

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

LAKE RIDGE SCHOOLS  
LAKE COUNTY, INDIANA

July 1, 2013 to June 30, 2015



**FILED**  
08/11/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Edward R. Sopko	07-01-13 to 06-30-16
Superintendent of Schools	Sharon Johnson-Shirley, Ed. D.	07-01-13 to 06-30-16
President of the School Board	Glenn Johnson	07-01-13 to 06-30-16



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE LAKE RIDGE SCHOOLS, LAKE COUNTY, INDIANA

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

We have audited the accompanying financial statement of the Lake Ridge Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement as listed in the Table of Contents.

### ***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, 2013 to June 30, 2015.

***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, 2013 to June 30, 2015, 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.

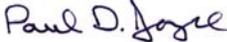
*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated April 28, 2016, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

April 28, 2016



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 LAKE RIDGE SCHOOLS, LAKE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Lake Ridge Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated April 28, 2016, 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 a material weakness.

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 2015-001 to be a material weakness.

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**

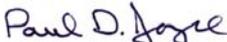
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

**Lake Ridge Schools' Response to Findings**

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 28, 2016

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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.

LAKE RIDGE SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 1,756,662	\$ 15,889,135	\$ 14,248,184	\$ -	\$ 3,397,613	\$ 16,299,897	\$ 14,769,643	\$ (6,847)	\$ 4,921,020
Debt Service	568,748	471,451	673,192	(22,495)	344,512	801,232	707,428	(418,789)	19,527
Exempt Debt	746,457	2,702,968	2,286,056	-	1,163,369	2,285,257	2,434,574	257,282	1,271,334
Exempt Retirement/Severance Bond Debt Service	10,571	87,426	64,918	-	33,079	64,240	77,686	1,184	20,817
Capital Projects	248,895	884,806	1,051,677	-	82,024	828,487	655,926	2,521	257,106
School Transportation	2,655,668	1,372,769	775,372	(1,200,000)	2,053,065	1,330,776	1,154,016	(481,679)	1,748,146
School Bus Replacement	306,232	231,909	141,844	-	396,297	210,164	105,549	713	501,625
Rainy Day	1,036,831	-	-	1,200,000	2,236,831	-	-	485,768	2,722,599
Post-Retirement/Severance Future Benefits	1,447,812	-	82,428	-	1,365,384	-	82,332	-	1,283,052
Common School	(40,600)	-	159,061	211,153	11,492	-	-	-	11,492
Construction	22,946	20,388	45,225	-	(1,891)	1,891	-	-	-
School Lunch	407,709	1,453,686	1,321,168	-	540,227	1,747,272	1,361,756	-	925,743
Textbook Rental	(110,226)	168,055	173,714	22,495	(93,390)	279,528	97,006	153,000	242,132
Self-Insurance	-	-	-	-	-	1,040,111	387,134	-	652,977
Levy Excess	2	-	2	-	-	-	-	-	-
Educational License Plates	600	131	-	-	731	150	-	-	881
School Library Printed Material	(79)	-	(79)	-	-	-	-	-	-
Safe Haven 2012-13	(49)	49	-	-	-	-	-	-	-
Safe Haven 2013-14	-	17,150	17,150	-	-	-	-	-	-
Safe Haven 2014-15	-	-	-	-	-	7,980	12,000	-	(4,020)
Indiana Early Lit Intervention	-	-	14,959	-	(14,959)	17,260	2,281	-	20
Best Buy Gift	86	-	-	-	86	-	-	-	86
Donations New Tech High	5,258	77	-	-	5,335	1,000	988	-	5,347
Head Start Promos/Donations	-	2,999	733	-	2,266	325	394	-	2,197
Strengthening Families	-	-	-	-	-	750	750	-	-
Scholarships and Awards	22,804	-	1,000	-	21,804	3,000	-	-	24,804
ACT Aspire Study Scholarship	-	1,000	-	-	1,000	-	-	-	1,000
Health Clinic Initiative	(597)	-	909	-	(1,506)	-	-	-	(1,506)
SWCD Grant Outdoor Labs	1,035	-	-	-	1,035	-	-	-	1,035
LASS, INC.	-	4,693	4,693	-	-	-	-	-	-
ACT Aspire Student Incentives	-	250	-	-	250	-	-	-	250
Tech Prep Staff Development	1,764	-	-	-	1,764	-	-	-	1,764
Technical Assistance	12,639	-	-	-	12,639	-	-	-	12,639
Computer Consortium/ED Tech	(14,302)	140,324	138,502	-	(12,480)	23,977	11,497	-	-
2014 Common School Tech Loan	-	-	-	-	-	176,600	176,600	-	-
Adult Education 2012-13	(7,918)	11,115	10,013	-	(6,816)	-	-	6,816	-
Adult Education 2013-14	-	102,259	102,259	-	-	-	43	43	-
Adult Education 2014-15	-	-	-	-	-	81,402	96,122	-	(14,720)
High Ability 2012-13	5,092	-	5,092	-	-	-	-	-	-
High Ability 2013-14	-	31,344	28,044	-	3,300	-	3,300	-	-
High Ability 2014-15	-	-	-	-	-	31,580	17,637	-	13,943
Secured Schools Safety Grant	-	-	50,000	-	(50,000)	50,000	30,400	-	(30,400)
Non-English Speaking Programs 2012-13	(8)	-	(8)	-	-	-	-	-	-
Non-English Speaking Programs 2013-14	-	6,089	6,089	-	-	-	-	-	-
Non-English Speaking Programs 2014-15	-	-	-	-	-	7,970	7,845	-	125
E-Rate Reimbursement	147,261	84,294	51,881	-	179,674	74,658	55,478	-	198,854
Excellence in Performance Grant 2013-14	-	141,027	141,027	-	-	-	-	-	-
Excellence in Performance Grant 2014-15	-	-	-	-	-	300,000	300,000	-	-

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

LAKE RIDGE SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2014 and 2015  
(Continued)

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
Indiana School Academic Improvement	10,579	-	-	-	10,579	-	-	-	10,579
Vending	3,564	2,564	1,704	-	4,424	606	330	-	4,700
Title I 2010-11	-	-	-	-	-	-	-	-	-
Title I 2011-12	(2,496)	2,496	-	-	-	-	-	-	-
Title I School Improvement	-	-	-	-	-	-	-	-	-
Title I 2012-13	(183,031)	449,189	266,158	-	-	-	-	-	-
Title I 2013-14	-	872,786	965,467	-	(92,681)	341,124	248,443	-	-
Title I 2014-15	-	-	-	-	-	731,915	1,007,079	-	(275,164)
Title I School Improvement MS	-	-	-	-	-	135,206	220,242	-	(85,036)
Adult Basic Education 2010	-	-	-	-	-	-	-	-	-
Adult Basic Education 2011	-	-	-	-	-	-	-	-	-
Adult Basic Education 2012-13	(873)	13,849	12,976	-	-	-	-	-	-
Adult Education Innovation	-	-	-	-	-	-	-	-	-
Adult Basic Education 2013-14	-	-	35,666	-	(35,666)	60,135	24,457	(12)	-
Adult Basic Education 2014-15	-	-	-	-	-	24,914	32,861	-	(7,947)
Drug Free Programs 2009-10	-	-	-	-	-	-	-	-	-
Team Nutrition Training Grants	414	-	-	-	414	-	-	-	414
Vocational and Technical Board Grants	-	-	-	-	-	-	-	-	-
Project Head Start 2012	-	-	-	-	-	-	-	-	-
Project Head Start 2013	(50,749)	431,610	380,861	-	-	-	-	-	-
Project Head Start 2014	-	134,790	239,337	-	(104,547)	583,557	479,010	-	-
Project Head Start 2015	-	-	-	-	-	164,556	256,621	-	(92,065)
21st Century Community 2011-12	-	-	-	-	-	-	-	-	-
21st Century Community 2012-13	(51,873)	51,873	-	-	-	-	-	-	-
21st Century Community 2013-14	(2,847)	111,656	133,910	-	(25,101)	25,180	285	-	(206)
21st Century Community 2014-15	-	-	1,946	-	(1,946)	47,342	205,474	-	(160,078)
21st Century Community 2015-16	-	-	-	-	-	-	4,761	-	(4,761)
School to Work Opportunity Implementation	-	-	-	-	-	-	-	-	-
Title II Part A 2007-09	5,082	-	-	-	5,082	-	-	-	5,082
Title II Part A 2010-12	-	-	-	-	-	-	-	-	-
Title II Part A 2011-13	(33,570)	45,156	11,586	-	-	-	-	-	-
Title II Part A 2012-14	-	91,471	132,307	-	(40,836)	51,304	10,468	-	-
Title II Part A 2013-15	-	-	27,211	-	(27,211)	132,320	105,109	-	-
Title II Part A 2014-16	-	-	-	-	-	-	29,218	-	(29,218)
Title III - Language Instruction	-	-	-	-	-	-	250	-	(250)
Title III Part A 2011-12	-	-	-	-	-	-	-	-	-
Title III Part A 2012-13	(12,030)	11,424	-	-	(606)	-	-	-	(606)
Title III Part A 2013-15	-	4,844	5,461	-	(617)	718	399	-	(298)
Title III Part A 2014-16	-	-	-	-	-	-	12,117	-	(12,117)
Title I - School Improvement	-	-	-	-	-	-	-	-	-
Head Start Stimulus	57	-	-	-	57	-	-	-	57
New Technology Grants	65,531	-	19,000	-	46,531	-	-	-	46,531
Payroll	(33,606)	2,632,419	2,663,423	-	(64,610)	2,739,684	2,755,865	-	(80,791)
Benefit Clearing	-	-	-	-	-	83,875	83,875	-	-
Prepaid School Lunch	-	87,497	16	-	87,481	(86,574)	21	-	886
<b>Totals</b>	<b>\$ 8,945,445</b>	<b>\$ 28,769,018</b>	<b>\$ 26,492,134</b>	<b>\$ 211,153</b>	<b>\$ 11,433,482</b>	<b>\$ 30,701,369</b>	<b>\$ 28,025,270</b>	<b>\$ -</b>	<b>\$ 14,109,581</b>

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

LAKE RIDGE 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.

LAKE RIDGE SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

*E. Disbursements*

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

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

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

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

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

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

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

*F. Other Financing Sources and Uses*

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

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

Transfers in, which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

LAKE RIDGE 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.

LAKE RIDGE 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.

LAKE RIDGE SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

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

**Note 7. Negative Receipts and Disbursements**

The financial statement contains some receipts and/or disbursements which appear as negative entries. This is a result of corrections to errors from prior accounting periods; the corrections include positive and negative journal entries to equal zero.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. Most are a result of reimbursable grants. Some reimbursements for expenditures made by the School Corporation were not received by June 30, 2014 or 2015, causing negative cash balances.

The Construction fund was overspent for the construction Common School Loan and funds were transferred from the General fund to cover the expense. Since the loan was closed-out with the state, the expense became the responsibility of the General fund.

LAKE RIDGE SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

The negative cash balance in the Textbook Rental fund was caused by the timing of books purchased and the collection of rental from paid students, state textbook reimbursement, and the provision to allow collecting in debt service, which is levied in the year following the previous school year.

The Payroll fund may run in the negative due to the collection of deductions and the time to pay the benefit monthly bill. Historically, the deduction collection was based on 21 pays or 26 pays; now a majority of the deductions are based on 24 pays. This can still reflect a negative amount for employees that may owe for the deductions due to being in a docked situation. The School Corporation will pay the benefit provider and subsequently make deduction adjustments from subsequent pays upon an employee's return to work or no longer being docked.

**Note 9. Holding Corporation**

The School Corporation has entered into a capital lease with the Lake Ridge Multi School Building Corporation (the lessor; formerly the Lake Ridge Schools Renovation Corporation). 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, 2014 and 2015, totaled \$380,000 and \$0, respectively.

**Note 10. Subsequent Events**

The School Corporation entered into a lease agreement with the Lake Ridge Multi School Building Corporation. The Debt is for \$2,000,000 with the purpose of repairing the swimming pool. The lease was approved on July 28, 2015, and will be paid from July 15, 2016 to January 15, 2025.

**Note 11. Other Postemployment Benefits**

The School Corporation provides health insurance benefits to eligible retirees and their spouses. The School Corporation will contribute \$4,500 to each qualified retired teacher enrolled in the School Corporation's health insurance plan for each calendar year for no more than seven years or until age 65. 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.

