursements	1,835,310	36,627	4,403,525	300	2,360	11,500	4,954	1,000
Excess (deficiency) of receipts over disbursements	117,243	297,546	(460,699)	(38)	4,216	(11,500)	(4,954)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	117,243	297,546	(460,699)	(38)	4,216	(11,500)	(4,954)	-
Cash and investments - ending	\$ 636,226	\$ 575,014	\$ 3,019,327	\$ 75	\$ 20,757	\$ (11,500)	\$ 46	\$ -

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

	IU Health Grant Mobil Aid Stat	Frank Miriam Miller Gift	Bike Shed NHS Donation	Bikes/Henkel Grant Winner	High Ability 2011-2012	High Ability 2012-2013	High Ability 2013-2014	Reading Recovery
Cash and investments - beginning	\$ -	\$ 465	\$ -	\$ -	\$ 12,158	\$ -	\$ -	\$ 1,015
Receipts:								
Local sources	2,000	-	-	25,000	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	42,796	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	2,000	-	-	25,000	-	42,796	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	12,158	40,355	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	12,158	40,355	-	-
Excess (deficiency) of receipts over disbursements	2,000	-	-	25,000	(12,158)	2,441	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,000	-	-	25,000	(12,158)	2,441	-	-
Cash and investments - ending	\$ 2,000	\$ 465	\$ -	\$ 25,000	\$ -	\$ 2,441	\$ -	\$ 1,015



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

	Project Lead the Way 2012-2013	School Improvement Plan	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Coordinated School Health Prog	No Excuses University	Excess PTRC Distributions
Cash and investments - beginning	\$ -	\$ 4,499	\$ 7,675	\$ 6,663	\$ 6,649	\$ 1,200	\$ 500	\$ 46,764
Receipts:								
Local sources	-	-	-	-	-	200	-	7,978
Intermediate sources	-	-	-	-	-	-	-	-
State sources	6,980	-	30,660	32,818	7,971	-	-	2,039
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	6,980	-	30,660	32,818	7,971	200	-	10,017
Disbursements:								
Current:								
Instruction	6,980	-	3,565	31,660	-	-	-	-
Support services	-	1,868	8,871	-	11,720	90	-	-
Noninstructional services	-	-	-	1,158	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	6,980	1,868	12,436	32,818	11,720	90	-	-
Excess (deficiency) of receipts over disbursements	-	(1,868)	18,224	-	(3,749)	110	-	10,017
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(56,683)
Total other financing sources (uses)	-	-	-	-	-	-	-	(56,683)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,868)	18,224	-	(3,749)	110	-	(46,666)
Cash and investments - ending	\$ -	\$ 2,631	\$ 25,899	\$ 6,663	\$ 2,900	\$ 1,310	\$ 500	\$ 98

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

	Title I 2012-2013	Title I 2013-2014	Title I 2011-2012	Technical Assistance - Special Education	Medicaid Reimbursement - Federal	Title II, Part A 2011-2012	Title II, Part A 2012-2013	Title III 2011-2012
Cash and investments - beginning	\$ -	\$ -	\$ (86,862)	\$ -	\$ 77	\$ -	\$ -	\$ (2,210)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	403,669	-	164,348	-	-	48,328	-	6,114
Other	-	-	-	-	-	-	-	-
Total receipts	403,669	-	164,348	-	-	48,328	-	6,114
Disbursements:								
Current:								
Instruction	434,433	-	51,996	-	-	41,109	-	3,904
Support services	49,412	-	21,717	-	-	19,689	-	-
Noninstructional services	4,939	-	3,773	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	488,784	-	77,486	-	-	60,798	-	3,904
Excess (deficiency) of receipts over disbursements	(85,115)	-	86,862	-	-	(12,470)	-	2,210
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(85,115)	-	86,862	-	-	(12,470)	-	2,210
Cash and investments - ending	\$ (85,115)	\$ -	\$ -	\$ -	\$ 77	\$ (12,470)	\$ -	\$ -

