

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CONCORD COMMUNITY SCHOOLS  
ELKHART COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
09/24/2015



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Constance J. Crum	07-01-12 to 12-31-15
Superintendent of Schools	Wayne R. Stubbs	07-01-12 to 06-30-15
President of the School Board	Randall Myers	07-01-12 to 12-31-15



## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statement of the Concord 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 Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

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 June 15, 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

June 15, 2015



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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 CONCORD 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 Concord 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 June 15, 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 items 2014-001 and 2014-002 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***

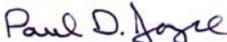
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

***Concord 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

June 15, 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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CONCORD 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 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 1,381,970	\$ 31,590,291	\$ 31,287,434	\$ 23,695	\$ 1,708,522	\$ 33,767,292	\$ 30,525,469	\$ (495,609)	\$ 4,454,736
Debt Service	1,332,229	9,001,612	9,486,214	(56,461)	791,166	9,702,372	9,543,812	16,737	966,463
Retirement/Severance Bond Debt Service	54,438	361,975	383,860	-	32,553	377,019	385,755	-	23,817
Capital Projects	1,017,094	4,731,914	3,430,750	-	2,318,258	3,093,583	4,167,032	-	1,244,809
School Transportation	158,276	2,471,071	1,772,396	114,245	971,196	1,849,789	2,566,140	15,969	270,814
School Bus Replacement	607,665	632,019	730,572	-	509,112	211,188	120,000	(250,000)	350,300
Rainy Day	1,005,000	-	50,000	-	955,000	-	-	750,000	1,705,000
Retirement/Severance Bond	141,622	2,713	84,675	-	59,660	-	45,177	-	14,483
GOB 2012 Construction	-	-	343,376	1,999,710	1,656,334	-	711,453	-	944,881
GOB 2013 Construction	-	-	-	-	-	-	89,804	2,000,000	1,910,196
Construction Bond, Intermediate School 2008	50,330	-	-	-	50,330	-	-	-	50,330
School Lunch	1,855,415	2,457,362	2,485,391	-	1,827,386	2,699,224	2,595,555	-	1,931,055
Textbook Rental	302,260	409,224	570,074	56,461	197,871	418,375	98,844	-	517,402
Young Authors	3,605	-	-	-	3,605	-	-	-	3,605
Alternative Education	6,417	7,167	13,584	-	-	6,750	6,750	-	-
Safe Schools Grant 2013	-	15,000	15,000	-	-	-	-	-	-
Early Intervention Grant	128	-	-	-	128	-	-	(128)	-
Early Intervention Grant 2014	-	-	-	-	-	-	39,927	-	(39,927)
School Intervention and Career Counseling	2,785	-	2,785	-	-	-	-	-	-
Donations Fund	-	23,582	21,483	-	2,099	37,166	37,066	-	2,199
Print Center	5,046	21,401	25,804	-	643	21,170	24,080	-	(2,267)
High Ability Grant 2013	-	44,766	44,766	-	-	-	-	-	-
High Ability Grant 2014	-	-	-	-	-	45,097	38,851	-	6,246
High Ability Grant Making A Difference	(3,192)	3,192	-	-	-	-	-	-	-
Secured Schools	-	-	-	-	-	11,736	50,000	-	(38,264)
Extra-Curricular Activities	1,388	19,722	19,670	-	1,440	19,196	18,766	-	1,870
NESP State Grant 2012	9,727	-	9,727	-	-	-	-	-	-
NESP State Grant 2013	-	80,422	69,731	-	10,691	-	10,691	-	-
NESP State Grant 2014	-	-	-	-	-	80,600	54,538	-	26,062
School Technology	21,429	89,170	22,318	-	88,281	89,665	143,662	-	34,284
Professional Development	923	-	71	-	852	-	-	-	852
Excess PTRC Distributions	58,541	9,595	-	(68,136)	-	-	-	-	-
Title I - FY 2012	(70,343)	249,888	156,541	(23,004)	-	-	-	-	-
Title I - FY 2013	-	790,220	872,127	(23,105)	(105,012)	291,267	186,255	-	-
Title I - FY 2014	-	-	-	-	-	777,815	865,764	(15,969)	(103,918)
IDEA, PL 101-476 FY 2012	(140,409)	377,849	237,440	-	-	-	-	-	-
IDEA, PL 101-476 FY 2013	-	721,263	885,555	-	(164,292)	386,768	222,476	-	-
IDEA, PL 101-476 FY 2014	-	-	-	-	-	691,457	845,538	-	(154,081)
IDEA, Sliver Grant	-	-	-	-	-	3,680	4,089	-	(409)
Medicaid Reimbursement - Federal	56,473	86,298	4,317	(22,922)	115,532	154,090	48,720	-	220,902
School to Work Opportunity Implementation	369	-	-	-	369	-	-	(369)	-
Improving Teaching Quality, No Child Left, Title II, Part A #6842	(6,447)	40,107	33,660	-	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A #6843	-	62,017	70,326	-	(8,309)	43,984	35,676	-	(1)
Improving Teaching Quality, No Child Left, Title II, Part A #6844	-	-	-	-	-	48,486	81,794	-	(33,308)
Title III Part A, Limited English FY 2012	(2,955)	26,280	24,438	-	(1,113)	3,024	1,912	-	(1)
Title III Part A, Limited English FY 2013	-	84,197	89,966	-	(5,769)	29,297	23,528	-	-
Title III Part A, Limited English FY 2014	-	-	-	-	-	55,529	104,177	-	(48,648)
Title I - Grants to LEAs	(1,688)	5,846	4,158	-	-	-	-	-	-
Education Jobs	(494,317)	625,371	131,054	-	-	-	-	-	-
Payroll	97,441	11,591,656	11,593,029	-	96,068	11,758,835	11,757,171	-	97,732
Self Insurance	1,046,391	4,753,614	4,873,328	-	926,677	5,000,220	5,233,384	-	693,513
<b>Totals</b>	<b>\$ 8,497,611</b>	<b>\$ 71,386,804</b>	<b>\$ 69,845,620</b>	<b>\$ 2,000,483</b>	<b>\$ 12,039,278</b>	<b>\$ 71,674,674</b>	<b>\$ 70,683,856</b>	<b>\$ 2,020,631</b>	<b>\$ 15,050,727</b>