LAKE RIDGE 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	Exempt Debt	Exempt Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post-Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 1,756,662	\$ 568,748	\$ 746,457	\$ 10,571	\$ 248,895	\$ 2,655,668	\$ 306,232	\$ 1,036,831	\$ 1,447,812
Receipts:									
Local sources	288,111	471,451	2,702,968	87,426	884,806	1,372,699	231,909	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	15,498,878	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	102,146	-	-	-	-	70	-	-	-
Total receipts	15,889,135	471,451	2,702,968	87,426	884,806	1,372,769	231,909	-	-
Disbursements:									
Current:									
Instruction	8,545,658	-	-	-	-	-	-	-	-
Support services	5,309,876	-	-	-	1,026,525	775,372	141,844	-	82,428
Noninstructional services	388,015	-	-	-	-	-	-	-	-
Facilities acquisition and construction	4,635	-	-	-	25,152	-	-	-	-
Debt services	-	673,192	2,286,056	64,918	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	14,248,184	673,192	2,286,056	64,918	1,051,677	775,372	141,844	-	82,428
Excess (deficiency) of receipts over disbursements	1,640,951	(201,741)	416,912	22,508	(166,871)	597,397	90,065	-	(82,428)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	1,200,000	-
Transfers out	-	(22,495)	-	-	-	(1,200,000)	-	-	-
Total other financing sources (uses)	-	(22,495)	-	-	-	(1,200,000)	-	1,200,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,640,951	(224,236)	416,912	22,508	(166,871)	(602,603)	90,065	1,200,000	(82,428)
Cash and investments - ending	\$ 3,397,613	\$ 344,512	\$ 1,163,369	\$ 33,079	\$ 82,024	\$ 2,053,065	\$ 396,297	\$ 2,236,831	\$ 1,365,384

LAKE RIDGE 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)

	Common School	Construction	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	School Library Printed Material	Safe Haven 2012-13
Cash and investments - beginning	\$ (40,600)	\$ 22,946	\$ 407,709	\$ (110,226)	\$ -	\$ 2	\$ 600	\$ (79)	\$ (49)
Receipts:									
Local sources	-	20,388	75,315	40,610	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	131	-	-
State sources	-	-	2,399	127,445	-	-	-	-	49
Federal sources	-	-	1,375,972	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	20,388	1,453,686	168,055	-	-	131	-	49
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	517	173,714	-	-	-	(79)	-
Noninstructional services	-	-	1,320,651	-	-	-	-	-	-
Facilities acquisition and construction	159,061	45,225	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	2	-	-	-
Total disbursements	159,061	45,225	1,321,168	173,714	-	2	-	(79)	-
Excess (deficiency) of receipts over disbursements	(159,061)	(24,837)	132,518	(5,659)	-	(2)	131	79	49
Other financing sources (uses):									
Proceeds of long-term debt	211,153	-	-	-	-	-	-	-	-
Transfers in	-	-	-	22,495	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	211,153	-	-	22,495	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	52,092	(24,837)	132,518	16,836	-	(2)	131	79	49
Cash and investments - ending	\$ 11,492	\$ (1,891)	\$ 540,227	\$ (93,390)	\$ -	\$ -	\$ 731	\$ -	\$ -

LAKE RIDGE 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)

	Safe Haven 2013-14	Safe Haven 2014-15	Indiana Early Lit Intervention	Best Buy Gift	Donations New Tech High	Head Start Promos/ Donations	Strengthening Families	Scholarships and Awards	ACT Aspire Study Scholarship
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 86	\$ 5,258	\$ -	\$ -	\$ 22,804	\$ -
Receipts:									
Local sources	-	-	-	-	77	2,999	-	-	1,000
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	17,150	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	17,150	-	-	-	77	2,999	-	-	1,000
Disbursements:									
Current:									
Instruction	-	-	11,219	-	-	-	-	-	-
Support services	17,150	-	3,740	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	733	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	1,000	-
Total disbursements	17,150	-	14,959	-	-	733	-	1,000	-
Excess (deficiency) of receipts over disbursements	-	-	(14,959)	-	77	2,266	-	(1,000)	1,000
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(14,959)	-	77	2,266	-	(1,000)	1,000
Cash and investments - ending	\$ -	\$ -	\$ (14,959)	\$ 86	\$ 5,335	\$ 2,266	\$ -	\$ 21,804	\$ 1,000

LAKE RIDGE 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)

	Health Clinic Initiative	SWCD Grant Outdoor Labs	LASS, INC.	ACT Aspire Student Incentives	Tech Prep Staff Development	Technical Assistance	Computer Consortium/ED Tech	2014 Common School Tech Loan	Adult Education 2012-13
Cash and investments - beginning	\$ (597)	\$ 1,035	\$ -	\$ -	\$ 1,764	\$ 12,639	\$ (14,302)	\$ -	\$ (7,918)
Receipts:									
Local sources	-	-	-	250	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	140,324	-	-
Federal sources	-	-	4,693	-	-	-	-	-	11,115
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	4,693	250	-	-	140,324	-	11,115
Disbursements:									
Current:									
Instruction	-	-	4,693	-	-	-	-	-	9,027
Support services	909	-	-	-	-	-	138,502	-	986
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	909	-	4,693	-	-	-	138,502	-	10,013
Excess (deficiency) of receipts over disbursements	(909)	-	-	250	-	-	1,822	-	1,102
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(909)	-	-	250	-	-	1,822	-	1,102
Cash and investments - ending	\$ (1,506)	\$ 1,035	\$ -	\$ 250	\$ 1,764	\$ 12,639	\$ (12,480)	\$ -	\$ (6,816)

LAKE RIDGE 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)

	Adult Education 2013-14	Adult Education 2014-15	High Ability 2012-13	High Ability 2013-14	High Ability 2014-15	Secured Schools Safety Grant	Non-English Speaking Programs 2012-13	Non-English Speaking Programs 2013-14	Non-English Speaking Programs 2014-15
Cash and investments - beginning	\$ -	\$ -	\$ 5,092	\$ -	\$ -	\$ -	\$ (8)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	31,344	-	-	-	6,089	-
Federal sources	102,259	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	102,259	-	-	31,344	-	-	-	6,089	-
Disbursements:									
Current:									
Instruction	92,467	-	933	16,270	-	-	(8)	6,089	-
Support services	9,792	-	4,159	11,774	-	50,000	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	102,259	-	5,092	28,044	-	50,000	(8)	6,089	-
Excess (deficiency) of receipts over disbursements	-	-	(5,092)	3,300	-	(50,000)	8	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(5,092)	3,300	-	(50,000)	8	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 3,300	\$ -	\$ (50,000)	\$ -	\$ -	\$ -

LAKE RIDGE 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)

	E-Rate Reimbursement	Excellence in Performance Grant 2013-14	Excellence in Performance Grant 2014-15	Indiana School Academic Improvement	Vending	Title I 2011-12	Title I 2012-13	Title I 2013-14	Title I 2014-15
Cash and investments - beginning	\$ 147,261	\$ -	\$ -	\$ 10,579	\$ 3,564	\$ (2,496)	\$ (183,031)	\$ -	\$ -
Receipts:									
Local sources	84,294	-	-	-	2,564	2,496	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	141,027	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	449,189	872,786	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	84,294	141,027	-	-	2,564	2,496	449,189	872,786	-
Disbursements:									
Current:									
Instruction	-	141,027	-	-	-	-	200,939	731,599	-
Support services	51,881	-	-	-	1,704	-	51,321	210,221	-
Noninstructional services	-	-	-	-	-	-	13,898	23,647	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	51,881	141,027	-	-	1,704	-	266,158	965,467	-
Excess (deficiency) of receipts over disbursements	32,413	-	-	-	860	2,496	183,031	(92,681)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	32,413	-	-	-	860	2,496	183,031	(92,681)	-
Cash and investments - ending	\$ 179,674	\$ -	\$ -	\$ 10,579	\$ 4,424	\$ -	\$ -	\$ (92,681)	\$ -

LAKE RIDGE 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 School Improvement MS	Adult Basic Education 2012-13	Adult Basic Education 2013-14	Adult Basic Education 2014-15	Team Nutrition Training Grants	Project Head Start 2013	Project Head Start 2014	Project Head Start 2015	21st Century Community 2012-13
Cash and investments - beginning	\$ -	\$ (873)	\$ -	\$ -	\$ 414	\$ (50,749)	\$ -	\$ -	\$ (51,873)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	13,849	-	-	-	431,610	134,790	-	51,873
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	13,849	-	-	-	431,610	134,790	-	51,873
Disbursements:									
Current:									
Instruction	-	-	30,165	-	-	369,059	237,158	-	-
Support services	-	12,976	5,501	-	-	9,571	1,157	-	-
Noninstructional services	-	-	-	-	-	2,231	1,022	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	12,976	35,666	-	-	380,861	239,337	-	-
Excess (deficiency) of receipts over disbursements	-	873	(35,666)	-	-	50,749	(104,547)	-	51,873
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	873	(35,666)	-	-	50,749	(104,547)	-	51,873
Cash and investments - ending	\$ -	\$ -	\$ (35,666)	\$ -	\$ 414	\$ -	\$ (104,547)	\$ -	\$ -

LAKE RIDGE 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)

	21st Century Community 2013-14	21st Century Community 2014-15	21st Century Community 2015-16	Title II Part A 2007-09	Title II Part A 2011-13	Title II Part A 2012-14	Title II Part A 2013-15	Title II Part A 2014-16	Title III - Language Instruction
Cash and investments - beginning	\$ (2,847)	\$ -	\$ -	\$ 5,082	\$ (33,570)	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	111,656	-	-	-	45,156	91,471	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	111,656	-	-	-	45,156	91,471	-	-	-
Disbursements:									
Current:									
Instruction	83,336	-	-	-	10,172	115,246	25,268	-	-
Support services	50,574	1,946	-	-	1,414	17,061	1,943	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	133,910	1,946	-	-	11,586	132,307	27,211	-	-
Excess (deficiency) of receipts over disbursements	(22,254)	(1,946)	-	-	33,570	(40,836)	(27,211)	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,254)	(1,946)	-	-	33,570	(40,836)	(27,211)	-	-
Cash and investments - ending	\$ (25,101)	\$ (1,946)	\$ -	\$ 5,082	\$ -	\$ (40,836)	\$ (27,211)	\$ -	\$ -

LAKE RIDGE 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 2012-13	Title III Part A 2013-15	Title III Part A 2014-16	Head Start Stimulus	New Technology Grants	Payroll	Benefit Clearing	Prepaid School Lunch	Totals
Cash and investments - beginning	\$ (12,030)	\$ -	\$ -	\$ 57	\$ 65,531	\$ (33,606)	\$ -	\$ -	\$ 8,945,445
Receipts:									
Local sources	-	-	-	-	-	-	-	-	6,269,363
Intermediate sources	-	-	-	-	-	-	-	-	131
State sources	-	-	-	-	-	-	-	-	15,964,705
Federal sources	11,424	4,844	-	-	-	-	-	-	3,712,687
Other	-	-	-	-	-	2,632,419	-	87,497	2,822,132
Total receipts	11,424	4,844	-	-	-	2,632,419	-	87,497	28,769,018
Disbursements:									
Current:									
Instruction	-	5,461	-	-	-	-	-	-	10,635,778
Support services	-	-	-	-	19,000	-	-	-	8,183,479
Noninstructional services	-	-	-	-	-	-	-	-	1,750,197
Facilities acquisition and construction	-	-	-	-	-	-	-	-	234,073
Debt services	-	-	-	-	-	-	-	-	3,024,166
Nonprogrammed charges	-	-	-	-	-	2,663,423	-	16	2,664,441
Total disbursements	-	5,461	-	-	19,000	2,663,423	-	16	26,492,134
Excess (deficiency) of receipts over disbursements	11,424	(617)	-	-	(19,000)	(31,004)	-	87,481	2,276,884
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	211,153
Transfers in	-	-	-	-	-	-	-	-	1,222,495
Transfers out	-	-	-	-	-	-	-	-	(1,222,495)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	211,153
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,424	(617)	-	-	(19,000)	(31,004)	-	87,481	2,488,037
Cash and investments - ending	\$ (606)	\$ (617)	\$ -	\$ 57	\$ 46,531	\$ (64,610)	\$ -	\$ 87,481	\$ 11,433,482