MIDDLEBURY COMMUNITY SCHOOLS  
 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 III 2012-2013	Title III 2013-2014	Education Jobs	Payroll Clearing Account	Prepaid Food	McS Clearing Account	Clearing Account Employer	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (138,666)	\$ 170,867	\$ 48,538	\$ 10,380	\$ (156)	\$ 19,578,548
Receipts:								
Local sources	-	-	-	-	-	-	-	18,952,887
Intermediate sources	-	-	-	-	-	-	-	698
State sources	-	-	-	-	-	-	-	25,149,234
Federal sources	39,072	-	164,986	-	-	-	-	2,412,413
Other	-	-	-	19,671,701	272,485	8,100	12,330	19,965,600
Total receipts	<u>39,072</u>	<u>-</u>	<u>164,986</u>	<u>19,671,701</u>	<u>272,485</u>	<u>8,100</u>	<u>12,330</u>	<u>66,480,832</u>
Disbursements:								
Current:								
Instruction	41,478	-	26,320	-	-	-	-	19,135,303
Support services	-	-	-	-	-	-	-	10,957,220
Noninstructional services	-	-	-	-	-	-	-	2,132,882
Facilities acquisition and construction	-	-	-	-	-	-	-	1,403,573
Debt services	-	-	-	-	-	-	-	7,787,866
Nonprogrammed charges	-	-	-	19,678,400	266,278	5,184	14,939	24,485,842
Total disbursements	<u>41,478</u>	<u>-</u>	<u>26,320</u>	<u>19,678,400</u>	<u>266,278</u>	<u>5,184</u>	<u>14,939</u>	<u>65,902,686</u>
Excess (deficiency) of receipts over disbursements	<u>(2,406)</u>	<u>-</u>	<u>138,666</u>	<u>(6,699)</u>	<u>6,207</u>	<u>2,916</u>	<u>(2,609)</u>	<u>578,146</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	20,000
Transfers in	-	-	-	-	-	-	-	226,683
Transfers out	-	-	-	-	-	-	-	(226,683)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,406)</u>	<u>-</u>	<u>138,666</u>	<u>(6,699)</u>	<u>6,207</u>	<u>2,916</u>	<u>(2,609)</u>	<u>598,146</u>
Cash and investments - ending	<u>\$ (2,406)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,168</u>	<u>\$ 54,745</u>	<u>\$ 13,296</u>	<u>\$ (2,765)</u>	<u>\$ 20,176,694</u>

MIDDLEBURY COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	2013 GOB Facility Improvement
Cash and investments - beginning	\$ 4,213,218	\$ 3,372,444	\$ 2,259,894	\$ 893,597	\$ 373,333	\$ 4,031,750	\$ 462,022	\$ 110,301	\$ 19,738
Receipts:									
Local sources	536,079	8,124,812	3,406,632	2,089,516	416,366	-	555	-	284
Intermediate sources	290	-	-	-	-	-	-	-	-
State sources	25,262,285	-	-	-	-	-	-	-	-
Federal sources	804,810	-	-	35,342	-	-	-	-	-
Other	-	-	-	-	81,889	-	-	-	-
Total receipts	<u>26,603,464</u>	<u>8,124,812</u>	<u>3,406,632</u>	<u>2,124,858</u>	<u>498,255</u>	<u>-</u>	<u>555</u>	<u>-</u>	<u>284</u>
Disbursements:									
Current:									
Instruction	19,082,415	-	(7,224)	-	-	-	-	-	-
Support services	7,015,668	-	1,638,774	1,924,795	385,080	-	-	-	-
Noninstructional services	406,784	-	131,196	-	-	-	-	-	-
Facilities acquisition and construction	374	-	1,465,342	-	-	-	-	99,853	1,842,850
Debt services	-	7,752,545	241,480	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>26,505,241</u>	<u>7,752,545</u>	<u>3,469,568</u>	<u>1,924,795</u>	<u>385,080</u>	<u>-</u>	<u>-</u>	<u>99,853</u>	<u>1,842,850</u>
Excess (deficiency) of receipts over disbursements	<u>98,223</u>	<u>372,267</u>	<u>(62,936)</u>	<u>200,063</u>	<u>113,175</u>	<u>-</u>	<u>555</u>	<u>(99,853)</u>	<u>(1,842,566)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	1,976,524
Transfers in	-	-	103,784	63,024	13,512	-	-	-	-
Transfers out	-	(180,320)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(180,320)</u>	<u>103,784</u>	<u>63,024</u>	<u>13,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,976,524</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>98,223</u>	<u>191,947</u>	<u>40,848</u>	<u>263,087</u>	<u>126,687</u>	<u>-</u>	<u>555</u>	<u>(99,853)</u>	<u>133,958</u>
Cash and investments - ending	<u>\$ 4,311,441</u>	<u>\$ 3,564,391</u>	<u>\$ 2,300,742</u>	<u>\$ 1,156,684</u>	<u>\$ 500,020</u>	<u>\$ 4,031,750</u>	<u>\$ 462,577</u>	<u>\$ 10,448</u>	<u>\$ 153,696</u>