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

CONCORD 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.

CONCORD 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.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

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

*E. Disbursements*

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

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

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

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

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

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

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

*F. Other Financing Sources and Uses*

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

CONCORD COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund.

Transfers out which includes money paid by one fund to another fund.

*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 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.

CONCORD COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

CONCORD COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

**B. Teachers' Retirement Fund**

*Plan Description*

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

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

Indiana Public Retirement System  
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. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. For most funds, this is a result of funds being part of reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received from the State of Indiana by June 30, 2013 and 2014. The Print Center fund had a negative balance at June 30, 2014, due to items ordered for summer printing and payments not received until after the fiscal year end.

CONCORD COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. *Holding Corporation***

The School Corporation has entered into several capital leases with Concord Community 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 ended June 30, 2013, and June 30, 2014, totaled \$9,467,500 and \$9,477,500, respectively.

**Note 9. *Subsequent Events***

On March 2, 2015, the Concord School Board passed a resolution to refund the Building Corporation Bond for Series 2005. The anticipated sale date for the bonds is late spring 2015.

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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.

CONCORD 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	GOB 2012 Construction
Cash and investments - beginning	\$ 1,381,970	\$ 1,332,229	\$ 54,438	\$ 1,017,094	\$ 158,276	\$ 607,665	\$ 1,005,000	\$ 141,622	\$ -
Receipts:									
Local sources	237,953	9,001,612	361,975	3,340,334	1,558,446	271,057	-	2,713	-
Intermediate sources	51	-	-	-	-	-	-	-	-
State sources	31,238,626	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	1,390,000	875,000	120,000	-	-	-
Other	113,661	-	-	1,580	37,625	240,962	-	-	-
Total receipts	<u>31,590,291</u>	<u>9,001,612</u>	<u>361,975</u>	<u>4,731,914</u>	<u>2,471,071</u>	<u>632,019</u>	<u>-</u>	<u>2,713</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	22,875,277	-	-	-	-	-	-	84,084	-
Support services	7,895,601	-	-	1,912,275	1,772,396	730,572	50,000	591	-
Noninstructional services	516,556	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,518,475	-	-	-	-	284,434
Debt services	-	9,486,214	383,860	-	-	-	-	-	58,942
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>31,287,434</u>	<u>9,486,214</u>	<u>383,860</u>	<u>3,430,750</u>	<u>1,772,396</u>	<u>730,572</u>	<u>50,000</u>	<u>84,675</u>	<u>343,376</u>
Excess (deficiency) of receipts over disbursements	<u>302,857</u>	<u>(484,602)</u>	<u>(21,885)</u>	<u>1,301,164</u>	<u>698,675</u>	<u>(98,553)</u>	<u>(50,000)</u>	<u>(81,962)</u>	<u>(343,376)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	1,999,710
Sale of capital assets	773	-	-	-	-	-	-	-	-
Transfers in	22,922	-	-	-	114,245	-	-	-	-
Transfers out	-	(56,461)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>23,695</u>	<u>(56,461)</u>	<u>-</u>	<u>-</u>	<u>114,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,999,710</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>326,552</u>	<u>(541,063)</u>	<u>(21,885)</u>	<u>1,301,164</u>	<u>812,920</u>	<u>(98,553)</u>	<u>(50,000)</u>	<u>(81,962)</u>	<u>1,656,334</u>
Cash and investments - ending	<u>\$ 1,708,522</u>	<u>\$ 791,166</u>	<u>\$ 32,553</u>	<u>\$ 2,318,258</u>	<u>\$ 971,196</u>	<u>\$ 509,112</u>	<u>\$ 955,000</u>	<u>\$ 59,660</u>	<u>\$ 1,656,334</u>

CONCORD 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)