LAKE RIDGE SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015

	General	Debt Service	Exempt Debt	Exempt Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post-Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 3,397,613	\$ 344,512	\$ 1,163,369	\$ 33,079	\$ 82,024	\$ 2,053,065	\$ 396,297	\$ 2,236,831	\$ 1,365,384
Receipts:									
Local sources	404,445	801,232	2,285,257	64,240	828,487	1,330,741	210,164	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	15,894,902	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	550	-	-	-	-	35	-	-	-
Total receipts	16,299,897	801,232	2,285,257	64,240	828,487	1,330,776	210,164	-	-
Disbursements:									
Current:									
Instruction	8,417,923	-	-	-	-	-	-	-	-
Support services	5,943,017	-	-	-	620,458	1,154,016	105,549	-	82,332
Noninstructional services	403,060	-	-	-	-	-	-	-	-
Facilities acquisition and construction	5,643	-	-	-	35,468	-	-	-	-
Debt services	-	707,428	2,434,574	77,686	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	14,769,643	707,428	2,434,574	77,686	655,926	1,154,016	105,549	-	82,332
Excess (deficiency) of receipts over disbursements	1,530,254	93,804	(149,317)	(13,446)	172,561	176,760	104,615	-	(82,332)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	257,282	1,184	2,521	4,089	713	485,768	-
Transfers out	(6,847)	(418,789)	-	-	-	(485,768)	-	-	-
Total other financing sources (uses)	(6,847)	(418,789)	257,282	1,184	2,521	(481,679)	713	485,768	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,523,407	(324,985)	107,965	(12,262)	175,082	(304,919)	105,328	485,768	(82,332)
Cash and investments - ending	\$ 4,921,020	\$ 19,527	\$ 1,271,334	\$ 20,817	\$ 257,106	\$ 1,748,146	\$ 501,625	\$ 2,722,599	\$ 1,283,052

LAKE RIDGE SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Common School	Construction	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	School Library Printed Material	Safe Haven 2012-13
Cash and investments - beginning	\$ 11,492	\$ (1,891)	\$ 540,227	\$ (93,390)	\$ -	\$ -	\$ 731	\$ -	\$ -
Receipts:									
Local sources	-	1,891	223,727	141,552	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	150	-	-
State sources	-	-	2,249	137,976	-	-	-	-	-
Federal sources	-	-	1,521,296	-	-	-	-	-	-
Other	-	-	-	-	1,040,111	-	-	-	-
Total receipts	-	1,891	1,747,272	279,528	1,040,111	-	150	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	9,003	97,006	-	-	-	-	-
Noninstructional services	-	-	1,350,650	-	-	-	-	-	-
Facilities acquisition and construction	-	-	2,103	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	387,134	-	-	-	-
Total disbursements	-	-	1,361,756	97,006	387,134	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	1,891	385,516	182,522	652,977	-	150	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	153,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	153,000	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,891	385,516	335,522	652,977	-	150	-	-
Cash and investments - ending	\$ 11,492	\$ -	\$ 925,743	\$ 242,132	\$ 652,977	\$ -	\$ 881	\$ -	\$ -

LAKE RIDGE SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Safe Haven 2013-14	Safe Haven 2014-15	Indiana Early Lit Intervention	Best Buy Gift	Donations New Tech High	Head Start Promos/ Donations	Strengthening Families	Scholarships and Awards	ACT Aspire Study Scholarship
Cash and investments - beginning	\$ -	\$ -	\$ (14,959)	\$ 86	\$ 5,335	\$ 2,266	\$ -	\$ 21,804	\$ 1,000
Receipts:									
Local sources	-	-	-	-	1,000	325	750	3,000	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	7,980	17,260	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	7,980	17,260	-	1,000	325	750	3,000	-
Disbursements:									
Current:									
Instruction	-	-	2,281	-	988	-	-	-	-
Support services	-	12,000	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	394	750	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	12,000	2,281	-	988	394	750	-	-
Excess (deficiency) of receipts over disbursements	-	(4,020)	14,979	-	12	(69)	-	3,000	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(4,020)	14,979	-	12	(69)	-	3,000	-
Cash and investments - ending	\$ -	\$ (4,020)	\$ 20	\$ 86	\$ 5,347	\$ 2,197	\$ -	\$ 24,804	\$ 1,000

LAKE RIDGE SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Health Clinic Initiative	SWCD Grant Outdoor Labs	LASS, INC.	ACT Aspire Student Incentives	Tech Prep Staff Development	Technical Assistance	Computer Consortium/ED Tech	2014 Common School Tech Loan	Adult Education 2012-13
Cash and investments - beginning	\$ (1,506)	\$ 1,035	\$ -	\$ 250	\$ 1,764	\$ 12,639	\$ (12,480)	\$ -	\$ (6,816)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	23,977	176,600	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	23,977	176,600	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	11,497	176,600	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	11,497	176,600	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	12,480	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	6,816
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	6,816
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	12,480	-	6,816
Cash and investments - ending	\$ (1,506)	\$ 1,035	\$ -	\$ 250	\$ 1,764	\$ 12,639	\$ -	\$ -	\$ -

LAKE RIDGE SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Adult Education 2013-14	Adult Education 2014-15	High Ability 2012-13	High Ability 2013-14	High Ability 2014-15	Secured Schools Safety Grant	Non-English Speaking Programs 2012-13	Non-English Speaking Programs 2013-14	Non-English Speaking Programs 2014-15
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 3,300	\$ -	\$ (50,000)	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	31,580	50,000	-	-	7,970
Federal sources	-	81,402	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	81,402	-	-	31,580	50,000	-	-	7,970
Disbursements:									
Current:									
Instruction	-	84,558	-	3,294	12,189	-	-	-	7,845
Support services	43	11,564	-	6	5,448	30,400	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	43	96,122	-	3,300	17,637	30,400	-	-	7,845
Excess (deficiency) of receipts over disbursements	(43)	(14,720)	-	(3,300)	13,943	19,600	-	-	125
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	43	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	43	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(14,720)	-	(3,300)	13,943	19,600	-	-	125
Cash and investments - ending	\$ -	\$ (14,720)	\$ -	\$ -	\$ 13,943	\$ (30,400)	\$ -	\$ -	\$ 125

LAKE RIDGE SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	E-Rate Reimbursement	Excellence in Performance Grant 2013-14	Excellence in Performance Grant 2014-15	Indiana School Academic Improvement	Vending	Title I 2011-12	Title I 2012-13	Title I 2013-14	Title I 2014-15
Cash and investments - beginning	\$ 179,674	\$ -	\$ -	\$ 10,579	\$ 4,424	\$ -	\$ -	\$ (92,681)	\$ -
Receipts:									
Local sources	74,658	-	-	-	606	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	300,000	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	341,124	731,915
Other	-	-	-	-	-	-	-	-	-
Total receipts	74,658	-	300,000	-	606	-	-	341,124	731,915
Disbursements:									
Current:									
Instruction	-	-	300,000	-	-	-	-	156,233	574,497
Support services	55,478	-	-	-	330	-	-	88,237	386,326
Noninstructional services	-	-	-	-	-	-	-	3,973	46,256
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	55,478	-	300,000	-	330	-	-	248,443	1,007,079
Excess (deficiency) of receipts over disbursements	19,180	-	-	-	276	-	-	92,681	(275,164)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,180	-	-	-	276	-	-	92,681	(275,164)
Cash and investments - ending	\$ 198,854	\$ -	\$ -	\$ 10,579	\$ 4,700	\$ -	\$ -	\$ -	\$ (275,164)

LAKE RIDGE SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Title I School Improvement MS	Adult Basic Education 2012-13	Adult Basic Education 2013-14	Adult Basic Education 2014-15	Team Nutrition Training Grants	Project Head Start 2013	Project Head Start 2014	Project Head Start 2015	21st Century Community 2012-13
Cash and investments - beginning	\$ -	\$ -	\$ (35,666)	\$ -	\$ 414	\$ -	\$ (104,547)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	135,206	-	60,135	24,914	-	-	583,557	164,556	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	135,206	-	60,135	24,914	-	-	583,557	164,556	-
Disbursements:									
Current:									
Instruction	-	-	16,660	28,820	-	-	465,555	250,074	-
Support services	220,242	-	7,797	4,041	-	-	11,796	5,940	-
Noninstructional services	-	-	-	-	-	-	1,659	607	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	220,242	-	24,457	32,861	-	-	479,010	256,621	-
Excess (deficiency) of receipts over disbursements	(85,036)	-	35,678	(7,947)	-	-	104,547	(92,065)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(12)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(12)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(85,036)	-	35,666	(7,947)	-	-	104,547	(92,065)	-
Cash and investments - ending	\$ (85,036)	\$ -	\$ -	\$ (7,947)	\$ 414	\$ -	\$ -	\$ (92,065)	\$ -

LAKE RIDGE SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	21st Century Community 2013-14	21st Century Community 2014-15	21st Century Community 2015-16	Title II Part A 2007-09	Title II Part A 2011-13	Title II Part A 2012-14	Title II Part A 2013-15	Title II Part A 2014-16	Title III - Language Instruction
Cash and investments - beginning	\$ (25,101)	\$ (1,946)	\$ -	\$ 5,082	\$ -	\$ (40,836)	\$ (27,211)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	132,320	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	25,180	47,342	-	-	-	51,304	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	25,180	47,342	-	-	-	51,304	132,320	-	-
Disbursements:									
Current:									
Instruction	285	121,297	-	-	-	9,717	89,121	25,598	250
Support services	-	84,177	4,761	-	-	751	15,988	3,620	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	285	205,474	4,761	-	-	10,468	105,109	29,218	250
Excess (deficiency) of receipts over disbursements	24,895	(158,132)	(4,761)	-	-	40,836	27,211	(29,218)	(250)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	24,895	(158,132)	(4,761)	-	-	40,836	27,211	(29,218)	(250)
Cash and investments - ending	\$ (206)	\$ (160,078)	\$ (4,761)	\$ 5,082	\$ -	\$ -	\$ -	\$ (29,218)	\$ (250)

LAKE RIDGE SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Title III Part A 2012-13	Title III Part A 2013-15	Title III Part A 2014-16	Head Start Stimulus	New Technology Grants	Payroll	Benefit Clearing	Prepaid School Lunch	Totals
Cash and investments - beginning	\$ (606)	\$ (617)	\$ -	\$ 57	\$ 46,531	\$ (64,610)	\$ -	\$ 87,481	\$ 11,433,482
Receipts:									
Local sources	-	-	-	-	-	-	-	-	6,504,395
Intermediate sources	-	-	-	-	-	-	-	-	150
State sources	-	-	-	-	-	-	-	-	16,650,494
Federal sources	-	718	-	-	-	-	-	-	3,768,649
Other	-	-	-	-	-	2,739,684	83,875	(86,574)	3,777,681
Total receipts	-	718	-	-	-	2,739,684	83,875	(86,574)	30,701,369
Disbursements:									
Current:									
Instruction	-	399	12,117	-	-	-	-	-	10,579,701
Support services	-	-	-	-	-	-	-	-	9,148,423
Noninstructional services	-	-	-	-	-	-	-	-	1,807,349
Facilities acquisition and construction	-	-	-	-	-	-	-	-	43,214
Debt services	-	-	-	-	-	-	-	-	3,219,688
Nonprogrammed charges	-	-	-	-	-	2,755,865	83,875	21	3,226,895
Total disbursements	-	399	12,117	-	-	2,755,865	83,875	21	28,025,270
Excess (deficiency) of receipts over disbursements	-	319	(12,117)	-	-	(16,181)	-	(86,595)	2,676,099
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	911,416
Transfers out	-	-	-	-	-	-	-	-	(911,416)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	319	(12,117)	-	-	(16,181)	-	(86,595)	2,676,099
Cash and investments - ending	\$ (606)	\$ (298)	\$ (12,117)	\$ 57	\$ 46,531	\$ (80,791)	\$ -	\$ 886	\$ 14,109,581

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LAKE RIDGE SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 3,024,953</u>	<u>\$ 666,932</u>

LAKE RIDGE SCHOOLS  
SCHEDULE OF DEBT  
June 30, 2015

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Retirement/Severance Bonds	\$ 550,000	\$ 85,486
Notes and loans payable	Common School Loans	<u>29,920,135</u>	<u>3,082,514</u>
Totals		<u>\$ 30,470,135</u>	<u>\$ 3,168,000</u>

LAKE RIDGE SCHOOLS  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2015

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 168,535
Buildings	56,937,023
Improvements other than buildings	3,993,000
Machinery, equipment, and vehicles	<u>1,266,734</u>
Total capital assets	<u>\$ 62,365,292</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE LAKE RIDGE SCHOOLS, LAKE COUNTY, INDIANA

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

We have audited the Lake Ridge 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, 2013 to June 30, 2015. 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 Child Nutrition Cluster***

As described in items 2015-003, 2015-005, 2015-006, and 2015-007 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Eligibility, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price

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

Applications, and Special Tests and Provisions - Paid Lunch Equity that are applicable to the Child Nutrition Cluster. Compliance with the requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition 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 Child Nutrition Cluster for the period of July 1, 2013 to June 30, 2015.