MIDDLEBURY COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	School Lunch	Textbook Rental	Self- Insurance	Educational License Plates	Alternative Education	SAFE School Haven	NMS O/D Learning Ctn-Lowes	Heritage I. S. Toshiba Grant
Cash and investments - beginning	\$ 636,226	\$ 575,014	\$ 3,019,327	\$ 75	\$ 20,757	\$ (11,500)	\$ 46	\$ -
Receipts:								
Local sources	1,151,856	235,805	3,652,169	-	-	-	-	-
Intermediate sources	-	-	-	338	-	-	-	-
State sources	28,536	100,522	-	-	5,319	19,550	-	-
Federal sources	770,031	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>1,950,423</u>	<u>336,327</u>	<u>3,652,169</u>	<u>338</u>	<u>5,319</u>	<u>19,550</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	338	18,166	-	-	-
Support services	-	340,976	-	-	-	-	-	-
Noninstructional services	1,721,781	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	8,050	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	123,851	-	3,524,312	-	-	-	-	-
Total disbursements	<u>1,845,632</u>	<u>340,976</u>	<u>3,524,312</u>	<u>338</u>	<u>18,166</u>	<u>8,050</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>104,791</u>	<u>(4,649)</u>	<u>127,857</u>	<u>-</u>	<u>(12,847)</u>	<u>11,500</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>104,791</u>	<u>(4,649)</u>	<u>127,857</u>	<u>-</u>	<u>(12,847)</u>	<u>11,500</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 741,017</u>	<u>\$ 570,365</u>	<u>\$ 3,147,184</u>	<u>\$ 75</u>	<u>\$ 7,910</u>	<u>\$ -</u>	<u>\$ 46</u>	<u>\$ -</u>

MIDDLEBURY COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	IU Health Grant Mobil Aid Stat	Frank Miriam Miller Gift	Bike Shed NHS Donation	Bikes/Henkel Grant Winner	High Ability 2011-2012	High Ability 2012-2013	High Ability 2013-2014	Reading Recovery
Cash and investments - beginning	\$ 2,000	\$ 465	\$ -	\$ 25,000	\$ -	\$ 2,441	\$ -	\$ 1,015
Receipts:								
Local sources	-	-	7,800	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	42,771	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	7,800	-	-	-	42,771	-
Disbursements:								
Current:								
Instruction	-	-	-	23,398	-	2,441	22,188	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	1,995	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,995	-	-	23,398	-	2,441	22,188	-
Excess (deficiency) of receipts over disbursements	(1,995)	-	7,800	(23,398)	-	(2,441)	20,583	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,995)	-	7,800	(23,398)	-	(2,441)	20,583	-
Cash and investments - ending	\$ 5	\$ 465	\$ 7,800	\$ 1,602	\$ -	\$ -	\$ 20,583	\$ 1,015