	GOB 2013 Construction	Construction Bond, Intermediate School 2008	School Lunch	Textbook Rental	Young Authors	Alternative Education	Safe Schools Grant 2013	Early Intervention Grant	Early Intervention Grant 2014
Cash and investments - beginning	\$ -	\$ 50,330	\$ 1,855,415	\$ 302,260	\$ 3,605	\$ 6,417	\$ -	\$ 128	\$ -
Receipts:									
Local sources	-	-	912,258	189,408	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	18,527	216,904	-	7,167	15,000	-	-
Federal sources	-	-	1,498,447	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	28,130	2,912	-	-	-	-	-
Total receipts	-	-	2,457,362	409,224	-	7,167	15,000	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	13,584	-	-	-
Support services	-	-	2,041	570,074	-	-	15,000	-	-
Noninstructional services	-	-	2,388,208	-	-	-	-	-	-
Facilities acquisition and construction	-	-	45,142	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	50,000	-	-	-	-	-	-
Total disbursements	-	-	2,485,391	570,074	-	13,584	15,000	-	-
Excess (deficiency) of receipts over disbursements	-	-	(28,029)	(160,850)	-	(6,417)	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	56,461	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	56,461	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(28,029)	(104,389)	-	(6,417)	-	-	-
Cash and investments - ending	\$ -	\$ 50,330	\$ 1,827,386	\$ 197,871	\$ 3,605	\$ -	\$ -	\$ 128	\$ -

CONCORD 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 Intervention and Career Counseling	Donations Fund	Print Center	High Ability Grant 2013	High Ability Grant 2014	High Ability Grant Making A Difference	Secured Schools	Extra- Curricular Activities	NESP State Grant 2012
Cash and investments - beginning	\$ 2,785	\$ -	\$ 5,046	\$ -	\$ -	\$ (3,192)	\$ -	\$ 1,388	\$ 9,727
Receipts:									
Local sources	-	23,582	21,401	-	-	-	-	19,722	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	44,766	-	3,192	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	23,582	21,401	44,766	-	3,192	-	19,722	-
Disbursements:									
Current:									
Instruction	-	-	-	44,766	-	-	-	-	9,727
Support services	2,785	7,000	25,804	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	19,670	-
Facilities acquisition and construction	-	14,483	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	2,785	21,483	25,804	44,766	-	-	-	19,670	9,727
Excess (deficiency) of receipts over disbursements	(2,785)	2,099	(4,403)	-	-	3,192	-	52	(9,727)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,785)	2,099	(4,403)	-	-	3,192	-	52	(9,727)
Cash and investments - ending	\$ -	\$ 2,099	\$ 643	\$ -	\$ -	\$ -	\$ -	\$ 1,440	\$ -

CONCORD 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)

	NESP State Grant 2013	NESP State Grant 2014	School Technology	Professional Development	Excess PTRC Distributions	Title I - FY 2012	Title I - FY 2013	Title I - FY 2014	IDEA, PL 101-476 FY 2012
Cash and investments - beginning	\$ -	\$ -	\$ 21,429	\$ 923	\$ 58,541	\$ (70,343)	\$ -	\$ -	\$ (140,409)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	80,422	-	4,498	-	9,595	-	-	-	-
Federal sources	-	-	-	-	-	249,888	790,220	-	377,849
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	84,672	-	-	-	-	-	-
Total receipts	80,422	-	89,170	-	9,595	249,888	790,220	-	377,849
Disbursements:									
Current:									
Instruction	69,731	-	-	-	-	59,024	505,190	-	237,440
Support services	-	-	5,751	71	-	73,469	361,185	-	-
Noninstructional services	-	-	-	-	-	967	5,752	-	-
Facilities acquisition and construction	-	-	16,567	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	23,081	-	-	-
Total disbursements	69,731	-	22,318	71	-	156,541	872,127	-	237,440
Excess (deficiency) of receipts over disbursements	10,691	-	66,852	(71)	9,595	93,347	(81,907)	-	140,409
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(68,136)	(23,004)	(23,105)	-	-
Total other financing sources (uses)	-	-	-	-	(68,136)	(23,004)	(23,105)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,691	-	66,852	(71)	(58,541)	70,343	(105,012)	-	140,409
Cash and investments - ending	\$ 10,691	\$ -	\$ 88,281	\$ 852	\$ -	\$ -	\$ (105,012)	\$ -	\$ -

CONCORD 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)

	IDEA, PL 101-476 FY 2013	IDEA, PL 101-476 FY 2014	IDEA, Sliver Grant	Medicaid Reimbursement - Federal	School to Work Opportunity Implementation	Improving Teaching Quality, No Child Left, Title II, Part A #6842	Improving Teaching Quality, No Child Left, Title II, Part A #6843	Improving Teaching Quality, No Child Left, Title II, Part A #6844
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 56,473	\$ 369	\$ (6,447)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	721,263	-	-	86,298	-	40,107	62,017	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	721,263	-	-	86,298	-	40,107	62,017	-
Disbursements:								
Current:								
Instruction	824,520	-	-	-	-	23,980	68,326	-
Support services	61,035	-	-	4,317	-	7,208	2,000	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	2,472	-	-
Total disbursements	885,555	-	-	4,317	-	33,660	70,326	-
Excess (deficiency) of receipts over disbursements	(164,292)	-	-	81,981	-	6,447	(8,309)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(22,922)	-	-	-	-
Total other financing sources (uses)	-	-	-	(22,922)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(164,292)	-	-	59,059	-	6,447	(8,309)	-
Cash and investments - ending	\$ (164,292)	\$ -	\$ -	\$ 115,532	\$ 369	\$ -	\$ (8,309)	\$ -

