

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

EASTERN GREENE SCHOOLS
GREENE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
11/20/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Marilyn Burch	07-01-12 to 06-30-16
Superintendent of Schools	Thomas T. Mungle	07-01-12 to 09-16-13
	Arthur T. (Ted) Baechtold, Jr. (Acting)	09-17-13 to 01-12-14
	Jerrill Vandeventer (Interim)	01-13-14 to 03-09-14
	Arthur T. (Ted) Baechtold, Jr.	03-10-14 to 06-30-17
President of the School Board	Donald James	01-01-12 to 12-31-12
	Michael Adams	01-01-13 to 12-31-15



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE EASTERN GREENE SCHOOLS, GREENE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Eastern Greene 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 September 16, 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

September 16, 2015



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302 WEST WASHINGTON STREET
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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 EASTERN GREENE SCHOOLS, GREENE 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 Eastern Greene 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 September 16, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

Eastern Greene 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

September 16, 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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EASTERN GREENE 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	\$ 1,195,148	\$ 8,972,384	\$ 9,126,171	\$ (411,258)	\$ 630,103	\$ 8,543,361	\$ 8,732,649	\$ (12,990)	\$ 427,825
Debt Service	273,141	1,598,515	1,475,241	-	396,415	1,534,002	1,472,699	-	457,718
Retirement/Severance Bond Debt Service	58,999	191,643	170,133	2,586	83,095	189,631	196,291	-	76,435
Capital Projects	364,650	592,442	425,893	(100,000)	431,199	565,237	700,288	(100,000)	196,148
School Transportation	94,918	865,953	748,400	-	212,471	912,304	820,304	(50,000)	254,471
School Bus Replacement	41,365	45,641	-	-	87,006	63,114	100,071	(25,000)	25,049
Rainy Day	338,830	-	218,815	97,414	217,429	-	107,889	175,000	284,540
Post-Retirement/Severance Future Benefits	-	-	-	-	-	7,889	7,889	-	-
Construction HS Escrow	282,217	-	63,262	-	218,955	-	55,233	-	163,722
Storm Damage 2012	-	-	-	-	-	68,720	66,589	-	2,131
School Lunch	(65,085)	678,591	652,719	39,213	-	591,391	610,967	19,576	-
Textbook Rental	34,138	106,352	147,058	7,527	959	130,067	71,644	-	59,382
Self-Insurance	-	150,000	-	300,000	450,000	1,333,735	1,243,897	-	539,838
Levy Excess	31,765	-	-	-	31,765	-	-	-	31,765
Early Intervention Grant	-	10,000	7,528	-	2,472	-	2,472	-	-
Hutton Scholarship Fund	6,976	-	-	-	6,976	-	-	-	6,976
Armvets/Rodney Ritter	-	6,014	-	-	6,014	-	175	-	5,839
General Motors Scholarships	-	2,000	1,000	-	1,000	1,000	1,000	-	1,000
General Scholarships	-	600	-	-	600	1,000	-	-	1,600
Instruction Support	-	-	-	-	-	32,763	32,763	-	-
Credit Recovery Novel Stars	7,794	-	-	-	7,794	-	-	-	7,794
Gifted/Talented High Ability 2012/2013	-	28,823	18,544	-	10,279	-	10,279	-	-
Gifted/Talented High Ability 2013/2014	-	-	-	-	-	28,485	19,622	-	8,863
Gifted/Talented High Ability 2011/2012	7,724	-	6,386	-	1,338	-	1,338	-	-
Caitlin Memorial Fund	7,316	162	500	-	6,978	2	-	-	6,980
High Flyers Grant	(4,567)	-	-	4,567	-	-	-	-	-
Miscellaneous Programs	122	-	380	2,124	1,866	500	847	-	1,519
Title I 2010/2011 and 2011/2012	(84,319)	117,847	50,715	17,187	-	-	-	-	-
Title I 2012/2013	-	156,420	161,814	5,394	-	40,210	34,817	(5,393)	-
Title I 2013/2014	-	-	-	-	-	70,144	102,351	-	(32,207)
Title I 2008-2009	(21,060)	-	-	21,060	-	-	-	-	-
Safe and Drug Free 2007-2009	1,239	-	681	(440)	118	-	100	-	18
Title IV A Safe/Drug 2009-2011	(120)	-	320	440	-	-	-	-	-
Project Lead the Way 2011-2012	(12,961)	-	-	12,961	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	(10,156)	49,443	40,480	1,193	-	18,440	17,247	(1,193)	-
Title IIA 7/1/2010 to 9/30/2012	-	-	32	32	-	-	-	-	-
Title IIA 2013 to 2015	-	-	-	-	-	5,730	6,575	-	(845)
ARRA Title I Stimulus 9/10	(2)	-	(2)	-	-	-	-	-	-
ARRA Special Education - Grants to States	(1)	-	(1)	-	-	-	-	-	-
Education Jobs	(73,809)	84,288	10,479	-	-	-	-	-	-
Payroll Withholdings	73,139	2,523,334	2,428,295	-	168,178	1,838,910	1,978,021	-	29,067
Totals	\$ 2,547,401	\$ 16,180,452	\$ 15,754,843	\$ -	\$ 2,973,010	\$ 15,976,635	\$ 16,394,017	\$ -	\$ 2,555,628