***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, 2013 to June 30, 2015.

***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 2015-002, 2015-004, and 2015-010. Our opinion on each major federal program is not modified with respect to these matters.

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

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

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 2015-002, 2015-003, 2015-005, 2015-006, 2015-007, 2015-008, 2015-009, 2015-010, 2015-011, and 2015-012 to be material weaknesses.

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 items 2015-004 and 2015-013 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

April 28, 2016

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.

LAKE RIDGE SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2014 and 2015

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 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>					
Child Nutrition Cluster	Indiana Department of Education				
School Breakfast Program		10.553	FY 2014, FY 2015	\$ 430,586	\$ 462,152
National School Lunch Program		10.555	FY 2014, FY 2015	943,047	1,050,889
Total - Child Nutrition Cluster				<u>1,373,633</u>	<u>1,513,041</u>
Child and Adult Care Food Program	Indiana Department of Education	10.558			
School Supper Reimbursement			FY 2014, FY 2015	27,488	32,136
Total - Child and Adult Care Food Program				<u>27,488</u>	<u>32,136</u>
Fresh Fruit and Vegetable Program	Indiana Department of Education	10.582	FY 2014, FY 2015	48,887	58,997
Total - Fresh Fruit and Vegetable Program				<u>48,887</u>	<u>58,997</u>
Total - Department of Agriculture				<u>1,450,008</u>	<u>1,604,174</u>
<u>Department of Education</u>					
Special Education Cluster	Indiana Department of Education				
Special Education - Grants to States		84.027	14213-047-PN01	96,428	112
			14214-047-PN01	349,926	124,556
			14215-047-PN01	-	320,474
Special Education Technical Assistance Grants			99914-047-TA01	6,574	4,633
Total - Special Education - Grants to States				<u>452,928</u>	<u>449,775</u>
Special Education - Preschool Grants		84.173	45713-047-PN01	3,946	-
			45714-047-PN01	6,993	4,929
			45715-047-PN01	-	8,386
Total - Special Education - Preschool Grants				<u>10,939</u>	<u>13,315</u>
Total - Special Education Cluster				<u>463,867</u>	<u>463,090</u>
School Improvement Grants Cluster					
School Improvement Grants	Indiana Department of Education	84.377	4650	-	135,206
Total - School Improvement Grants Cluster				<u>-</u>	<u>135,206</u>
Adult Education - Basic Grants to States	The Center of Workforce Innovations	84.002	FY 2013	13,849	-
			FY 2014	-	60,135
			FY 2015	-	24,914
Total - Adult Education - Basic Grants to States				<u>13,849</u>	<u>85,049</u>

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

LAKE RIDGE SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2014 and 2015  
(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 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Education (continued)</u>					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	12-4650 13-4650 14-4650	449,189 872,786 -	- 341,124 731,915
Total - Title I Grants to Local Educational Agencies				<u>1,321,975</u>	<u>1,073,039</u>
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287	FY 2013 FY 2014 FY 2015	51,873 111,656 -	- 25,180 47,342
Total - Twenty-First Century Community Learning Centers				<u>163,529</u>	<u>72,522</u>
English Language Acquisition State Grants Title III	Indiana Department of Education Northwest Indiana Educational Service Center	84.365	FY 2013 FY 2014	11,424 4,844	- 718
Total - English Language Acquisition State Grants				<u>16,268</u>	<u>718</u>
Improving Teacher Quality State Grants Title II Title II	Indiana Department of Education	84.367	11-4650 12-4650 13-4650	45,156 91,471 -	- 51,304 131,856
Total - Improving Teacher Quality State Grants				<u>136,627</u>	<u>183,160</u>
Total - Department of Education				<u>2,116,115</u>	<u>2,012,784</u>
<u>Department of Health and Human Services</u>					
Head Start	Geminus Corporation	93.600	FY 2013 FY 2014 FY 2015	431,610 134,790 -	- 583,557 164,556
Total - Head Start				<u>566,400</u>	<u>748,113</u>
Total - Department of Health and Human Services				<u>566,400</u>	<u>748,113</u>
Total federal awards expended				<u>\$ 4,132,523</u>	<u>\$ 4,365,071</u>

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

LAKE RIDGE SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) 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, 2014 and 2015. This noncash assistance is also included in the federal expenditures presented in the SEFA.

Program Title	Federal CFDA Number	2014	2015
National School Lunch Program	10.555	\$ 74,036	\$ 82,879

**Note 3. Special Education Cooperative**

The School Corporation is a member of a Special Education Cooperative. As a result, some activity for the Special Education Cluster that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Special Education Cooperative.

LAKE RIDGE 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 Child Nutrition 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
	Child Nutrition Cluster
	Special Education Cluster
84.010	Title I Grants to Local Educational Agencies
84.367	Improving Teacher Quality State Grants
93.600	Head Start

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 2015-001 - FINANCIAL TRANSACTIONS AND REPORTING**

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting that constituted material weaknesses.

LAKE RIDGE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

1. **Lack of Segregation of Duties:** The School Corporation had not separated incompatible activities related to receipts, disbursements (vendor disbursements and administrator payroll disbursements), and the Schedule of Expenditures of Federal Awards (SEFA). The failure to establish these controls could have enabled material misstatements or irregularities to remain undetected.

One person was responsible for issuing receipts, preparing the deposits, recording receipts, and depositing receipts without evidence of review or approval. Segregation of duties was not evident, nor was there adequate oversight or approval of receipt transactions and the reports generated based on these transactions.

Accounts Payable Vouchers for vendor disbursements were either prepared at the building level or by the Deputy Treasurer. The Deputy Treasurer processed the vouchers and recorded them in the accounting system. The Treasurer's signature stamp was used to document that the vouchers were reviewed for accuracy, fund number, and allowability. Until January 2015, the Deputy Treasurer had control of the Treasurer's signature stamp; therefore, separation of the preparer and reviewer of the vouchers was not adequate.

Payroll time records for Administrators were not approved. Administrators entered their own time into the payroll software or instructed the Payroll Clerk to enter it for them.

The SEFA was prepared by one individual without oversight, review, or approval.

2. **Preparing Financial Statement:** The School Corporation had not identified risks to the preparation of a reliable financial statement and, as a result, failed to design effective controls over the preparation of the financial statement to prevent, or detect and correct, material misstatements.

The Financial Activity Reports (reports), which included financial activity of all funds and were the basis for the financial statement, were signed by the Treasurer, Superintendent of Schools, and President of the School Board. Although the reports were signed by the appropriate individuals, there was no review or other control in place to ensure the accuracy of the reports prior to submission.

3. **Monitoring of Controls:** An evaluation of the School Corporation's system of internal controls had not been conducted. The failure to monitor the internal control system placed the School Corporation at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal control over financial reporting required the School Corporation to monitor and assess the quality of the system of internal control.

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.

LAKE RIDGE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

**FINDING 2015-002 - CASH MANAGEMENT**

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Years: FY 2014, FY 2015  
Pass-Through Entity: Indiana Department of Education

The School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirement: Cash Management. The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed 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 had not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances were limited to the average expenditures for three months. There was no oversight, review, or monitoring of the cash balances.

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

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

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

The School Corporation maintained School Lunch fund cash balances in excess of the average expenditures for three months during the audit period. The year-end cash balances of the School Lunch fund for the 2013-2014 and 2014-2015 school years were \$540,227 and \$925,743, respectively; however, the average expenditures for three months were \$396,350 and \$408,527, respectively. The School Corporation did not have a written cash management plan approved by both the Indiana Department of Education and the School Board that described the planned use of the excess cash balances in the School Lunch fund. The use of excess cash in the School Lunch fund was brought before the School Board in the subsequent period and was used to complete renovations to kitchen areas.

LAKE RIDGE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

7 CFR 210.14(b) states:

"*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with §210.19(a)."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:  
. . .

(1)(iv) Limit its net cash resources to an amount that does not exceed three months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency; . . . "

The failure to establish internal controls enabled noncompliance to go undetected. Failure to comply with the Cash Management requirements of the grant could have resulted in sanctions from the pass-through agency.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Cash Management requirements of the programs.

***FINDING 2015-003 - ELIGIBILITY***

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Years: FY 2014, FY 2015  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not designed or implemented adequate policies or procedures and an effective internal control system related to the grant agreement and the Eligibility requirements. The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Per School Board Policy 8531, the School Board designated the building principal as the individual responsible for determining the eligibility of students for free and reduced price meals; however, it was the Bookkeeper at each school who was solely responsible for performing the eligibility determinations and entering applicant information into the point of sale system. An oversight or review process of the data entered had not been established.

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

LAKE RIDGE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

In a sample of applications, nine of the forty applications tested, or 23 percent, did not have the correct eligibility determination. Seven applicants were determined to be eligible for free meals that should have been determined to be eligible for reduced price meals. Two applicants were determined to be eligible for reduced price meals that should have been determined to be paid status.

At the beginning of each school year, a letter was made available to each parent during registration; however, this letter did not contain an explanation that households with children who are members or currently certified SNAP, FDPIR, or TANF households may submit applications for these children with abbreviated information.

7 CFR 245.6(c)(4) states:

"*Calculating income.* The local educational agency must use the income information provided by the household on the application to calculate the household's total current income. When a household submits an application containing complete documentation, as defined in §245.2, and the household's total current income is at or below the eligibility limits specified in the Income Eligibility Guidelines as defined in §245.2, the children in that household must be approved for free or reduced price benefits, as applicable."

7 CFR 245.5(a) states in part:

". . . the local educational agency . . . shall publicly announce such criteria . . . at the beginning of the school year or, if notice of approval is given thereafter, within 10 days after the notice is received. The public announcement of such criteria, as a minimum, shall include the following:

(1) . . . a letter or notice and application distributed on or about the beginning of each school year, to parents of all children in attendance at school. The letter or notice shall contain the following: . . .

(iv) An explanation that households with children who are members of currently certified SNAP, FDPIR or TANF households may submit applications for these children with the abbreviated information described in paragraph (2)(ii) of the definition Documentation in §245.2; . . ."

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

LAKE RIDGE SCHOOLS  
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We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Eligibility requirements of the programs.

***FINDING 2015-004 - MATCHING, EARMARKING, AND REPORTING***

Federal Agency: Department of Health and Human Services  
Federal Program: Head Start  
CFDA Number: 93.600  
Federal Award Years: FY 2013, FY 2014, FY 2015  
Pass-Through Entity: Geminus Corporation

The School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Matching, Earmarking, and Reporting. The failure to establish an effective internal control system placed 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 have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

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 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."

*Matching and Reporting*

The School Corporation did not have proper supporting documentation for the in-kind match reported. The grantor agency, Geminus Corporation, hired a licensed real estate appraiser to determine the fair market value of the Lake Ridge Head Start Facilities provided by the School Corporation. The real estate appraiser reported the building space used by the Lake Ridge Head Start School to be 5,247 square feet and estimated the market rent for the interior space to be \$10 per square foot. The appraiser did not give a value to any outdoor space used.

The Lake Ridge Head Start reported the value of their monthly in-kind match for the facilities used by Head Start for the period July 1, 2013 to June 30, 2015; however, they did not use the estimates provided by the licensed real estate appraiser. The School Corporation valued the space at 9,807 square feet or 12,351 square feet at \$12 per square foot. In the 2013-2014 school year, the School Corporation exceeded the 20 percent match; however, after adjusting

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the in-kind match to include only the estimates from the real estate appraiser, the School Corporation met the 20 percent in-kind match requirement. In the 2014-2015 school year, however, after adjusting the in-kind match reported to include only the estimates for real estate issued by the real estate appraiser, the Lake Ridge Schools Head Start program in-kind match was 18 percent, or \$14,937, less than the required 20 percent local in-kind match.

*Earmarking*

The Lake Ridge Head Start did not meet the targeted earmarking requirement that 10 percent of the total number of children enrolled be eligible for special education and related services in either school year of our audit period. The Lake Ridge Head Start serviced 122 students and 10 percent, or 12 students, should have been eligible for special education services; however, the Lake Ridge Head Start only had 11 and 8 special need students in the 2013-2014 and 2014-2015 school years, respectively.

45 CFR 92.24(g) states:

"Appraisal of real property. In some cases under paragraphs (d), (e) and (f) of this section, it will be necessary to establish the market value of land or a building or the fair rental rate of land or of space in a building. In these cases, the Federal agency may require the market value or fair rental value be set by an independent appraiser, and that the value or rate be certified by the grantee. This requirement will also be imposed by the grantee on subgrantees."