CONCORD 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 Part A, Limited English FY 2012	Title III Part A, Limited English FY 2013	Title III Part A, Limited English FY 2014	Title I - Grants to LEAs	Education Jobs	Payroll	Self Insurance	Totals
Cash and investments - beginning	\$ (2,955)	\$ -	\$ -	\$ (1,688)	\$ (494,317)	\$ 97,441	\$ 1,046,391	\$ 8,497,611
Receipts:								
Local sources	-	-	-	-	-	-	4,753,614	20,694,075
Intermediate sources	-	-	-	-	-	-	-	51
State sources	-	-	-	-	-	-	-	31,638,697
Federal sources	26,280	84,197	-	5,846	625,371	-	-	4,567,783
Temporary loans	-	-	-	-	-	-	-	2,385,000
Other	-	-	-	-	-	11,591,656	-	12,101,198
Total receipts	26,280	84,197	-	5,846	625,371	11,591,656	4,753,614	71,386,804
Disbursements:								
Current:								
Instruction	22,746	69,680	-	4,158	45,696	-	-	24,957,929
Support services	746	-	-	-	85,358	-	-	13,585,279
Noninstructional services	946	20,286	-	-	-	-	-	2,952,385
Facilities acquisition and construction	-	-	-	-	-	-	-	1,879,101
Debt services	-	-	-	-	-	-	-	9,929,016
Nonprogrammed charges	-	-	-	-	-	11,593,029	4,873,328	16,541,910
Total disbursements	24,438	89,966	-	4,158	131,054	11,593,029	4,873,328	69,845,620
Excess (deficiency) of receipts over disbursements	1,842	(5,769)	-	1,688	494,317	(1,373)	(119,714)	1,541,184
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,999,710
Sale of capital assets	-	-	-	-	-	-	-	773
Transfers in	-	-	-	-	-	-	-	193,628
Transfers out	-	-	-	-	-	-	-	(193,628)
Total other financing sources (uses)	-	-	-	-	-	-	-	2,000,483
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,842	(5,769)	-	1,688	494,317	(1,373)	(119,714)	3,541,667
Cash and investments - ending	\$ (1,113)	\$ (5,769)	\$ -	\$ -	\$ -	\$ 96,068	\$ 926,677	\$ 12,039,278

CONCORD 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	GOB 2012 Construction
Cash and investments - beginning	\$ 1,708,522	\$ 791,166	\$ 32,553	\$ 2,318,258	\$ 971,196	\$ 509,112	\$ 955,000	\$ 59,660	\$ 1,656,334
Receipts:									
Local sources	369,904	9,702,372	377,019	3,052,156	1,809,818	211,188	-	-	-
Intermediate sources	17	-	-	-	-	-	-	-	-
State sources	33,293,340	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	104,031	-	-	41,427	39,971	-	-	-	-
Total receipts	33,767,292	9,702,372	377,019	3,093,583	1,849,789	211,188	-	-	-
Disbursements:									
Current:									
Instruction	22,052,885	-	-	-	-	-	-	45,177	-
Support services	7,967,318	-	-	1,691,207	1,691,140	-	-	-	-
Noninstructional services	505,266	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,085,825	-	-	-	-	711,453
Debt services	-	9,543,812	385,755	1,390,000	875,000	120,000	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	30,525,469	9,543,812	385,755	4,167,032	2,566,140	120,000	-	45,177	711,453
Excess (deficiency) of receipts over disbursements	3,241,823	158,560	(8,736)	(1,073,449)	(716,351)	91,188	-	(45,177)	(711,453)
Other financing sources (uses):									
Proceeds of long-term debt	-	16,737	-	-	-	-	-	-	-
Sale of capital assets	3,894	-	-	-	-	-	-	-	-
Transfers in	497	-	-	-	15,969	-	750,000	-	-
Transfers out	(500,000)	-	-	-	-	(250,000)	-	-	-
Total other financing sources (uses)	(495,609)	16,737	-	-	15,969	(250,000)	750,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,746,214	175,297	(8,736)	(1,073,449)	(700,382)	(158,812)	750,000	(45,177)	(711,453)
Cash and investments - ending	\$ 4,454,736	\$ 966,463	\$ 23,817	\$ 1,244,809	\$ 270,814	\$ 350,300	\$ 1,705,000	\$ 14,483	\$ 944,881

CONCORD 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)