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

EASTERN GREENE 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.

EASTERN GREENE 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.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

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:

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.

EASTERN GREENE 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.

EASTERN GREENE 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.

EASTERN GREENE 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 correction of negative balances.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursable federal grants.

EASTERN GREENE SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporation*

The School Corporation has entered into a capital lease with Eastern Greene School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ending June 30, 2013 and 2014, totaled \$505,923 and \$504,815, respectively.

Note 10. *Subsequent Events*

Eastern Greene School Building Corporation (see Note 9) paid off the outstanding United States Department of Agriculture loan on July 31, 2014, and issued Mortgage Refunding and Improvement Bonds for \$7,445,900 which will mature on July 15, 2034. The School Corporation makes its lease payments directly to the institution that finances the holding corporation's debt.

Note 11. *Other Postemployment Benefits*

The School Corporation provides to eligible retirees and their spouses the following benefits: health insurance, dental insurance, and vision insurance. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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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.

EASTERN GREENE 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
Cash and investments - beginning	\$ 1,195,148	\$ 273,141	\$ 58,999	\$ 364,650	\$ 94,918	\$ 41,365	\$ 338,830
Receipts:							
Local sources	336,714	1,598,515	191,643	522,432	865,881	45,641	-
State sources	8,633,651	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	2,019	-	-	70,010	72	-	-
Total receipts	<u>8,972,384</u>	<u>1,598,515</u>	<u>191,643</u>	<u>592,442</u>	<u>865,953</u>	<u>45,641</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	5,760,962	-	-	-	-	-	-
Support services	3,195,682	-	-	347,633	748,400	-	218,815
Noninstructional services	137,617	-	-	-	-	-	-
Facilities acquisition and construction	31,910	-	-	78,260	-	-	-
Debt services	-	1,475,241	170,133	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total disbursements	<u>9,126,171</u>	<u>1,475,241</u>	<u>170,133</u>	<u>425,893</u>	<u>748,400</u>	<u>-</u>	<u>218,815</u>
Excess (deficiency) of receipts over disbursements	<u>(153,787)</u>	<u>123,274</u>	<u>21,510</u>	<u>166,549</u>	<u>117,553</u>	<u>45,641</u>	<u>(218,815)</u>
Other financing sources (uses):							
Transfers in	391	-	2,586	-	-	-	97,414
Transfers out	(411,649)	-	-	(100,000)	-	-	-
Total other financing sources (uses)	<u>(411,258)</u>	<u>-</u>	<u>2,586</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>97,414</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(565,045)</u>	<u>123,274</u>	<u>24,096</u>	<u>66,549</u>	<u>117,553</u>	<u>45,641</u>	<u>(121,401)</u>
Cash and investments - ending	<u>\$ 630,103</u>	<u>\$ 396,415</u>	<u>\$ 83,095</u>	<u>\$ 431,199</u>	<u>\$ 212,471</u>	<u>\$ 87,006</u>	<u>\$ 217,429</u>

EASTERN GREENE 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)

	Post- Retirement/ Severance Future Benefits	Construction HS Escrow	Storm Damage 2012	School Lunch	Textbook Rental	Self- Insurance	Levy Excess
Cash and investments - beginning	\$ -	\$ 282,217	\$ -	\$ (65,085)	\$ 34,138	\$ -	\$ 31,765
Receipts:							
Local sources	-	-	-	313,463	55,096	150,000	-
State sources	-	-	-	4,628	51,256	-	-
Federal sources	-	-	-	360,500	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	678,591	106,352	150,000	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	-	63,262	-	4,401	147,058	-	-
Noninstructional services	-	-	-	648,318	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total disbursements	-	63,262	-	652,719	147,058	-	-
Excess (deficiency) of receipts over disbursements	-	(63,262)	-	25,872	(40,706)	150,000	-
Other financing sources (uses):							
Transfers in	-	-	-	39,213	7,527	300,000	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	39,213	7,527	300,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(63,262)	-	65,085	(33,179)	450,000	-
Cash and investments - ending	\$ -	\$ 218,955	\$ -	\$ -	\$ 959	\$ 450,000	\$ 31,765