45 CFR 75.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following . . . :  
. . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§75.341 and 75.342. . . ."

45 CFR 1305.6(c) states:

"At least 10 percent of the total number of enrollment opportunities in each grantee and each delegate agency during an enrollment year must be made available to children with disabilities who meet the definition for children with disabilities in §1305.2(a). An exception to this requirement will be granted only if the responsible HHS official determines, based on such supporting evidence he or she may require, that the grantee made a reasonable effort to comply with this requirement but was unable to do so because there was an insufficient number of children with disabilities in the recruitment area who wished to attend the program and for whom the program was an appropriate placement based on their Individual Education Plans (IEP) or Individualized Family Service Plans (IFSP), with services provided directly by Head Start or Early Head Start in conjunction with other providers."

The failure to establish internal controls enabled noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, to ensure compliance and comply with the Matching, Reporting, and Earmarking requirements.

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(Continued)

**FINDING 2015-005 - REPORTING**

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Years: FY 2014, FY 2015  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Reporting compliance requirement. The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed 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 had not designed or implemented adequate policies and procedures to ensure that reports were properly completed. One person was responsible for preparing required reports without an oversight or review process evidenced.

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

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

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

For the 2013-2014 and 2014-2015 school years, the annual report was not supported by the School Corporation's records. For the 2013-2014 annual report, reimbursements for the School Supper Reimbursement and Fresh Fruit and Vegetable Program grants were included as other income on the annual report. For the 2014-2015 annual report, the reimbursements for School Supper Reimbursement and Fresh Fruit and Vegetable Program grants were included as federal reimbursements. The reporting for School Supper Reimbursement and Fresh Fruit and Vegetable Program grants was not consistent. For both years, catering was included with income received from adults. Instructions for completing the annual report state that money derived from catering services should be included with other income.

7 CFR 3016.20(b) states in part:

"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."

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(Continued)

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted 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 Reporting requirements.

***FINDING 2015-006 - SPECIAL TESTS AND PROVISIONS - VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS***

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Years: FY 2014, FY 2015  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications compliance requirement. The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed 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 had not designed or implemented adequate policies or procedures to ensure compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications. The Food Service Director prepared and submitted the results of the verifications of free and reduced price applications. An oversight or review process had not been established to document the review of the verifications and the report prior to submission.

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 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."

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(Continued)

The verification process was performed on a predetermined percentage of applications. For the 2013-2014 and 2014-2015 school years, a total of 25 applications were verified by the School Corporation officials, as required. Of the four verified applications tested, two applications resulted in incorrect eligibility determinations and the verification summary portion of one application was incomplete. The incorrect eligibility determinations were due to the usage of net pay instead of gross wages in the calculation of income. Additionally, on one of the items, there was a discrepancy in the number of household members on the application and the verification.

7 CFR 245.6(a)(f)(7) states:

*"Eligibility changes.* Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. The local educational agency must notify the household of any change. Households must be notified of any reduction in benefits in accordance with paragraph (j) of this section. Households with reduced benefits or that are no longer eligible for free or reduced price meals must be notified of their right to reapply at any time with documentation of income or participation in one of the eligible programs in paragraph (a)(1) of this section."

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted 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 Special Tests and Provisions - Verification of Free and Reduced Price Applications requirements of the programs.

***FINDING 2015-007 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY***

Federal Agency: Department of Agriculture  
Federal Program: National School Lunch Program  
CFDA Number: 10.555  
Federal Award Years: FY 2014, FY 2015  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement. An internal control system 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. 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 School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with Special Tests and Provisions - Paid Lunch Equity compliance requirement. There were no procedures in place to ensure that paid lunch equity was properly calculated, documented, or implemented.

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

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have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

The School Corporation did not complete the required Paid Lunch Equity calculations and retain the written calculations for audit for the 2014-2015 school year. It could not be determined if the requirements for Paid Lunch Equity were met for the school year due to the lack of documentation provided for audit. In addition, lunch prices were not approved by the School Board prior to the start of each school year.

7 CFR 210.15(b) states in part:

"*Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

(6) Records to document compliance with the requirements in §210.14(e) . . ."

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 . . ."

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted 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 Special Tests and Provisions - Paid Lunch Equity requirements of the programs.

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(Continued)

**FINDING 2015-008 - CHILD NUTRITION CLUSTER**

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Years: FY 2014, FY 2015  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Procurement and Suspension and Debarment. The failure to establish an effective internal control system placed 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 have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Activities Allowed or Unallowed, Allowable Costs/Cost Principles*

The School Corporation had not properly implemented effective controls over Activities Allowed or Unallowed and Allowable Costs/Cost Principles. For the first 18 months of the audit period, the Deputy Treasurer prepared accounts payable vouchers, then stamped the Treasurer's signature on the vouchers to document a review process.

*Procurement and Suspension and Debarment*

Management of the School Corporation had not established an effective internal control system related to the Procurement and Suspension and Debarment compliance requirement. There were no controls in place to ensure that the Food Service Management contract was approved by the School Board and that the food service management company provided a certification letter confirming that the company was not suspended or debarred from doing business with the federal government. An oversight, review, or approval process had not been established.

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

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

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

The failure to establish internal controls could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

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(Continued)

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

***FINDING 2015-009 - LEVEL OF EFFORT - MAINTENANCE OF EFFORT***

Federal Agency: Department of Education

Federal Programs: Title I Grants to Local Educational Agencies, Special Education -  
Grants to States, Improving Teacher Quality State Grants

CFDA Numbers: 84.010, 84.027, 84.367

Federal Award Numbers: 12-4650, 13-4650, 14-4650, 14213-047-PN01, 14214-047-PN01,  
4215-047-PN01; 11-4650, 12-4650, 13-4650

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Level of Effort - Maintenance of Effort compliance requirement. The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement noted above. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed 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 had not designed or implemented effective policies or procedures to ensure compliance with the program requirements of Level of Effort - Maintenance of Effort. An oversight, review, or approval process had not been established to ensure compliance with maintenance of effort amounts reported to the pass-through entity.

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

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

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

The failure to establish internal controls could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and the Level of Effort - Maintenance of Effort compliance requirement.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINNDING 2015-010 - ALLOWABLE COSTS/COST PRINCIPLES**

Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers: 12-4650, 13-4650, 14-4650  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement.

The School Corporation had not designed or implemented effective policies or procedures to ensure compliance with the program requirements for Allowable Costs/Cost Principles. There were no controls in place to ensure accurate personnel activity reports for employees that worked on multiple cost objectives. An oversight, review, or approval process had not been established.

An internal control system 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. 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.

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."

Personnel activity reports maintained by employees working on multiple cost objectives were not reviewed and signed by a supervisor. Time reported on the personnel activity reports did not properly reflect the actual time worked on each grant. Time on the personal activity reports was allocated to the different cost objectives based upon predetermined percentages, not the actual time worked.

OMB Circular A-87, Attachment B, Section 8(h) states in part:

- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
  - (a) More than one Federal award,
  - (b) A Federal award and a non-Federal award,
  - (c) An indirect cost activity and a direct cost activity,
  - (d) Two or more indirect activities which are allocated using different allocation bases, or

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(Continued)

- (e) An unallowable activity and a direct or indirect cost activity . . . .
- (5) Personnel activity reports or equivalent documentation must meet the following standards:
  - (a) They must reflect an after-the-fact distribution of the actual activity of each employee,
  - (b) They must account for the total activity for which each employee is compensated,
  - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
  - (d) They must be signed by the employee.
  - (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:
    - (i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
    - (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
    - (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances."

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirement could have resulted 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/Cost Principles requirements of the program.

***FINDING 2015-011 - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES***

Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers: 12-4650, 13-4650, 14-4650  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Eligibility, Reporting, and Equipment and Real Property Management. The failure to establish an effective internal control system placed 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 have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

LAKE RIDGE SCHOOLS  
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(Continued)

*Activities Allowed or Unallowed*

The School Corporation had not designed or implemented effective policies or procedures to ensure compliance with the program requirements for Activities Allowed or Unallowed. There were no controls in place to ensure that program disbursements were properly reviewed and approved as allowable activities. An oversight, review, or approval process had not been established.

*Eligibility*

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with Eligibility requirements. There were no controls in place to ensure that the State of Indiana's pre-populated public and poverty enrollment reported on the Eligible Schools Summary page of the Title I application was reflective of the School Corporation's records. An oversight or review process over the reported enrollment had not been established.

*Reporting*

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with Reporting requirements. The School Corporation was responsible for providing information that was used to compile the State's Per Pupil Expenditure report. This information was provided to the State via the financial information in School Form 9. In order to ensure accurate reporting of School Form 9, it was signed by the Treasurer, Superintendent of Schools, and President of the School Board. Although the reports were signed by the appropriate individuals, there was no review or other control in place to ensure the accuracy of the reports prior to submission.

*Equipment and Real Property Management*

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with Equipment and Real Property Management requirements. The School Corporation had not implemented effective procedures to ensure the accuracy of the Title I equipment inventory. An oversight or review process had not been established.

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

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

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

LAKE RIDGE SCHOOLS  
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(Continued)

The failure to establish internal controls could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could have resulted 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.

***FINDING 2015-012 - IMPROVING TEACHER QUALITY STATE GRANTS***

Federal Agency: Department of Education  
Federal Program: Improving Teacher Quality State Grants  
CFDA Number: 84.367  
Federal Award Numbers: 11-4650, 12-4650, 13-4650  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability, Level of Effort, and Special Tests and Provisions - Assessment of Need. 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 have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability*

The School Corporation had not properly implemented effective controls over Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Availability. For the first 18 months of the audit period, the Deputy Treasurer prepared accounts payable vouchers, then stamped the Treasurer's signature on the vouchers to document a review process.

*Level of Effort - Supplement Not Supplant*

The School Corporation had not implemented adequate internal controls to ensure compliance with Level of Effort - Supplement Not Supplant requirements. The budgeting process was performed by the Assistant Superintendent with assistance from the Administrative Assistant. The Treasurer received the budget allocation; however, there was no evidence that the budget was reviewed for compliance with the requirements.

*Special Tests and Provisions - Assessment of Need*

The School Corporation had not implemented adequate internal controls to ensure compliance with the Special Tests and Provisions - Assessment of Need requirements. The program required a Comprehensive Needs Assessment based on the School Improvement and Professional Development plan and the Teacher Evaluation plan. Each school prepared its improvement plan every year; however, there was no evidence to document the separation of duties of the preparation and review of the plans.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

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

The failure to establish internal controls could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

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

***FINDING 2015-013 - EQUIPMENT AND REAL PROPERTY MANAGEMENT***

Federal Agency: Department of Health and Human Services  
Federal Program: Head Start  
CFDA Number: 93.600  
Federal Award Years: FY 2013, FY 2014, FY 2015  
Pass-Through Entity: Geminus Corporation

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Equipment and Real Property Management compliance requirement. The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with Equipment and Real Property Management requirements. There were no controls in place to ensure that equipment purchased with federal program funds was properly recorded in the records. An oversight, review, or approval process had not been established.

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 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.

LAKE RIDGE 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 have enabled material noncompliance to go undetected. The failure to comply with the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, to ensure compliance with the Equipment and Real Property Management requirements of the program.

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#### AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



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February 2016

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING 2013-003**

Original Assigned SBA Audit Report Number: B43555

Report Period: July 1, 2011 to June 30, 2013

Pass-Through Entity or Federal Grantor Agency: U.S. Department of Education

Federal Program: Education Jobs Fund

CFDA Number: 84.410

Federal Award Number and Year (or Other Identifying Number): None

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Edward Sopko, Treasurer  
Chris Akers, Deputy Treasurer *CA*  
Laura Hubinger, Business Manager

Contact Phone Number: 219/838-1819

Status of Audit Finding: Current

The corrective action plan for this grant specifically is complete. The grant concluded prior to the beginning of this audit period. However, we did take heed on the recommendation of grant monitoring for this grant and have applied it to the other federal and state grants and are compliant with the requests of the Indiana State Board of Accounts and the Uniformity of Accounting Regulations.

*Laura Hubinger*  
\_\_\_\_\_  
(Signature)

*Business Manager*  
\_\_\_\_\_  
(Title)

*2/23/16*  
\_\_\_\_\_  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

**SUPERINTENDENT**

Sharon Johnson-Shirley, Ed.D.