	GOB 2013 Construction	Construction Bond, Intermediate School 2008	School Lunch	Textbook Rental	Young Authors	Alternative Education	Safe Schools Grant 2013	Early Intervention Grant	Early Intervention Grant 2014
Cash and investments - beginning	\$ -	\$ 50,330	\$ 1,827,386	\$ 197,871	\$ 3,605	\$ -	\$ -	\$ 128	\$ -
Receipts:									
Local sources	-	-	913,639	189,871	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	20,324	226,441	-	6,750	-	-	-
Federal sources	-	-	1,728,988	-	-	-	-	-	-
Other	-	-	36,273	2,063	-	-	-	-	-
Total receipts	-	-	2,699,224	418,375	-	6,750	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	6,750	-	-	28,127
Support services	43,707	-	1,670	98,844	-	-	-	-	11,800
Noninstructional services	-	-	2,372,684	-	-	-	-	-	-
Facilities acquisition and construction	-	-	21,201	-	-	-	-	-	-
Debt services	46,097	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	200,000	-	-	-	-	-	-
Total disbursements	89,804	-	2,595,555	98,844	-	6,750	-	-	39,927
Excess (deficiency) of receipts over disbursements	(89,804)	-	103,669	319,531	-	-	-	-	(39,927)
Other financing sources (uses):									
Proceeds of long-term debt	2,000,000	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(128)	-
Total other financing sources (uses)	2,000,000	-	-	-	-	-	-	(128)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,910,196	-	103,669	319,531	-	-	-	(128)	(39,927)
Cash and investments - ending	\$ 1,910,196	\$ 50,330	\$ 1,931,055	\$ 517,402	\$ 3,605	\$ -	\$ -	\$ -	\$ (39,927)

CONCORD 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 Intervention and Career Counseling	Donations Fund	Print Center	High Ability Grant 2013	High Ability Grant 2014	High Ability Grant Making A Difference	Secured Schools	Extra- Curricular Activities	NESP State Grant 2012
Cash and investments - beginning	\$ -	\$ 2,099	\$ 643	\$ -	\$ -	\$ -	\$ -	\$ 1,440	\$ -
Receipts:									
Local sources	-	37,166	21,170	-	-	-	-	19,196	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	45,097	-	11,736	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	37,166	21,170	-	45,097	-	11,736	19,196	-
Disbursements:									
Current:									
Instruction	-	-	-	-	38,851	-	-	-	-
Support services	-	1,250	24,080	-	-	-	50,000	-	-
Noninstructional services	-	-	-	-	-	-	-	18,766	-
Facilities acquisition and construction	-	35,816	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	37,066	24,080	-	38,851	-	50,000	18,766	-
Excess (deficiency) of receipts over disbursements	-	100	(2,910)	-	6,246	-	(38,264)	430	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	100	(2,910)	-	6,246	-	(38,264)	430	-
Cash and investments - ending	\$ -	\$ 2,199	\$ (2,267)	\$ -	\$ 6,246	\$ -	\$ (38,264)	\$ 1,870	\$ -

CONCORD 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)

	NESP State Grant 2013	NESP State Grant 2014	School Technology	Professional Development	Excess PTRC Distributions	Title I - FY 2012	Title I - FY 2013	Title I - FY 2014	IDEA, PL 101-476 FY 2012
Cash and investments - beginning	\$ 10,691	\$ -	\$ 88,281	\$ 852	\$ -	\$ -	\$ (105,012)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	80,600	4,836	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	291,267	777,815	-
Other	-	-	84,829	-	-	-	-	-	-
Total receipts	-	80,600	89,665	-	-	-	291,267	777,815	-
Disbursements:									
Current:									
Instruction	10,691	54,538	-	-	-	-	61,768	451,660	-
Support services	-	-	39,185	-	-	-	101,561	291,555	-
Noninstructional services	-	-	-	-	-	-	2,435	122,549	-
Facilities acquisition and construction	-	-	104,477	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	20,491	-	-
Total disbursements	10,691	54,538	143,662	-	-	-	186,255	865,764	-
Excess (deficiency) of receipts over disbursements	(10,691)	26,062	(53,997)	-	-	-	105,012	(87,949)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(15,969)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	(15,969)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,691)	26,062	(53,997)	-	-	-	105,012	(103,918)	-
Cash and investments - ending	\$ -	\$ 26,062	\$ 34,284	\$ 852	\$ -	\$ -	\$ -	\$ (103,918)	\$ -

CONCORD 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)

	IDEA, PL 101-476 FY 2013	IDEA, PL 101-476 FY 2014	IDEA, Sliver Grant	Medicaid Reimbursement - Federal	School to Work Opportunity Implementation	Improving Teaching Quality, No Child Left, Title II, Part A #6842	Improving Teaching Quality, No Child Left, Title II, Part A #6843	Improving Teaching Quality, No Child Left, Title II, Part A #6844
Cash and investments - beginning	\$ (164,292)	\$ -	\$ -	\$ 115,532	\$ 369	\$ -	\$ (8,309)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	386,768	691,457	3,680	154,090	-	-	43,984	48,486
Other	-	-	-	-	-	-	-	-
Total receipts	386,768	691,457	3,680	154,090	-	-	43,984	48,486
Disbursements:								
Current:								
Instruction	222,476	804,426	-	-	-	-	30,733	8,854
Support services	-	41,112	4,089	48,720	-	-	2,885	72,940
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	2,058	-
Total disbursements	222,476	845,538	4,089	48,720	-	-	35,676	81,794
Excess (deficiency) of receipts over disbursements	164,292	(154,081)	(409)	105,370	-	-	8,308	(33,308)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(369)	-	-	-
Total other financing sources (uses)	-	-	-	-	(369)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	164,292	(154,081)	(409)	105,370	(369)	-	8,308	(33,308)
Cash and investments - ending	\$ -	\$ (154,081)	\$ (409)	\$ 220,902	\$ -	\$ -	\$ (1)	\$ (33,308)