MIDDLEBURY COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Project Lead the Way 2012-2013	School Improvement Plan	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Coordinated School Health Prog	No Excuses University	Excess PTRC Distributions
Cash and investments - beginning	\$ -	\$ 2,631	\$ 25,899	\$ 6,663	\$ 2,900	\$ 1,310	\$ 500	\$ 98
Receipts:								
Local sources	-	-	53,397	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	30,119	7,793	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	53,397	30,119	7,793	-	-	-
Disbursements:								
Current:								
Instruction	-	(488)	2,984	29,750	-	-	-	-
Support services	-	2,193	7,272	2,027	6,336	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	1,705	10,256	31,777	6,336	-	-	-
Excess (deficiency) of receipts over disbursements	-	(1,705)	43,141	(1,658)	1,457	-	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,705)	43,141	(1,658)	1,457	-	-	-
Cash and investments - ending	\$ -	\$ 926	\$ 69,040	\$ 5,005	\$ 4,357	\$ 1,310	\$ 500	\$ 98

MIDDLEBURY COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Title I 2012-2013	Title I 2013-2014	Title I 2011-2012	Technical Assistance - Special Education	Medicaid Reimbursement - Federal	Title II, Part A 2011-2012	Title II, Part A 2012-2013	Title III 2011-2012
Cash and investments - beginning	\$ (85,115)	\$ -	\$ -	\$ -	\$ 77	\$ (12,470)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	1,961	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	161,057	448,925	-	-	-	70,404	92,621	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>161,057</u>	<u>448,925</u>	<u>-</u>	<u>1,961</u>	<u>-</u>	<u>70,404</u>	<u>92,621</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	47,691	460,176	-	2,522	-	13,713	824	-
Support services	28,151	82,251	-	-	-	44,221	103,381	-
Noninstructional services	100	1,802	-	-	-	-	660	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>75,942</u>	<u>544,229</u>	<u>-</u>	<u>2,522</u>	<u>-</u>	<u>57,934</u>	<u>104,865</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>85,115</u>	<u>(95,304)</u>	<u>-</u>	<u>(561)</u>	<u>-</u>	<u>12,470</u>	<u>(12,244)</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>85,115</u>	<u>(95,304)</u>	<u>-</u>	<u>(561)</u>	<u>-</u>	<u>12,470</u>	<u>(12,244)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (95,304)</u>	<u>\$ -</u>	<u>\$ (561)</u>	<u>\$ 77</u>	<u>\$ -</u>	<u>\$ (12,244)</u>	<u>\$ -</u>



MIDDLEBURY COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Title III 2012-2013	Title III 2013-2014	Education Jobs	Payroll Clearing Account	Prepaid Food	McS Clearing Account	Clearing Account Employer	Totals
Cash and investments - beginning	\$ (2,406)	\$ -	\$ -	\$ 164,168	\$ 54,745	\$ 13,296	\$ (2,765)	\$ 20,176,694
Receipts:								
Local sources	-	-	-	-	-	-	-	19,677,232
Intermediate sources	-	-	-	-	-	-	-	628
State sources	10,051	33,974	-	-	-	-	-	25,540,920
Federal sources	-	-	-	-	-	-	-	2,383,190
Other	-	-	-	20,225,733	283,924	37,805	25,140	20,654,491
Total receipts	<u>10,051</u>	<u>33,974</u>	<u>-</u>	<u>20,225,733</u>	<u>283,924</u>	<u>37,805</u>	<u>25,140</u>	<u>68,256,461</u>
Disbursements:								
Current:								
Instruction	7,645	41,666	-	-	-	-	-	19,748,205
Support services	-	-	-	-	-	-	-	11,581,125
Noninstructional services	-	-	-	-	-	-	-	2,262,323
Facilities acquisition and construction	-	-	-	-	-	-	-	3,418,464
Debt services	-	-	-	-	-	-	-	7,994,025
Nonprogrammed charges	-	-	-	20,217,015	282,445	26,672	22,680	24,196,975
Total disbursements	<u>7,645</u>	<u>41,666</u>	<u>-</u>	<u>20,217,015</u>	<u>282,445</u>	<u>26,672</u>	<u>22,680</u>	<u>69,201,117</u>
Excess (deficiency) of receipts over disbursements	<u>2,406</u>	<u>(7,692)</u>	<u>-</u>	<u>8,718</u>	<u>1,479</u>	<u>11,133</u>	<u>2,460</u>	<u>(944,656)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,976,524
Transfers in	-	-	-	-	-	-	-	180,320
Transfers out	-	-	-	-	-	-	-	(180,320)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,976,524</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,406</u>	<u>(7,692)</u>	<u>-</u>	<u>8,718</u>	<u>1,479</u>	<u>11,133</u>	<u>2,460</u>	<u>1,031,868</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (7,692)</u>	<u>\$ -</u>	<u>\$ 172,886</u>	<u>\$ 56,224</u>	<u>\$ 24,429</u>	<u>\$ (305)</u>	<u>\$ 21,208,562</u>