EASTERN GREENE 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)

	Early Intervention Grant	Hutton Scholarship Fund	Amvets/ Rodney Ritter	General Motors Scholarships	General Scholarships	Instruction Support	Credit Recovery Novel Stars
Cash and investments - beginning	\$ -	\$ 6,976	\$ -	\$ -	\$ -	\$ -	\$ 7,794
Receipts:							
Local sources	-	-	6,014	2,000	600	-	-
State sources	10,000	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	10,000	-	6,014	2,000	600	-	-
Disbursements:							
Current:							
Instruction	7,528	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	1,000	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total disbursements	7,528	-	-	1,000	-	-	-
Excess (deficiency) of receipts over disbursements	2,472	-	6,014	1,000	600	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,472	-	6,014	1,000	600	-	-
Cash and investments - ending	\$ 2,472	\$ 6,976	\$ 6,014	\$ 1,000	\$ 600	\$ -	\$ 7,794

EASTERN GREENE 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)

	Gifted/Talented High Ability 2012/2013	Gifted/Talented High Ability 2013/2014	Gifted/Talented High Ability 2011/2012	Caitlin Memorial Fund	High Flyers Grant	Miscellaneous Programs	Title I 2010/2011 and 2011/2012
Cash and investments - beginning	\$ -	\$ -	\$ 7,724	\$ 7,316	\$ (4,567)	\$ 122	\$ (84,319)
Receipts:							
Local sources	-	-	-	162	-	-	-
State sources	28,823	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	117,847
Other	-	-	-	-	-	-	-
Total receipts	<u>28,823</u>	<u>-</u>	<u>-</u>	<u>162</u>	<u>-</u>	<u>-</u>	<u>117,847</u>
Disbursements:							
Current:							
Instruction	18,544	-	6,386	-	-	380	49,465
Support services	-	-	-	-	-	-	1,250
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	500	-	-	-
Other	-	-	-	-	-	-	-
Total disbursements	<u>18,544</u>	<u>-</u>	<u>6,386</u>	<u>500</u>	<u>-</u>	<u>380</u>	<u>50,715</u>
Excess (deficiency) of receipts over disbursements	<u>10,279</u>	<u>-</u>	<u>(6,386)</u>	<u>(338)</u>	<u>-</u>	<u>(380)</u>	<u>67,132</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	4,567	2,515	17,187
Transfers out	-	-	-	-	-	(391)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,567</u>	<u>2,124</u>	<u>17,187</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>10,279</u>	<u>-</u>	<u>(6,386)</u>	<u>(338)</u>	<u>4,567</u>	<u>1,744</u>	<u>84,319</u>
Cash and investments - ending	<u>\$ 10,279</u>	<u>\$ -</u>	<u>\$ 1,338</u>	<u>\$ 6,978</u>	<u>\$ -</u>	<u>\$ 1,866</u>	<u>\$ -</u>

EASTERN GREENE 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 2008-2009	Safe and Drug Free 2007-2009	Title IV A Safe/Drug 2009-2011	Project Lead the Way 2011-2012	Improving Teaching Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ -	\$ -	\$ (21,060)	\$ 1,239	\$ (120)	\$ (12,961)	\$ (10,156)
Receipts:							
Local sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	156,420	-	-	-	-	-	49,443
Other	-	-	-	-	-	-	-
Total receipts	156,420	-	-	-	-	-	49,443
Disbursements:							
Current:							
Instruction	160,314	-	-	-	-	-	-
Support services	1,500	-	-	681	320	-	40,480
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total disbursements	161,814	-	-	681	320	-	40,480
Excess (deficiency) of receipts over disbursements	(5,394)	-	-	(681)	(320)	-	8,963
Other financing sources (uses):							
Transfers in	5,394	-	21,060	-	440	12,961	1,193
Transfers out	-	-	-	(440)	-	-	-
Total other financing sources (uses)	5,394	-	21,060	(440)	440	12,961	1,193
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	21,060	(1,121)	120	12,961	10,156
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 118	\$ -	\$ -	\$ -