CONCORD 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 Part A, Limited English FY 2012	Title III Part A, Limited English FY 2013	Title III Part A, Limited English FY 2014	Title I - Grants to LEAs	Education Jobs	Payroll	Self Insurance	Totals
Cash and investments - beginning	\$ (1,113)	\$ (5,769)	\$ -	\$ -	\$ -	\$ 96,068	\$ 926,677	\$ 12,039,278
Receipts:								
Local sources	-	-	-	-	-	-	5,000,220	21,703,719
Intermediate sources	-	-	-	-	-	-	-	17
State sources	-	-	-	-	-	-	-	33,689,124
Federal sources	3,024	29,297	55,529	-	-	-	-	4,214,385
Other	-	-	-	-	-	11,758,835	-	12,067,429
Total receipts	3,024	29,297	55,529	-	-	11,758,835	5,000,220	71,674,674
Disbursements:								
Current:								
Instruction	-	23,528	95,568	-	-	-	-	23,936,032
Support services	-	-	-	-	-	-	-	12,183,063
Noninstructional services	-	-	8,609	-	-	-	-	3,030,309
Facilities acquisition and construction	-	-	-	-	-	-	-	1,958,772
Debt services	-	-	-	-	-	-	-	12,360,664
Nonprogrammed charges	1,912	-	-	-	-	11,757,171	5,233,384	17,215,016
Total disbursements	1,912	23,528	104,177	-	-	11,757,171	5,233,384	70,683,856
Excess (deficiency) of receipts over disbursements	1,112	5,769	(48,648)	-	-	1,664	(233,164)	990,818
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	2,016,737
Sale of capital assets	-	-	-	-	-	-	-	3,894
Transfers in	-	-	-	-	-	-	-	766,466
Transfers out	-	-	-	-	-	-	-	(766,466)
Total other financing sources (uses)	-	-	-	-	-	-	-	2,020,631
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,112	5,769	(48,648)	-	-	1,664	(233,164)	3,011,449
Cash and investments - ending	\$ (1)	\$ -	\$ (48,648)	\$ -	\$ -	\$ 97,732	\$ 693,513	\$ 15,050,727

CONCORD COMMUNITY SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ -</u>	<u>\$ 2,270</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
MailFinance	Postage Meter Machines	\$ 2,220	01/01/12	03/31/17
Concord Community Schools Building Corporation	Bldg Corp Bonds Series 2003	66,381	01/22/03	01/10/15
Concord Community Schools Building Corporation	Bldg Corp Bonds Series 2009	757,083	07/15/10	01/15/16
Concord Community Schools Building Corporation	Bldg Corp Bonds Series 2008B	1,192,205	07/15/09	01/15/18
Concord Community Schools Building Corporation	Bldg Corp Bonds Series 2008A	2,293,245	07/15/08	01/15/29
Concord Community Schools Building Corporation	Bldg Corp Bonds Series 2007	4,008,575	01/01/08	07/01/16
Concord Community Schools Building Corporation	Bldg Corp Bonds Series 2005	<u>1,100,625</u>	07/10/05	01/10/21
Total of annual lease payments		<u>\$ 9,420,334</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	GOB of 2012/Bldg Repairs & Renovations		\$ 1,990,000	\$ 109,515
General obligation bonds	GOB of 2013/Bldg Repairs Equipment		2,000,000	40,000
General obligation bonds	GOB Pension Bonds		<u>2,275,000</u>	<u>381,682</u>
Totals			<u>\$ 6,265,000</u>	<u>\$ 531,197</u>

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CONCORD 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	\$ 1,794,000
Buildings	86,048,568
Improvements other than buildings	2,325,081
Machinery, equipment, and vehicles	<u>14,933,143</u>
Total capital assets	<u>\$ 105,100,792</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

We have audited the Concord 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.

***Basis for Qualified Opinion on Title I, Part A Cluster***

As described in item 2014-005 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs that are applicable to its Title I, Part A Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

***Qualified Opinion on Title I, Part A Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Title I, Part A Cluster* paragraph, 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 the Title I, Part A Cluster for the period of July 1, 2012 to June 30, 2014.

***Unmodified Opinion on Each of the Other Major Federal Programs***

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2012 to June 30, 2014.

***Other Matters***

The School Corporation's response to the noncompliance 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.

***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 and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003 and 2014-005 to be material weaknesses.

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

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-004 to be significant deficiencies.