MIDDLEBURY COMMUNITY SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Middlebury Elementary Schools Bldg. Corp.	Jefferson - Refunded	\$ 1,052,913	06/30/11	06/30/18
Middlebury Schools Bldg. Corp.	NHS Classrooms	4,968,000	12/31/06	12/31/29
Middlebury Schools Bldg. Corp.	NHS Pool & Auditorium	1,241,500	06/30/08	12/31/29
Fifth Third Bank	Northridge Middle School	141,826	06/01/12	12/01/15
Sun Trust Equipment Finance & Leasing Corp.	HP Computers and Software	<u>99,653</u>	05/01/13	05/01/18
Total of annual lease payments		<u>\$ 7,503,892</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Middle School Renovation- Chiller/Pool/Cafe	<u>\$ 1,615,000</u>	<u>\$ 821,176</u>

MIDDLEBURY COMMUNITY SCHOOLS  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2014

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,908,794
Buildings	114,606,270
Improvements other than buildings	9,808,575
Machinery, equipment, and vehicles	<u>13,521,118</u>
Total capital assets	<u>\$ 139,844,757</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE MIDDLEBURY COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

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

We have audited the Middlebury Community Schools' (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. 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, 2012 to June 30, 2014.

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

***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 item 2014-002 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 Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

  
Paul D. Joyce, CPA  
State Examiner

April 22, 2015

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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.

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MIDDLEBURY COMMUNITY SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2013 and 2014

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 06-30-13	Total Federal Awards Expended 06-30-14
<b>Department of Agriculture</b>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 12-13 FY 13-14	\$ 103,836 -	\$ - 97,350
Total - School Breakfast Program				<u>103,836</u>	<u>97,350</u>
National School Lunch Program	Indiana Department of Education	10.555	FY 12-13 FY 13-14	810,182 -	- 801,196
Total - National School Lunch Program				<u>810,182</u>	<u>801,196</u>
Total - Department of Agriculture				<u>914,018</u>	<u>898,546</u>
<b>Department of Education</b>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	12-2275 13-2275 14-2275	164,348 403,669 -	- 161,058 448,925
Total - Title I, Part A Cluster				<u>568,017</u>	<u>609,983</u>
Special Education Cluster					
Special Education - Grants to States	Indiana Department of Education	84.027	99910-TA01 14212-016-PN01 14213-016-PN016 14214-016-PN01	- 194,482 592,583 -	1,961 - 204,607 598,203
Total - Special Education Cluster				<u>787,065</u>	<u>804,771</u>
Career and Technical Education - Basic Grants to States	Elkhart Community Schools	84.048	FY 2012-13 FY 2013-14	2,000 -	- 2,000
Total - Career and Technical Education - Basic Grants to States				<u>2,000</u>	<u>2,000</u>
English Language Acquisition State Grants	Indiana Department of Education	84.365	01112-017-PN01 01113-017-PN01 01114-055-PN01	6,114 39,072 -	- 10,052 33,974
Total - English Language Acquisition State Grants				<u>45,186</u>	<u>44,026</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	FY 2011-12 FY 2012-13	48,328 -	70,404 92,621
Total - Improving Teacher Quality State Grants				<u>48,328</u>	<u>163,025</u>
Education Jobs Fund	Indiana Department of Education	84.410	FY 2012-13	164,986	-
Total - Department of Education				<u>1,615,582</u>	<u>1,623,805</u>
Total federal awards expended				<u>\$ 2,529,600</u>	<u>\$ 2,522,351</u>