EASTERN GREENE 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 IIA 7/1/2010 to 9/30/2012	Title IIA 2013 to 2015	ARRA Title I Stimulus 9/10	ARRA Special Education - Grants to States	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (2)	\$ (1)	\$ (73,809)	\$ 73,139	\$ 2,547,401
Receipts:							
Local sources	-	-	-	-	-	-	4,088,161
State sources	-	-	-	-	-	-	8,728,358
Federal sources	-	-	-	-	84,288	-	768,498
Other	-	-	-	-	-	2,523,334	2,595,435
Total receipts	-	-	-	-	84,288	2,523,334	16,180,452
Disbursements:							
Current:							
Instruction	-	-	(2)	(1)	10,479	-	6,014,055
Support services	32	-	-	-	-	-	4,769,514
Noninstructional services	-	-	-	-	-	-	786,935
Facilities acquisition and construction	-	-	-	-	-	-	110,170
Debt services	-	-	-	-	-	-	1,645,374
Nonprogrammed charges	-	-	-	-	-	-	500
Other	-	-	-	-	-	2,428,295	2,428,295
Total disbursements	32	-	(2)	(1)	10,479	2,428,295	15,754,843
Excess (deficiency) of receipts over disbursements	(32)	-	2	1	73,809	95,039	425,609
Other financing sources (uses):							
Transfers in	32	-	-	-	-	-	512,480
Transfers out	-	-	-	-	-	-	(512,480)
Total other financing sources (uses)	32	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	2	1	73,809	95,039	425,609
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168,178	\$ 2,973,010

EASTERN GREENE 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
Cash and investments - beginning	\$ 630,103	\$ 396,415	\$ 83,095	\$ 431,199	\$ 212,471	\$ 87,006	\$ 217,429
Receipts:							
Local sources	337,371	1,534,002	189,631	565,237	912,304	63,114	-
Intermediate sources	75	-	-	-	-	-	-
State sources	8,205,895	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	20	-	-	-	-	-	-
Total receipts	<u>8,543,361</u>	<u>1,534,002</u>	<u>189,631</u>	<u>565,237</u>	<u>912,304</u>	<u>63,114</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	5,746,061	-	-	-	-	-	7,889
Support services	2,827,796	12,416	-	417,107	820,304	100,071	40,000
Noninstructional services	121,181	-	-	-	-	-	-
Facilities acquisition and construction	37,611	-	-	283,181	-	-	-
Debt services	-	1,460,283	196,291	-	-	-	60,000
Other	-	-	-	-	-	-	-
Total disbursements	<u>8,732,649</u>	<u>1,472,699</u>	<u>196,291</u>	<u>700,288</u>	<u>820,304</u>	<u>100,071</u>	<u>107,889</u>
Excess (deficiency) of receipts over disbursements	<u>(189,288)</u>	<u>61,303</u>	<u>(6,660)</u>	<u>(135,051)</u>	<u>92,000</u>	<u>(36,957)</u>	<u>(107,889)</u>
Other financing sources (uses):							
Transfers in	6,586	-	-	-	-	-	175,000
Transfers out	(19,576)	-	-	(100,000)	(50,000)	(25,000)	-
Total other financing sources (uses)	<u>(12,990)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(50,000)</u>	<u>(25,000)</u>	<u>175,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(202,278)</u>	<u>61,303</u>	<u>(6,660)</u>	<u>(235,051)</u>	<u>42,000</u>	<u>(61,957)</u>	<u>67,111</u>
Cash and investments - ending	<u>\$ 427,825</u>	<u>\$ 457,718</u>	<u>\$ 76,435</u>	<u>\$ 196,148</u>	<u>\$ 254,471</u>	<u>\$ 25,049</u>	<u>\$ 284,540</u>

EASTERN GREENE 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)