**ASSISTANT SUPERINTENDENT**

Janet Flores

**Business Manager**

Laura Hubinger

**BOARD OF SCHOOL TRUSTEES**

- Mr. Kenneth Buckley
- Mr. Jonathan Evans
- Mr. Glenn Johnson
- Ms. Kim Osteen
- Mr. Dan Diehl



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February 2016

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2013-004**

Original Assigned SBA Audit Report Number: B43555

Report Period: July 1, 2011 to June 30, 2013

Pass-Through Entity or Federal Grantor Agency: U.S. Department of Health and Human Services

Federal Program: Head Start

CFDA Number: 93.600

Federal Award Number and Year (or Other Identifying Number): FY2011, FY2012, FY2013

Pass-Through Entity: Geminus Corporation

Contact Person Responsible for Corrective Action: Sandi Sweeney, Program Director; Edward Sopko, Treasurer; Chris Akers, Deputy Treasurer; Laura Hubinger, Business Manager

Contact Phone Number: 219/838-1819

Status of Audit Finding: Current with Continued Effort

Each year the business office reviews the expenses that are proportionately attributed to the Head Start Program. This is done by reviewing the standard expenses, such as: Utilities, Water, Rental, Phone, etc. The district/board accepts the proportionate calculation of square footage, and student population. However, there are regulations that are provided by Geminus of what they accept as in-kind contributions, for the 2015-16 school year, Geminus indicated that they needed to utilize the administrative costs for their efforts, therefore causing us to recalculate the in-kind. We stay within the guidelines provided by the Head Start Geminus Program by a 20% threshold unless otherwise indicated by Geminus. The district recalculates each year the In-Kind for the program based on current expenses.

*Laura Hubinger*  
\_\_\_\_\_  
(Signature)

*Business Manager*  
\_\_\_\_\_  
(Title)

*2/23/16*  
\_\_\_\_\_  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

**SUPERINTENDENT**  
Sharon Johnson-Shirley, Ed.D.  
**ASSISTANT SUPERINTENDENT**  
Janet Flores

**Business Manager**  
Laura Hubinger

**BOARD OF SCHOOL TRUSTEES**  
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February 2016

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING 2013-005**

Original Assigned SBA Audit Report Number: B43555

Report Period: July 1, 2011 to June 30, 2013

Pass-Through Entity or Federal Grantor Agency: U.S. Department of Health and Human Services

Federal Program: Head Start

CFDA Number: 93.600

Federal Award Number and Year (or Other Identifying Number): FY2011, FY2012, FY2013

Pass-Through Entity: Geminus Corporation

Contact Person Responsible for Corrective Action: Sandi Sweeney, Program Director; Edward Sopko, Treasurer; Chris Akers, Deputy Treasurer; Laura Hubinger, Business Manager

Contact Phone Number: 219/838-1819

Status of Audit Finding: Current with Continued Effort

As of February of 2014, when the outline was provided by previous auditors, additional controls were established and training of staff commenced. Program Directors are to review and provide copy of grant applications to the Treasurer. Approved grants and budgets are provided and budgets/appropriations are entered onto the financial system by the deputy treasurer. Requests for purchases are approved by the program directors and approved by the treasurer and/or business manager. Once the purchase is satisfied, the invoice is approved by the program directors the deputy treasurer processes the payment which is then reviewed by the treasurer and submitted to the board for approval on the board payment docket. Reimbursement requests are reviewed by the deputy treasurer and program director, and then submitted to the treasurer to prepare and final review by the business manager. This process is tested periodically by the business manager when working with program directors during the budget process. Ongoing methods are being worked on for the reporting that is asked for by Geminus, if the report is financial in nature efforts are being made to provide those reports to the Treasurer and Deputy Treasurer for further review, a spreadsheet is prepared by the deputy treasurer that assists with the review of the financial report which is then submitted to the program director to verify, then the program director signs, and returns to deputy treasurer who signs, and the treasurer reviews and signs, and finally reviewed and signed by the Superintendent. The report is sent to the program director for submission to Geminus. Additionally, equipment/assets are tagged with an indicator of the program responsible for the purchase and for this finding specifically Head Start.

As in typical manner, expenses and receipts are processed by the deputy treasurer and payroll functions are secured by the payroll/benefit coordinator. The treasurer reviews these transactions bi-weekly and monthly. The treasurer reconciles all expenses and revenues, submits the reconciliation to the business manager and subsequently to the board of trustees. This is periodically tested by the business manager by way of the business manager will perform reconciliation processes and provide to Treasurer for review and then subsequently to the board of trustees.

**SUPERINTENDENT**

Sharon Johnson-Shirley, Ed.D.

**ASSISTANT SUPERINTENDENT**

Janet Flores

**Business Manager**

Laura Hubinger

**BOARD OF SCHOOL TRUSTEES**

Mr. Kenneth Buckley

Mr. Jonathan Evans

Mr. Glenn Johnson

Ms. Kim Osteen

Mr. Dan Diehl

All reporting that is required by the DOE-Division of Finance such as Form 9 is submitted in a timely manner. This report includes all district funds, including state and federal funding. This is prepared by the Treasurer and reviewed by the business manager, and submitted to the board for review and approval as required by the DOE-Division of Finance.

Laura Hubinger  
(Signature)

Business Manager  
(Title)

2/23/16  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

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February 2016

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

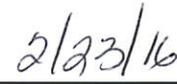
**FINDING 2013-006**

Original Assigned SBA Audit Report Number: B43555  
Report Period: July 1, 2011 to June 30, 2013  
Pass-Through Entity or Federal Grantor Agency: U.S. Department of Health and Human Services  
Federal Program: Head Start  
CFDA Number: 93.600  
Federal Award Number and Year (or Other Identifying Number): FY2011, FY2012, FY2013  
Pass-Through Entity: Geminus Corporation  
Contact Person Responsible for Corrective Action: Sandi Sweeney, Program Director; Edward Sopko, Treasurer; Chris Akers, Deputy Treasurer; Laura Hubinger, Business Manager  
Contact Phone Number: 219/838-1819  
Status of Audit Finding: Current with Continued Effort

It was reported that reimbursement requests to Geminus were not done prepared in a consistent manner; the program director has been instructed to complete monthly reimbursement requests on a consistent time frame to be submitted to the treasurer and thus the treasurer will submit properly. A separate balancing spreadsheet is being prepared by the deputy treasurer to assist with this process.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

**SUPERINTENDENT**  
Sharon Johnson-Shirley, Ed.D.  
**ASSISTANT SUPERINTENDENT**  
Janet Flores

**Business Manager**  
Laura Hubinger

**BOARD OF SCHOOL TRUSTEES**  
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February 2016

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2013-007**

Original Assigned SBA Audit Report Number: B43555

Report Period: July 1, 2011 to June 30, 2013

Pass-Through Entity or Federal Grantor Agency: U.S. Department of Health and Human Services

Federal Program: Head Start

CFDA Number: 93.600

Federal Award Number and Year (or Other Identifying Number): FY2011, FY2012, FY2013

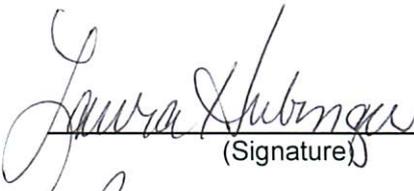
Pass-Through Entity: Geminus Corporation

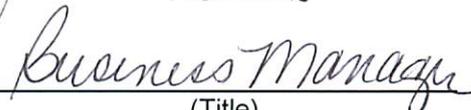
Contact Person Responsible for Corrective Action: Sandi Sweeney, Program Director; Edward Sopko, Treasurer; Chris Akers, Deputy Treasurer; Laura Hubinger, Business Manager

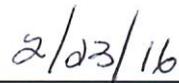
Contact Phone Number: 219/838-1819

Status of Audit Finding: Current with Continued Effort

All salaries are approved by the governing board. If an employee performs multiple duties for jobs that are supported by separate federal funds, the employee is keeping maintenance of effort/time sheets reflecting the time spent proportionately and fairly.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

**SUPERINTENDENT**  
Sharon Johnson-Shirley, Ed.D.  
**ASSISTANT SUPERINTENDENT**  
Janet Flores

**Business Manager**  
Laura Hubinger

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February 2016

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS****FINDING 2013-008**

Original Assigned SBA Audit Report Number: B43555

Report Period: July 1, 2011 to June 30, 2013

Pass-Through Entity or Federal Grantor Agency: U.S. Department of Education

Federal Program: 21<sup>st</sup> Century Community Learning

CFDA Number: 93.600

Federal Award Number and Year (or Other Identifying Number): FY2010, FY2011, FY2012, FY2013, FY2014

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Sandi Sweeney, Program Director; Edward Sopko, Treasurer; Chris Akers, Deputy Treasurer; Laura Hubinger, Business Manager

Contact Phone Number: 219/838-1819

Status of Audit Finding: Current with Continued Effort

As of February of 2014, when the outline was provided by previous auditors, additional controls were established and training of staff commenced. Program Directors are to review and provide copy of grant applications to the Treasurer. Approved grants and budgets are provided and budgets/appropriations are entered onto the financial system by the deputy treasurer. Requests for purchases are approved by the program directors and approved by the treasurer and/or business manager. Once the purchase is satisfied, the invoice is approved by the program directors the deputy treasurer processes the payment which is then reviewed by the treasurer and submitted to the board for approval on the board payment docket. Reimbursement requests are reviewed by the deputy treasurer and program director, and then submitted to the treasurer to prepare and final review by the business manager. This process is tested periodically by the business manager when working with program directors during the budget process. Ongoing methods are being worked on for the reporting that is requested by the Indiana Department of Education; if the report is financial in nature efforts are being made to provide those reports to the Treasurer and Deputy Treasurer for further review.

As in typical manner, expenses and receipts are processed by the deputy treasurer and payroll functions are secured by the payroll/benefit coordinator. The treasurer reviews these transactions bi-weekly and monthly. The treasurer reconciles all expenses and revenues, submits the reconciliation to the business manager and subsequently to the board of trustees. This is periodically tested by the business manager by way of the business manager will perform reconciliation processes and provide to Treasurer for review and then subsequently to the board of trustees.

All reporting that is required by the DOE-Division of Finance such as Form 9 is submitted in a timely manner. This report includes all district funds, including state and federal funding. This is prepared by the Treasurer and reviewed by the business manager, and submitted to the board for review and approval as required by the DOE-Division of Finance.

**SUPERINTENDENT**

Sharon Johnson-Shirley, Ed.D.

**ASSISTANT SUPERINTENDENT**

Janet Flores

**Business Manager**

Laura Hubinger

**BOARD OF SCHOOL TRUSTEES**

Mr. Kenneth Buckley

Mr. Jonathan Evans

Mr. Glenn Johnson

Ms. Kim Osteen

Mr. Dan Diehl

*Laura Subinger*  
\_\_\_\_\_  
(Signature)

*Business Manager*  
\_\_\_\_\_  
(Title)

*2/23/16*  
\_\_\_\_\_  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

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February 2016

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

***FINDING 2013-009***

Original Assigned SBA Audit Report Number: B43555

Report Period: July 1, 2011 to June 30, 2013

Pass-Through Entity or Federal Grantor Agency: U.S. Department of Education

Federal Program: 21<sup>st</sup> Century Community Learning

CFDA Number: 93.600

Federal Award Number and Year (or Other Identifying Number): FY2010, FY2011, FY2012, FY2013, FY2014

Pass-Through Entity: Indiana Department of Education

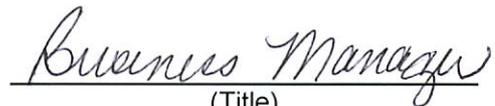
Contact Person Responsible for Corrective Action: Sandi Sweeney, Program Director; Edward Sopko, Treasurer; Chris Akers, Deputy Treasurer; Laura Hubinger, Business Manager

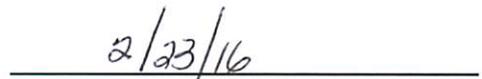
Contact Phone Number: 219/838-1819

Status of Audit Finding: Current with Continued Effort

All salaries are approved by the governing board. If an employee performs multiple duties for jobs that are supported by separate federal funds, the employee is keeping maintenance of effort/time sheets reflecting the time spent proportionately and fairly.