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

MIDDLEBURY COMMUNITY SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the 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 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 134,858	\$ 128,514



MIDDLEBURY COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2. **Monitoring of Controls:** An evaluation of the School Corporation's system of internal control has not been conducted. The failure to monitor the internal control system places the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting require the School Corporation to monitor and assess the quality of the system of internal control.
3. **Bank Reconciliation Process:** Internal controls over the bank reconciliation process were insufficient. Monthly bank reconciliements were prepared by one employee; there is no evidence of an oversight, review, or approval process.

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

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

***Section III - Federal Award Findings and Questioned Costs***

***FINDING 2014-002 - INTERNAL CONTROLS OVER 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 Numbers: 12-2275; 13-2275; 14-2275  
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 Cash Management and Reporting compliance requirements that have a direct and material effect on the program. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that requests for reimbursement or required reports were accurately prepared. One person was responsible for preparing and submitting the requests and reports. There was no evidence of segregation of duties, such as an oversight or approval process.

MIDDLEBURY COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 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. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements noted above.

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AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.



CORRECTIVE ACTION PLAN

**FINDING 2014-001 – Internal Controls over Financial Transactions and Reporting**

Contact Person Responsible for Corrective Action: Mark Snyder  
Contact Phone Number: (574)825-9425

Description of Corrective Action Plan:

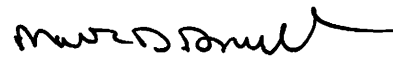
An Assistant to the Director of Business has been hired working regularly, but on a part time basis. The current plan is to continue employing a person in this position in the future. The title may change at some point. The Assistant to the Director of Business will review the monthly financial statement/bank reconciliation and receipting as described in the subsequent paragraphs.

The Director will continue preparing the monthly financial statement, including balancing all receipts and expenditures between the financial software and the bank statement. Once completed, the report including all supporting documents will be given to the Superintendent, Assistant Superintendent, and Assistant to the Director of Business. Once reviewed, two of the three will sign, along with the Director of Business. In addition, all claims lists will continue to be approved by the School Board.

The Director of Business will mostly be responsible for receipting. Once completed, a review will be completed by the Assistant to the Director of Business to ensure that the receipting is free of errors and that irregularities have not occurred. The reviewer will initial the ledger for each date a receipt is made. Receipting will again be reviewed during the preparation of the monthly financial Statement.

Anticipated Completion Date:

The review of the monthly financial report has been occurring since October 2014, and signatures were obtained beginning on the February 2015 financial statement. The review of receipting and initialing will begin immediately.



(Signature)

Director of Business

(Title)

4/22/15

(Date)



CORRECTIVE ACTION PLAN

**FINDING 2014-002 – Internal Controls over Title I Grants to Local Educational Agencies**

Contact Person Responsible for Corrective Action: Mark Snyder  
Contact Phone Number: (574)825-9425

Description of Corrective Action Plan:

The Director of Business or the Assistant to the Director of Business will print out necessary reports in the financial software in order to determine the exact expenditures that may be requested for reimbursement. The report, along with the completed reimbursement form, will be given to the Title I Director for review. Once the Title I Director thoroughly reviews to ensure the requests are accurate and the funds were previously expended, the Title I Director will sign the reimbursement request form and return it to the Director of Business. The Director of Business will then sign if corrections are not necessary and send in the request. The requested amount is documented in a ledger, and once the payment is received and receipted in, the information is documented within the ledger to ensure the requested amount and received amount match.

Anticipated Completion Date:

The described process above began in March 2015.

Mark Snyder  
(Signature)

Director of Business  
(Title)

4/22/15  
(Date)

#### OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.