	Post- Retirement/ Severance Future Benefits	Construction HS Escrow	Storm Damage 2012	School Lunch	Textbook Rental	Self- Insurance	Levy Excess
Cash and investments - beginning	\$ -	\$ 218,955	\$ -	\$ -	\$ 959	\$ 450,000	\$ 31,765
Receipts:							
Local sources	-	-	-	259,026	50,827	1,333,735	-
Intermediate sources	7,889	-	-	-	-	-	-
State sources	-	-	-	-	79,240	-	-
Federal sources	-	-	-	332,390	-	-	-
Other	-	-	68,720	(25)	-	-	-
Total receipts	7,889	-	68,720	591,391	130,067	1,333,735	-
Disbursements:							
Current:							
Instruction	7,889	-	-	-	-	-	-
Support services	-	55,233	66,589	900	71,644	1,243,897	-
Noninstructional services	-	-	-	610,067	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total disbursements	7,889	55,233	66,589	610,967	71,644	1,243,897	-
Excess (deficiency) of receipts over disbursements	-	(55,233)	2,131	(19,576)	58,423	89,838	-
Other financing sources (uses):							
Transfers in	-	-	-	19,576	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	19,576	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(55,233)	2,131	-	58,423	89,838	-
Cash and investments - ending	\$ -	\$ 163,722	\$ 2,131	\$ -	\$ 59,382	\$ 539,838	\$ 31,765

EASTERN GREENE 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)

	Early Intervention Grant	Hutton Scholarship Fund	Amvets/ Rodney Ritter	General Motors Scholarships	General Scholarships	Instruction Support	Credit Recovery Novel Stars
Cash and investments - beginning	\$ 2,472	\$ 6,976	\$ 6,014	\$ 1,000	\$ 600	\$ -	\$ 7,794
Receipts:							
Local sources	-	-	-	1,000	1,000	32,763	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	1,000	1,000	32,763	-
Disbursements:							
Current:							
Instruction	2,472	-	-	-	-	-	-
Support services	-	-	-	-	-	32,763	-
Noninstructional services	-	-	175	1,000	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total disbursements	2,472	-	175	1,000	-	32,763	-
Excess (deficiency) of receipts over disbursements	(2,472)	-	(175)	-	1,000	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,472)	-	(175)	-	1,000	-	-
Cash and investments - ending	\$ -	\$ 6,976	\$ 5,839	\$ 1,000	\$ 1,600	\$ -	\$ 7,794

EASTERN GREENE 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)

	Gifted/Talented High Ability 2012/2013	Gifted/Talented High Ability 2013/2014	Gifted/Talented High Ability 2011/2012	Caitlin Memorial Fund	High Flyers Grant	Miscellaneous Programs	Title I 2010/2011 and 2011/2012
Cash and investments - beginning	\$ 10,279	\$ -	\$ 1,338	\$ 6,978	\$ -	\$ 1,866	\$ -
Receipts:							
Local sources	-	-	-	2	-	500	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	28,485	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	28,485	-	2	-	500	-
Disbursements:							
Current:							
Instruction	10,279	19,622	1,338	-	-	72	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	775	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total disbursements	10,279	19,622	1,338	-	-	847	-
Excess (deficiency) of receipts over disbursements	(10,279)	8,863	(1,338)	2	-	(347)	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,279)	8,863	(1,338)	2	-	(347)	-
Cash and investments - ending	\$ -	\$ 8,863	\$ -	\$ 6,980	\$ -	\$ 1,519	\$ -

EASTERN GREENE 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 2008-2009	Safe and Drug Free 2007-2009	Title IV A Safe/Drug 2009-2011	Project Lead the Way 2011-2012	Improving Teaching Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 118	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	40,210	70,144	-	-	-	-	18,440
Other	-	-	-	-	-	-	-
Total receipts	<u>40,210</u>	<u>70,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,440</u>
Disbursements:							
Current:							
Instruction	29,848	102,203	-	100	-	-	-
Support services	4,800	-	-	-	-	-	17,247
Noninstructional services	169	148	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total disbursements	<u>34,817</u>	<u>102,351</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>17,247</u>
Excess (deficiency) of receipts over disbursements	<u>5,393</u>	<u>(32,207)</u>	<u>-</u>	<u>(100)</u>	<u>-</u>	<u>-</u>	<u>1,193</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(5,393)	-	-	-	-	-	(1,193)
Total other financing sources (uses)	<u>(5,393)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,193)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(32,207)</u>	<u>-</u>	<u>(100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (32,207)</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EASTERN GREENE 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 IIA 7/1/2010 to 9/30/2012	Title IIA 2013 to 2015	ARRA Title I Stimulus 9/10	ARRA Special Education - Grants to States	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168,178	\$ 2,973,010
Receipts:							
Local sources	-	-	-	-	-	-	5,280,512
Intermediate sources	-	-	-	-	-	-	7,964
State sources	-	-	-	-	-	-	8,313,620
Federal sources	-	5,730	-	-	-	-	466,914
Other	-	-	-	-	-	1,838,910	1,907,625
Total receipts	-	5,730	-	-	-	1,838,910	15,976,635
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	5,927,773
Support services	-	6,575	-	-	-	-	5,717,342
Noninstructional services	-	-	-	-	-	-	733,515
Facilities acquisition and construction	-	-	-	-	-	-	320,792
Debt services	-	-	-	-	-	-	1,716,574
Other	-	-	-	-	-	1,978,021	1,978,021
Total disbursements	-	6,575	-	-	-	1,978,021	16,394,017
Excess (deficiency) of receipts over disbursements	-	(845)	-	-	-	(139,111)	(417,382)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	201,162
Transfers out	-	-	-	-	-	-	(201,162)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(845)	-	-	-	(139,111)	(417,382)
Cash and investments - ending	\$ -	\$ (845)	\$ -	\$ -	\$ -	\$ 29,067	\$ 2,555,628