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

June 15, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CONCORD 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
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 13 and 14	\$ 316,983	\$ 342,650
National School Breakfast					
National School Lunch Program	Indiana Department of Education	10.555	FY 13 and 14	1,317,178	1,549,911
National School Lunch					
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 13 and 14	27,528	2,417
Summer Food					
Total - Child Nutrition Cluster				1,661,689	1,894,978
Child and Adult Care Food Program	Indiana Department of Education	10.558	FY 13 and 14	-	2,390
Snack					
Total - Department of Agriculture				1,661,689	1,897,368
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I FY 2012			12-2270	249,888	-
Title I FY 2013			13-2270	790,220	291,267
Title I FY 2014			14-2270	-	777,815
Total - Title I Grants to Local Educational Agencies				1,040,108	1,069,082
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	Indiana Department of Education	84.389	10-2270	5,846	-
Title I Stimulus					
Total - Title I, Part A Cluster				1,045,954	1,069,082

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

CONCORD COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2013 and 2014  
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Education (continued)</u>					
Special Education Cluster					
Special Education - Grants to States	Indiana Department of Education	84.027			
Special Ed Part B FY 2012			14212-016-PN01	377,849	-
Special Ed Part B FY 2013			14213-016-PN01	721,263	386,768
Special Ed Part B FY 2014			14214-016-PN01	-	691,457
Special Ed Sliver FY 2014			99910-TA01	-	3,680
				<u>1,099,112</u>	<u>1,081,905</u>
Total - Special Education Cluster					
English Language Acquisition State Grants	Indiana Department of Education	84.365			
Title III Limited English FY 2012			01112-016-PN01	26,280	3,024
Title III Limited English FY 2013			01113-016-PN01	84,197	29,297
Title III Limited English FY 2014			01114-013-PN01	-	55,529
				<u>110,477</u>	<u>87,850</u>
Total - English Language Acquisition State Grants					
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
Title II Part A FY 2011-2012			11-2270	40,107	-
Title II Part A FY 2012-2013			12-2270	62,017	43,984
Title II Part A FY 2013-2014			13-2270	-	48,486
				<u>102,124</u>	<u>92,470</u>
Total - Improving Teacher Quality State Grants					
Education Jobs Fund	Indiana Department of Education	84.410			
Education Jobs Fund			FY 2012-13	625,591	-
				<u>2,983,258</u>	<u>2,331,307</u>
Total - Department of Education					
Total federal awards expended				<u>\$ 4,644,947</u>	<u>\$ 4,228,675</u>

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

CONCORD 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	\$ 167,521.62	\$ 168,380.64

CONCORD COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Type of auditor's report issued on compliance for major programs:	Unmodified for all programs except Title I, Part A Cluster, which was Qualified.
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.410	Title I, Part A Cluster Special Education Cluster Education Jobs Fund

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

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

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

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

1. **Lack of Segregation of Duties:** Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts and payroll disbursements. One person is solely responsible for all aspects of the receipt process of the Self Insurance fund and entering pay rates into the payroll software system. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.
2. **Monitoring of Controls:** Control activities should be monitored at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. An evaluation of the School Corporation's system of internal control has not been conducted related to their financial software program. The program includes a control to ensure that the date a transaction is posted agrees to the date the transaction is written. This control has not been enabled and allows an authorized user to back-date receipts and disbursements. 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. **Payroll Disbursement Process:** Internal controls over the payroll disbursement process were insufficient. Biweekly payroll disbursements are prepared without a payroll voucher or payroll docket. 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)

***FINDING 2014-002 - INTERNAL CONTROLS OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer prepares the SEFA without an oversight, review, or approval process or another compensating control to ensure its accuracy. The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

Immaterial audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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

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

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

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

***FINDING 2014-003 - CASH MANAGEMENT AND REPORTING***

Federal Agency: Department of Education

Federal Programs: Title I Grants to Local Educational Agencies; ARRA - Title I Grants to Local Educational Agencies, Recovery Act; Special Education Grants to States; Education Jobs Fund

CFDA Number: 84.010; 84.389; 84.027; 84.410

Federal Award Number and Year (or Other Identifying Number): 12-2270; 13-2270; 14-2270; 10-2270; 14212-016-PN01; 14213-016-PN01; 14214-016-PN01; 99910-TA01; FY 2012-13

Pass-Through Entities: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, such as an oversight or approval process, related to the grant agreements and the Cash Management and Reporting compliance requirements that have a direct and material effect on the programs.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreements and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

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, or another compensating control.

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.

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

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the 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 agreements and compliance requirements noted above.

***FINDING 2014-004 - ALLOWABLE COSTS***

Federal Agency: Department of Education  
Federal Program: Special Education - Grants to States  
CFDA Number: 84.027  
Federal Award Number and Year: 14213-016-PN01; 14214-016-PN01  
Pass-Through Entity: Indiana Department of Education

The School Corporation has not designed or implemented adequate policies and procedures to ensure that allowable costs, outside of those that were payroll related, were accurately supported by proper documentation. An individual was employed to provide private schools with services related to the Special Education program. There was no oversight or approval of the hours the individual worked at the different schools. The pay rate was also never approved by the School Board.