  
(Signature)

  
(Title)

  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

**SUPERINTENDENT**  
Sharon Johnson-Shirley, Ed.D.  
**ASSISTANT SUPERINTENDENT**  
Janet Flores

**Business Manager**  
Laura Hubinger

**BOARD OF SCHOOL TRUSTEES**  
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February 2016

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*****FINDING 2013-010***

Original Assigned SBA Audit Report Number: B43555

Report Period: July 1, 2011 to June 30, 2013

Pass-Through Entity or Federal Grantor Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.555, 10.553

Federal Award Number and Year (or Other Identifying Number): FY201-12, FY2012-13

Pass-Through Entity: Indiana Department of Education *trc*

Contact Person Responsible for Corrective Action: Toni Rattray, Manager/Chartwells, Edward Sopko, Treasurer; Chris Akers, Deputy Treasurer; Laura Hubinger, Business Manager

Contact Phone Number: 219/838-1819

Status of Audit Finding: Current with Continued Effort

The building level clerical would have parents complete free/reduced lunch applications, and indicate the desire for textbook assistance. The building level clerical would also request proof of income at the time the application was submitted. The clerical staff would approve the application based on the income guide lines provided by the state. Applications were kept on file at the building level, the district food service manager would randomly select based on percent of free/reduced approved accounts and request for verification of income from the parent. Letters were sent via mail. In the last response I discussed new K12 administrative software that purchase could not happen financially until 2015. Lunch applications are completed during the registration process electronically, and the software will mark accounts free, reduced or paid and marked for textbook assistance if asked. The application is signed with parent electronic signature. Applications are reviewed by the district food service department, and letters are sent to those who are approved, when direct certification is processed electronically letters of approval are sent to the parents. The director of the food service division electronically selects at random by the new software for the 2015-16 school year a percent of applications for free/reduced/textbook assistance to verify information, income, and requests the information to be sent to that office to review.

Monthly lunch reimbursements were handled by the director of food service, and submitted. This will be reviewed by the assistant director as a double check, and submitted to treasurer and verified by initialling prior to submission of the monthly reports.

The annual financial report checking process was corrected prior to the end of the last audit review, prior to the director submitting the annual report it is reviewed and verified by the treasurer.

Segregation of duties is now selected with review of the director of food service, assistant director of food service and treasurer. This process will be tested by the business manager by randomly reviewing the process and reports.

**SUPERINTENDENT**

Sharon Johnson-Shirley, Ed.D.

**ASSISTANT SUPERINTENDENT**

Janet Flores

**Business Manager**

Laura Hubinger

**BOARD OF SCHOOL TRUSTEES**

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Mr. Jonathan Evans

Mr. Glenn Johnson

Ms. Kim Osteen

Mr. Dan Diehl

Suspension and disbarment for product and service providers are checked by Chartwells, they indicate that they attest that they do not use vendors that appear on the suspension or disbarment listing. The on-going process with this is to continue to monitor vendors that are utilized and have included with contracts/and-or/I-9 paper work to have vendors complete and attestation form that indicates that they are not suspended or disbarred.

*Yaura Hubinger*  
(Signature)

*Business Manager*  
(Title)

*2/23/16*  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

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February 2016

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

***FINDING 2013-011***

Original Assigned SBA Audit Report Number: B43555

Report Period: July 1, 2011 to June 30, 2013

Pass-Through Entity or Federal Grantor Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.555, 10.553

Federal Award Number and Year (or Other Identifying Number): FY201-12, FY2012-13

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Toni Rattray, Manager/Chartwells, Edward Sopko, Treasurer; <sup>LA</sup> Chris Akers, Deputy Treasurer; Laura Hubinger, Business Manager

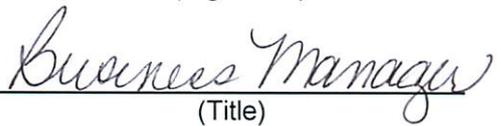
Contact Phone Number: 219/838-1819

Status of Audit Finding: Current with Continued Effort

All technology equipment is asset tagged by the Lake Ridge New Tech district technology. If additional assets such as equipment other than technology are purchased over \$300 it will be asset tagged by the district facilities group. This area is under new leadership and a tagging process is being developed.

If equipment (technology or otherwise) is purchased over \$300 this will be included in the annual report.

  
(Signature)

  
(Title)

  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

**SUPERINTENDENT**  
Sharon Johnson-Shirley, Ed.D.  
**ASSISTANT SUPERINTENDENT**  
Janet Flores

**Business Manager**  
Laura Hubinger

**BOARD OF SCHOOL TRUSTEES**  
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February 2016

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS****FINDING 2013-012**

Original Assigned SBA Audit Report Number: B43555

Report Period: July 1, 2011 to June 30, 2013

Pass-Through Entity or Federal Grantor Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.555, 10.553

Federal Award Number and Year (or Other Identifying Number): FY201-12, FY2012-13

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Toni Rattray, Manager/Chartwells, Edward Sopko, Treasurer; Chris Akers, Deputy Treasurer; Laura Hubinger, Business Manager

Contact Phone Number: 219/838-1819

Status of Audit Finding: Current with Continued Effort

This process is under continued evaluation; we are currently looking at a point of sale service software that can monitor this process. This study will take time, and if financially able implemented in the next school year.

Currently, the student/parent pre-pays for lunch or breakfast to the cafeteria or building treasurer. The treasurer receipts the funds into cafeteria fund in the pre-paid account and the student's account is updated in the point of sale software (Nutri-Kids). On a monthly basis the treasurer sends to the business office payment for all pre-paid money received that month. It is reviewed by the deputy treasurer reviews and balances to the pre-pay reports and receipts the funds into Fund 840 (pre-pay), the deputy treasurer provides the documentation and proof of receipt to the district food service manager to review and check to the daily reports that the manager receives from each building. We will have the district food service manager initial as indication of the review. A report is generated by each building; the district food service manager generates a district report of the pre-paid lunch for the month. The manager sends to the business office to further process the funds that are account balances used/lunches purchased from the students pre-pay account and Fund 840 is charged and the revenue is receipted into Fund 800. We will begin immediately on a monthly basis to have the district food service manager add the student balance report as an additional tool for checking the funds used in pre-pay accounts.

If a student does not have money to purchase food, the cafeteria does let the student charge the food to their account. This is allowable only twice, collection process done at the district level food service manager and building level treasurer. If the student does not have money for the third day they are served a sandwich, fruit and milk. We will work with NEOLA and Chartwells to develop an administrative guideline to outline this procedure.

As outlined in our policy, our forms for students who leave the district request any refunds of monies that would be owed to them. Once the form is approved for withdrawal or transfer, the refund is disbursed from the business office, because those funds would already be accounted for in the pre-paid fund. We do not encounter many student/parent account balances, if that does occur the balances are transferred

**SUPERINTENDENT**

Sharon Johnson-Shirley, Ed.D.

**ASSISTANT SUPERINTENDENT**

Janet Flores

**Business Manager**

Laura Hubinger

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Mr. Kenneth Buckley

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Mr. Dan Diehl

to the next school year for that student.

We tried the process at the beginning of 2014, and discovered the reporting capabilities were limited in Nutri-Kids. We reversed the transactions, worked with Nutri-Kids on better reporting tools and began the process in 2015. This is still being evaluated and monitored. The treasurer will continue to work with the district food service manager, building level treasurers and business manager to implement a controlled processing environment.

Laura Hubinger  
(Signature)

Business Manager  
(Title)

2/23/16  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

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February 2016

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

***FINDING 2013-013***

Original Assigned SBA Audit Report Number: B43555

Report Period: July 1, 2011 to June 30, 2013

Pass-Through Entity or Federal Grantor Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.555, 10.553

Federal Award Number and Year (or Other Identifying Number): FY201-12, FY2012-13

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Toni Rattray, Manager/Chartwells, Edward Sopko, Treasurer; Chris Akers, Deputy Treasurer; Laura Hubinger, Business Manager

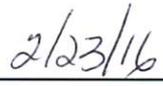
Contact Phone Number: 219/838-1819

Status of Audit Finding: Continued Effort

The process is to look up the vendors, as was done in this case during the bid process for the food service providers. None appeared on the Suspension and Debarment state web site, since the bidding vendors did not appear, nothing was printed and should have printed the screen. Steps will be taken to print screens of vendors not appearing. As the district enters into new contracts with vendors, the district will request that the vendors include and attest that they are a valid vendor/provider and that they have not been disbarred or suspended from doing business in the state or for the federal government. We will continue to monitor this progress.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

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**CORRECTIVE ACTION PLAN**

***FINDING 2015-001 Financial Transactions and Reporting***

Contact Person Responsible for Corrective Action: Laura Hubinger, Business Manager / Edward Sopko, Treasurer

Contact Phone Number: 219/838-1819

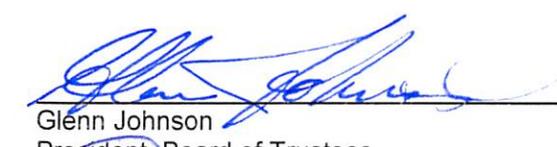
General Statement: Although the district respectfully disagrees with the finding, the district will commit to continued evaluation of internal controls and will be in compliance with the June 30, 2016 mandated regulatory requirements.

**Description of Corrective Action Plan:**

It was indicated that there were not controls over data entry and monitoring of the transactions that are entered into the financial system. All transactions are subject to security clearance, reviewed by the requestors, entered by the designated business official, and reviewed by the Treasurer and by the Business Manager. Additional cases involve the signature of the Grant Administrator, Superintendent and Board. The district takes exception to this finding, due to the nature that it gives the impression that no controls are in place. There have been several changes that have occurred to assist with the requirement of separation of duties and review. The district takes the position that if an official signs a document; we have taken in good faith that by evidence of the signature indicates that the official has reviewed such document. Additional signatures as proof of review and approval will be performed, including implementation of additional payroll approvals. The board has approved a third party to perform reviews of our internal controls to further enhance and strengthen our resolve to meet the upcoming monitoring requirements.

Anticipated Completion Date:  
Immediately

  
\_\_\_\_\_  
Dr. Sharon Johnson-Shirley  
Superintendent

  
\_\_\_\_\_  
Glenn Johnson  
President, Board of Trustees

  
\_\_\_\_\_  
Laura Hubinger  
Business Manager

  
\_\_\_\_\_  
Edward Sopko  
Treasurer

*April 28, 2016*



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CORRECTIVE ACTION PLAN

FINDING 2015-002 Cash Management

Contact Person Responsible for Corrective Action: Laura Hubinger, Business Manager / Toni Rattray, Director of Food Service-Chartwells
Contact Phone Number: 219/838-1819

General Statement: Although the district respectfully disagrees with the finding, the district will commit to continued evaluation of internal controls and will be in compliance with the June 30, 2016 mandated regulatory requirements.

Description of Corrective Action Plan:

It was indicated that there were not controls over the cash balance management not to exceed three months of expenses. The district has been working on monitoring in conjunction with Chartwells administration along with the Superintendent reviewing the expenses and cash balance over the course of the years audited. The district did take action and reinvested into the food service program by way of updating two school cafeteria areas. The district will create a monitoring cash management plan, and will have this approved by the board and will have the board review annually. The plan will contain signatures that will represent preparer, approver, Superintendent and Board of Trustees. The board has approved a third party to perform reviews of our internal controls to further enhance and strengthen our resolve to meet the upcoming monitoring requirements.

Anticipated Completion Date: Immediately

Signature of Sharon Johnson-Shirley
Dr. Sharon Johnson-Shirley
Superintendent

Signature of Glenn Johnson
Glenn Johnson
President, Board of Trustees

Signature of Laura Hubinger
Laura Hubinger
Business Manager

Signature of Edward Sopko
Edward Sopko
Treasurer

Signature of Toni Rattray
Toni Rattray
Director of Food Service, Chartwells

April 28, 2016

SUPERINTENDENT
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ASSISTANT SUPERINTENDENT
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Laura Hubinger

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FINDING 2015-003 Eligibility

Contact Person Responsible for Corrective Action: Laura Hubinger, Business Manager / Toni Rattray, Director of Food Service-Chartwells
Contact Phone Number: 219/838-1819

General Statement: Although the district respectfully disagrees with the finding, the district will commit to continued evaluation of internal controls and will be in compliance with the June 30, 2016 mandated regulatory requirements.

Description of Corrective Action Plan:

It was indicated that in the board policy that the principal determines the eligibility of students that qualify for free/reduced lunch priced meals. The district complies with the regulation set forth by the Indiana Food Nutrition free/reduced lunch price meal income qualifications. The district has moved to an automated process that upon application completion by the parent, the system will auto check the criteria that will qualify the student/child status. The applications are reviewed by clerical, technical staff, assistant food service director and food service director. The Business Manager will verify and sign verification that the criteria for qualifications that are annually provided by the Food Service Administration are properly entered into the automated computer system. The previous process was reviewed; however additional signatures were not present. Additional monitoring controls will be put into place and followed with additional reviews with signatures being provided to ensure that by way of signature that documents are properly read and reviewed. A consideration will be presented to the board to add to the policy to include statements such as "the principal or as determined by the internal control guidelines". This will be approved by the board on or before June 30, 2016. The board has approved a third party to perform reviews of our internal controls to further enhance and strengthen our resolve to meet the upcoming monitoring requirements.