EASTERN GREENE SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Eastern Greene School Building Corporation	Eastern Greene High School	\$ 505,278	8/30/2006	7/15/2034
Total of annual lease payments		<u>\$ 505,278</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Bond	\$ 780,000	\$ 194,004
General obligation bonds	Common School Loan 354	868,000	157,480
General obligation bonds	Common School Loan 506	1,147,125	144,638
General obligation bonds	Common School Loan 554	<u>6,840,000</u>	<u>630,000</u>
Total governmental activities		<u>9,635,125</u>	<u>1,126,122</u>
Totals		<u>\$ 9,635,125</u>	<u>\$ 1,126,122</u>

EASTERN GREENE 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.

	Ending Balance
Governmental activities:	
Land	\$ 305,553
Infrastructure	522,440
Buildings	26,297,326
Improvements other than buildings	885,350
Machinery, equipment, and vehicles	680,460
Books and other	1,070,825
Total governmental activities	29,761,954
Total capital assets	\$ 29,761,954

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE EASTERN GREENE SCHOOLS, GREENE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the Eastern Greene 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 its major federal program for the period of July 1, 2012 to June 30, 2014. The School Corporation's major federal program is 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 the School Corporation's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on the 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 its major federal program for the period of July 1, 2012 to June 30, 2014.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003 and 2014-004. Our opinion on the major federal program is not modified with respect to these matters.

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

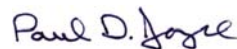
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002, 2014-003, and 2014-004 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

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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 approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

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EASTERN GREENE 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.S. DEPARTMENT OF AGRICULTURE					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Year 2012-2013			2012-2013	\$ 89,217	\$ -
School Year 2013-2014			2013-2014	-	76,738
Total for program				<u>89,217</u>	<u>76,738</u>
National School Lunch Program	Indiana Department of Education	10.555			
School Year 2012-2013			2012-2013	329,538	-
School Year 2013-2014			2013-2014	-	328,681
Total for program				<u>329,538</u>	<u>328,681</u>
Total for cluster				<u>418,755</u>	<u>405,419</u>
Total for federal grantor agency				<u>418,755</u>	<u>405,419</u>
U.S. DEPARTMENT OF EDUCATION					
Title I Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I Basic 2011/2012			FY 12-2940	117,847	-
Title I Basic 2012/2013			FY 13-2940	156,420	40,210
Title I Basic 2013/2014			FY 14-2940	-	70,144
Total for cluster				<u>274,267</u>	<u>110,354</u>
Special Education Cluster					
Special Education-Grants to States	Indiana Department of Education	84.027			
FY 2011 Federal Part B 611 Grants			14211-049-PN01	33,180	-
FY 2012 Federal Part B 611 Grants			14212-049-PN01	63,042	34,304
FY 2013 Federal Part B 611 Grants			14213-049-PN01	183,828	57,900
FY 2014 Federal Part B 611 Grants			14214-049-PN01	-	162,227
Total for program				<u>280,050</u>	<u>254,431</u>
Special Education-Preschool Grants	Indiana Department of Education	84.173			
FY 2011 Federal Part B 619 Grants			45711-049-PN01	952	-
FY 2012 Federal Part B 619 Grants			45712-049-PN01	2,324	1,620
FY 2013 Federal Part B 619 Grants			45713-049-PN01	7,435	2,770
FY 2014 Federal Part B 619 Grants			45714-049-PN01	-	7,531
Total for program				<u>10,711</u>	<u>11,921</u>
Total for cluster				<u>290,761</u>	<u>266,352</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
ESEA Title II-Part A			2011-2940	28,876	-
ESEA Title II-Part A			2012-2940	20,567	18,440
ESEA Title II-Part A			2013-2940	-	5,730
Total for program				<u>49,443</u>	<u>24,170</u>
Education Jobs Fund	Indiana Department of Education	84.410	2010/2011	84,288	-
Total for federal grantor agency				<u>698,759</u>	<u>400,876</u>
Total federal awards expended				<u>\$ 1,117,514</u>	<u>\$ 806,295</u>