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.

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 noncompliance to go undetected. Noncompliance of 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 compliance requirements listed above.

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

**FINDING 2014-005 - ALLOWABLE COSTS**

Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Number and Year (or Other Identifying Number): 14-2270  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the Allowable Costs compliance requirements of 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. The School Corporation did not establish adequate controls to ensure that all costs involving Title I funds were allowable per the grant agreement and compliance requirements.

In a letter dated April 17, 2015, an internal audit conducted by the Indiana Department of Education (IDOE) on the 2013-2014 and 2014-2015 Title I, Part A grant awards. The IDOE found certain staff positions the School Corporation listed as "Administrative Assistants" in the grant application were working as full-time assistant principals. The School Corporation then applied Title I funds to the salaries of those assistant principals. A similarly situated assistant principal working in a Non-Title I school was paid exclusively with state and local funding. School Corporation administrators cannot be funded directly with Title I funding unless a school can demonstrate that the administrator will perform specific Title I duties outside their normal duties and contracted hours. The IDOE required the School Corporation to return \$197,145.54 to the IDOE for the 2013-2014 grant award and \$112,990.15 to the School Corporation's Title I Funds for the 2014-2015 grant award.

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.

OMB Circular A-87, Attachment A, section C, paragraph 1 states in part:

"Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards. . . .
- d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
- e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit."

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."

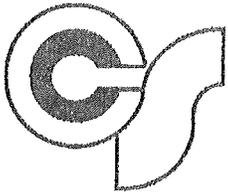
CONCORD COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The failure to establish internal controls has enabled material noncompliance to go undetected. Non-compliance of 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 to ensure compliance and comply with the Allowable Costs related to the grant agreement and compliance requirements of the program.

AUDITEE PREPARED DOCUMENT

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



# Concord Community Schools

59040 Minuteman Way \* Elkhart, IN 46517-3499 \* 574-875-5161 \* Fax:574-875-8762  
Web:www.concord.k12.in.us

## CORRECTIVE ACTION PLAN

### FINDING 2014-001 Internal Controls Over Financial Transactions and Reporting

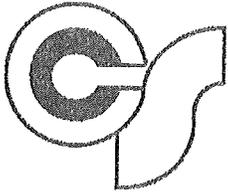
An internal monitoring system shall be established whereby more than one employee oversees payroll, expenditure, and receipt functions. Employees not directly responsible for these functions shall regularly review these areas. A payroll report/voucher shall be submitted to the Board of School Trustees regularly.

Effective Date: July 1, 2015

Constance J. Crum  
(Signature)

Treasurer  
(Title)

6-15-15  
(Date)



# Concord Community Schools

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## CORRECTIVE ACTION PLAN

FINDING 2014-002 Internal Controls Over The Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards will be reviewed by a second individual after it has been prepared and before it is submitted.

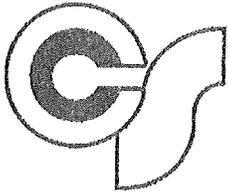
Effective Date: July 1, 2015

Constance J. Crum  
(Signature)

Treasurer  
(Title)

6-15-15  
(Date)

Schedule of Expenditures of Federal Awards



# Concord Community Schools

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## CORRECTIVE ACTION PLAN

FINDING 2014-003 Cash Management and Reporting  
CFDA#: 84.010, 84.389, 84.027, 84.410

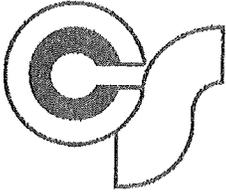
The school corporation currently has oversight procedures in place. The Treasurer prepares requests and reports and either the Business Manager or the Grant Director reviews before the reports are submitted.

Effective Date: Currently in Effect

Constance J. Crum  
(Signature)

Treasurer  
(Title)

6-15-15  
(Date)



# Concord Community Schools

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## CORRECTIVE ACTION PLAN

FINDING 2014-004 Allowable Costs  
Special Education Grants to States, CFDA#84.027

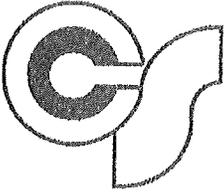
A contract shall be completed and approved by the school board for contracted work related to the federal special education grant and servicing of private schools. The contracted worker shall keep adequate records of work performed.

Effective Date: July 1, 2015

Constance J. Crum  
(Signature)

Treasurer  
(Title)

6-15-15  
(Date)



# Concord Community Schools

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## CORRECTIVE ACTION PLAN

FINDING 2014-005 Allowable Costs

Title I grants to Local Educational Agencies, CFDA# 84.010

The expenditures in question were approved by the Indiana Department of Education on our original application. The Indiana Department of Education notified Concord Community Schools in the middle of the grant year that they were now disallowing these costs. Concord Community Schools returned the funds. We do not believe that an "internal control system" relates to this finding. This issue is resolved.

Effective Date: N/A

Constance J. Curn  
(Signature)

Treasurer  
(Title)

6-15-15  
(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/>.