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

EASTERN GREENE 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	\$ 58,254	\$ 77,301

EASTERN GREENE 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?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____
Child Nutrition Cluster
Special Education Cluster

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2014-001 - INTERNAL CONTROL OVER THE PREPARATION OF 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 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.

During the audit of the SEFA, we noted the following errors: the Child Nutrition Cluster programs, the School Breakfast Program and the National School Lunch Program, were omitted from the SEFA for fiscal years 2013 and 2014; the other grants had expenditure activity instead of the reimbursed receipt activity. Audit adjustments were proposed, accepted by the School Corporation and made to the SEFA presented in this report.

EASTERN GREENE 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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

EASTERN GREENE SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - CASH MANAGEMENT

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program and National School Lunch Program
CFDA Number: 10.553 and 10.555
Federal Award Number and Year: 2012-2013 and 2013-2014
Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the Cash Management compliance requirements that have a direct and material effect to the programs. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with 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 and procedures to ensure that the School Lunch fund monthly cash balances were maintained in compliance with the Cash Management requirements. An oversight or review process has not been established to ensure accurate Cash Management requirements are in place.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with 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 programs. 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 of 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 compliance requirements listed above.

EASTERN GREENE SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-003 - REPORTING

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program and National School Lunch Program
CFDA Number: 10.553 and 10.555
Federal Award Number and Years: 2012-2013 and 2013-2014
Pass-Through Entity: Indiana Department of Education

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 agreement and the 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 agreement and the compliance requirements.

A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that requests for reimbursement, annual financial report, or required reports were accurately prepared. The monthly reimbursement report is prepared by the Food Service Director (an employee of Chartwells, the food service company) and submitted electronically to the Indiana Department of Education's website. There was no evidence of segregation of duties, such as an oversight or approval process.

The National School Lunch Program Annual Financial Report is prepared by the Food Service Director (an employee of Chartwells, the food service company) and submitted electronically to the Indiana Department of Education's website. There was no evidence of segregation of duties, such as an oversight or approval process. This report did not agree to the financial ledgers maintained by the School Corporation.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with 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 programs. 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."

EASTERN GREENE SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 3016.20(b)(1) and (2) states:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

The failure to establish internal controls has enable noncompliance to go undetected. Noncompliance of 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 and to comply with the Reporting compliance requirements.

FINDING 2014-004 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program and National School Lunch Program
CFDA Number: 10.553 and 10.555
Federal Award Number and Year: 2012-2013 and 2013-2014
Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirements that have a direct and material effect to the programs. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with 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.

Management of the School Corporation was not aware of the Paid Lunch Equity requirement for the School Lunch Program. The School Corporation had not calculated and retained the calculation for paid lunch equity for each fiscal year in the audit period. The prices charged did not meet the approved federal rate. The School Corporation had no procedures in place to increase the paid lunch equity, either by increase paid lunch prices or providing additional nonfederal funds to the school food account, or a combination of the two. The School Corporation had provided nonfederal funds to the school food account to eliminate a negative fund balance.

EASTERN GREENE 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."

7 CFR 210.14(e) states in part:

"*Pricing paid lunches.* For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

(ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section . . .

(3) *Average lunch price is lower than the reimbursement difference.* When the average price from the prior school year is lower than the difference in reimbursement rates as determined in paragraph (e)(1)(iii) of this section, the school food authority shall establish an average price for the current school year that is not less than the average price charged in the previous school year as adjusted by a percentage equal to the sum obtained by adding:

(i) 2 percent; and

(ii) The percentage change in the Consumers Price Index for All Urban Consumers used to increase the Federal reimbursement rate under section 11 of the Act for the most recent school year for which data are available. The percentage to be used is found in the annual notice published in the FEDERAL REGISTER announcing the national average payment rates, from the prior year.

(4) *Price Adjustments.*

(i) *Maximum required price increase.* The maximum annual average price increase required under this paragraph shall not exceed ten cents.

(ii) *Rounding of paid lunch prices.* Any school food authority may round the adjusted price of the paid lunches down to the nearest five cents.

(iii) *Optional price increases.* A school food authority may increase the average price by more than ten cents . . .

EASTERN GREENE SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(6) *Additional considerations.*

(i) In any given year, if a school food authority with an average price lower than the reimbursement difference is not required by paragraph (e)(4)(ii) of this section to increase its average price for paid lunches, the school food authority shall use the unrounded average price as the basis for calculations to meet paragraph (e)(3) of this section for the next school year."

The failure to establish internal controls has enable noncompliance to go undetected. Noncompliance of 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 and comply with Paid Lunch Equity compliance requirements listed 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.

Eastern Greene Schools Central Office

1471 N. State Road 43 Bloomfield, IN 47424

Mr. Ted Baechtold, Superintendent

Mrs. Marilyn Burch, Corporation Treasurer

Mrs. Barb Cave, Payroll Administrative Assistant

Mrs. Cathy Sutherlin, H.R./Administrative Assistant

Main Office Phone (812) 825-5722 Fax (812)825-9413



Corrective Action Plan

July 6, 2015

Finding 2014-001

Contact Person Responsible for Corrective Action: Ted Baechtold / Marilyn Burch

Contact Phone Number: 812-825-5722

Description of Corrective Action Plan:

The corporation treasurer has received clarifying instructions on how to more accurately complete the SEFA Report. As suggested during the audit, corrections were recommended, accepted, and made on the 2013/2014 Gateway Report, so that report is now accurate and complete. The SEFA Report should be prepared more accurately in the future.

Anticipated Completion Date: Effectively immediately, July 6, 2015

Arthur T. (Ted) Baechtold, Jr

Superintendent

July 6, 2015

Marilyn Burch

Corporation Treasurer

July 6, 2015

Eastern Greene Schools Central Office

1471 N. State Road 43 Bloomfield, IN 47424

Mr. Ted Baechtold, Superintendent

Mrs. Marilyn Burch, Corporation Treasurer

Mrs. Barb Cave, Payroll Administrative Assistant

Mrs. Cathy Sutherlin, H.R./Administrative Assistant

Main Office Phone (812) 825-5722 Fax (812)825-9413



Corrective Action Plan

July 6, 2015

Finding 2014-002

Contact Person Responsible for Corrective Action: Ted Baechtold / Marilyn Burch

Contact Phone Number: 812-825-5722

Description of Corrective Action Plan:

The corporation treasurer has received clarifying instructions on how to resolve this concern. As suggested during the audit, we will run Fund #800 monthly and compare this report to the cafeteria's Nutri-Kids Report. These reports will be compared, initialed, and filed for audit.

Anticipated Completion Date: Effectively immediately, July 6, 2015

Arthur T. (Ted) Baechtold, Jr
Superintendent
July 6, 2015

Marilyn Burch
Corporation Treasurer
July 6, 2015

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Corrective Action Plan

July 6, 2015

Finding 2014-003

Contact Person Responsible for Corrective Action: Ted Baechtold / Marilyn Burch

Contact Phone Number: 812-825-5722

Description of Corrective Action Plan:

The corporation treasurer will review and initial requests for reimbursement prior to Chartwells submitting the reports to resolve this concern. Additionally, we will review and initial the annual financial report and supply account balances to Chartwells from our corporation Form 9. These actions should provide oversight and accurate fund records that will be kept on file for audit.

Anticipated Completion Date: Effectively immediately, July 6, 2015

A handwritten signature in black ink, appearing to read "Arthur T. Baechtold, Jr.", written over a horizontal line.

Arthur T. (Ted) Baechtold, Jr
Superintendent
July 6, 2015

A handwritten signature in black ink, appearing to read "Marilyn Burch", written over a horizontal line.

Marilyn Burch
Corporation Treasurer
July 6, 2015

Eastern Greene Schools Central Office

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Corrective Action Plan

July 6, 2015

Finding 2014-004

Contact Person Responsible for Corrective Action: Ted Baechtold / Marilyn Burch

Contact Phone Number: 812-825-5722

Description of Corrective Action Plan:

The corporation will use the Paid Lunch Equity Calculator to arrive at school meal costs/prices. We will also seek Board approval to supplement the cafeteria fund with non-federal funds to cover any shortages. We will look to establish a Board policy to address this issue.

Anticipated Completion Date: Effectively immediately, July 6, 2015

Arthur T. (Ted) Baechtold, Jr
Superintendent
July 6, 2015

Marilyn Burch
Corporation Treasurer
July 6, 2015

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/>.