Anticipated Completion Date:
Immediately

[Signature of Dr. Sharon Johnson-Shirley]
Dr. Sharon Johnson-Shirley
Superintendent

[Signature of Glenn Johnson]
Glenn Johnson
President, Board of Trustees

[Signature of Laura Hubinger]
Laura Hubinger
Business Manager

[Signature of Edward Sopko]
Edward Sopko
Treasurer

[Signature of Toni Rattray]
Toni Rattray
Food Service Director, Chartwells

April 28, 2016

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*Jack*  
**FINDING 2015-004 Matching, Earmarking Reporting**

Contact Person Responsible for Corrective Action: Laura Hubinger, Business Manager/Sandi Sweeney, Director of Head Start-Grant Administrator  
Contact Phone Number: 219/838-1819

General Statement: Although the district respectfully disagrees with the finding, the district will commit to continued evaluation of internal controls and will be in compliance with the June 30, 2016 mandated regulatory requirements.

Description of Corrective Action Plan:

It was stated that we did not have adequate controls related to the in kind match and adequate reporting of the regulatory 10% of pre-school students with disabilities. The district does match the required 20%, the square foot usage by the Head Start was not properly reflected in the Geminus provided appraisal service, this has been corrected and will be reviewed after each appraisal. The district claimed \$12.00 per square foot and it was recommended that some areas of square footage should only be charged \$11.00 per square foot-this has been corrected. The district does comply with the 10% enrollment of special needs/disabilities student enrollment requirement. During this period of audit, the number of students that enrolled was below the required number, simply stated that the students that were reported are the only ones that enrolled. The Head Start Director will document each year the event that the district would not have special needs students that applied or enrolled. The board has approved a third party to perform reviews of our internal controls to further enhance and strengthen our resolve to meet the upcoming monitoring requirements.

Anticipated Completion Date:  
Immediately

Dr. Sharon Johnson-Shirley  
Superintendent

Glenn Johnson  
President, Board of Trustees

Laura Hubinger  
Business Manager

Edward Sopko  
Treasurer

Sandi Sweeney  
Director of Head Start/Grant Administrator

*April 28, 2016*

**SUPERINTENDENT**  
Sharon Johnson-Shirley, Ed.D.  
**ASSISTANT SUPERINTENDENT**  
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**Business Manager**  
Laura Hubinger

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FINDING 2015-005 Reporting

Contact Person Responsible for Corrective Action: Laura Hubinger, Business Manager/Toni Rattray, Director of Food Service-Chartwells
Contact Phone Number: 219/838-1819

General Statement: Although the district respectfully disagrees with the finding, the district will commit to continued evaluation of internal controls and will be in compliance with the June 30, 2016 mandated regulatory requirements.

Description of Corrective Action Plan:

It was stated that we had not implemented adequate procedures for oversight of monthly reporting. Reports are being reviewed by the Treasurer and supporting staff. We will now indicate proof by adding additional signatures to food service reports. Additionally, it was indicated that supper reimbursements and fresh produce reimbursements were reported under one option, we do not see that inadequate reporting finding on the previous two years reports as described in the annual financial report. If the auditor's intention was referring to the Form9, a review of such revenues and expenses for each program to ensure that each program available/utilized will be expanded to show the program revenues and expenses in a consistent manner. It should be noted that catering services are not required to be reported on the annual financial report. If the auditor's intention was referring to the Form9, catering will be reported in a more consistent manner going forward. The district will ensure that the SEFA reporting for all related food service nutrition program are identified under the correct CFDA cluster. The board has approved a third party to perform reviews of our internal controls to further enhance and strengthen our resolve to meet the upcoming monitoring requirements.

Anticipated Completion Date:
Immediately

[Signature of Sharon Johnson-Shirley]
Dr. Sharon Johnson-Shirley
Superintendent

[Signature of Glenn Johnson]
Glenn Johnson
President, Board of Trustees

[Signature of Laura Hubinger]
Laura Hubinger
Business Manager

[Signature of Edward Sopko]
Edward Sopko
Treasurer

[Signature of Toni Rattray]
Toni Rattray
Director of Food Service, Chartwells

April 28, 2016



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FINDING 2015-006 Verification of Free and Reduced Lunch Applications

Contact Person Responsible for Corrective Action: Laura Hubinger, Business Manager / Toni Rattray, Director of Food Service-Chartwells
Contact Phone Number: 219/838-1819

General Statement: Although the district respectfully disagrees with the finding, the district will commit to continued evaluation of internal controls and will be in compliance with the June 30, 2016 mandated regulatory requirements.

Description of Corrective Action Plan:

It was stated that we had not implemented adequate procedures for oversight or segregation of duties, yet the finding did not indicate that those procedures have changed due to the implementation of new software module assisting with review, documentation and approval of free/reduced lunch applications beginning with the 2015/2016 school year. The district will implement administrative guidelines to reflect the procedures to verify free/reduced lunch applications and outline the requirements for annual random verification. The board has approved a third party to perform reviews of our internal controls to further enhance and strengthen our resolve to meet the upcoming monitoring requirements.

Anticipated Completion Date:
Immediately

[Signature of Dr. Sharon Johnson-Shirley]
Dr. Sharon Johnson-Shirley
Superintendent

[Signature of Glenn Johnson]
Glenn Johnson
President, Board of Trustees

[Signature of Laura Hubinger]
Laura Hubinger
Business Manager

[Signature of Edward Sopko]
Edward Sopko
Treasurer

[Signature of Toni Rattray]
Toni Rattray
Director of Food Service, Chartwells

April 28, 2016



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**CORRECTIVE ACTION PLAN**

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***FINDING 2015-007 Paid Lunch Equity***

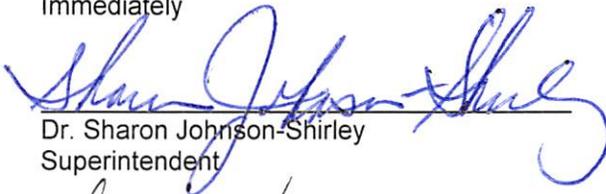
Contact Person Responsible for Corrective Action: Laura Hubinger, Business Manager / Toni Rattray, Director of Food Service-Chartwells  
Contact Phone Number: 219/838-1819

General Statement: Although the district respectfully disagrees with the finding, but agrees with the statement of annual approval of lunch prices. The district will commit to continued evaluation of internal controls and will be in compliance with the June 30, 2016 mandated regulatory requirements.

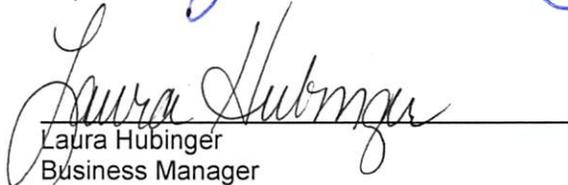
**Description of Corrective Action Plan:**

It was stated that we had not implemented adequate procedures and documentation of calculation of lunch prices. The finding did not indicate that the calculation was incorrect and that lunch prices have not changed for several years. The director of food service will work with the state nutrition division reporting unit as usual and will have the assistant director review and initial for accuracy. The calculation will be reviewed by the treasurer; each year the treasurer will prepare a written recommendation to the board to approve the annual lunch prices for the ensuing school year (which will contain adequate documentation). The board has approved a third party to perform reviews of our internal controls to further enhance and strengthen our resolve to meet the upcoming monitoring requirements.

Anticipated Completion Date:  
Immediately

  
\_\_\_\_\_  
Dr. Sharon Johnson-Shirley  
Superintendent

  
\_\_\_\_\_  
Glenn Johnson  
President, Board of Trustees

  
\_\_\_\_\_  
Laura Hubinger  
Business Manager

  
\_\_\_\_\_  
Edward Sopko  
Treasurer

  
\_\_\_\_\_  
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*April 28, 2016*



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CORRECTIVE ACTION PLAN

FINDING 2015-008 Child Nutrition Cluster

Contact Person Responsible for Corrective Action: Laura Hubinger, Business Manager / Toni Rattray, Director of Food Service-Chartwells
Contact Phone Number: 219/838-1819

General Statement: Although the district respectfully disagrees with the finding but agrees that one year renewal was not submitted to the board. The district will commit to continued evaluation of internal controls and will be in compliance with the June 30, 2016 mandated regulatory requirements.

Description of Corrective Action Plan:

It was stated that we did not receive adequate approval from the board of trustees to renew the Chartwells contract that was entered into June 2014. The contract is a 5 year contract and action must be taken by the board to renew annually and upon this annual renewal a letter from the provider (Chartwells) will be submitted indicating that they are in compliant with the Procurement Suspension and Debarment regulations. This was not done for the 2015-16 school year, but has since been corrected as of March 2016; additionally as of March 2016 the 2016-17 school year has been submitted and approved. The board has approved a third party to perform reviews of our internal controls to further enhance and strengthen our resolve to meet the upcoming monitoring requirements.

Anticipated Completion Date:
Immediately

[Signature of Sharon Johnson-Shirley]
Dr. Sharon Johnson-Shirley
Superintendent

[Signature of Glenn Johnson]
Glenn Johnson
President, Board of Trustees

[Signature of Laura Hubinger]
Laura Hubinger
Business Manager

[Signature of Edward Sopko]
Edward Sopko
Treasurer

[Signature of Toni Rattray]
Toni Rattray
Director of Food Service, Chartwells

April 28, 2016



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FINDING 2015-009 Level of Effort - Maintenance of Effort

Contact Person Responsible for Corrective Action: Laura Hubinger, Business Manager/Kathy Martin, Title I Director/Janet Flores, Assistant Superintendent-Grant Administration Title II/Northwest Indiana Special Education Service Center/Sandi Sweeney, Grant Administrator-Special Programs-State
Contact Phone Number: 219/838-1819

General Statement: Although the district respectfully disagrees with the finding, the district will commit to continued evaluation of internal controls and will be in compliance with the June 30, 2016 mandated regulatory requirements.

Description of Corrective Action Plan:

It was stated that we did not have adequate controls related to the segregation of duties and monitoring the above grant matters. We do have administration that monitor the use of grant funds which is subsequently tracked by administrative clerical staff and approved and reviewed by the designated grant administrators, business office staff and board. Additional reporting tools will be maintained and reviewed by each grant administrator to ensure that proper oversight, reviews and approval are performed. This will be presented to the treasurer on a monthly basis to review that the activities are related to the program. Evidence will be prepared to ensure that each grant administrator has reviewed the grant plan and the expenses and reported are reflected as such. The board has approved a third party to perform reviews of our internal controls to further enhance and strengthen our resolve to meet the upcoming monitoring requirements.

Anticipated Completion Date: Immediately

Signature of Sharon Johnson-Shirley, Superintendent

Signature of Glenn Johnson, President, Board of Trustees

Signature of Laura Hubinger, Business Manager

Signature of Edward Sopko, Treasurer

Signature of Kathy Martin, Title I Director

Signature of Janet Flores, Assistant Superintendent/Grant Administrator

Signature of Sandi Sweeney, Director of Special Programs

April 28, 2016



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**FINDING 2015- 010 Allowable Costs/Cost Principles**

Contact Person Responsible for Corrective Action: Laura Hubinger, Business Manager/Kathy Martin, Title I Director

Contact Phone Number: 219/838-1819

General Statement: Although the district respectfully disagrees with the finding, the district will commit to continued evaluation of internal controls and will be in compliance with the June 30, 2016 mandated regulatory requirements.

Description of Corrective Action Plan:

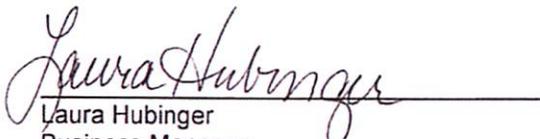
It was stated that we did not have adequate controls related to the allowable costs compliance requirements and monitoring the above grant matters. Although we do have administration that monitors the use of grant funds and subsequently tracked by administrative clerical staff and approved and reviewed by the designated grant administrators, business office staff and board, additional payroll reporting tools will be maintained and reviewed by each level to reflect proper maintenance of effort for employees paid by each indicated grant. The board has approved a third party to perform reviews of our internal controls to further enhance and strengthen our resolve to meet the upcoming monitoring requirements.

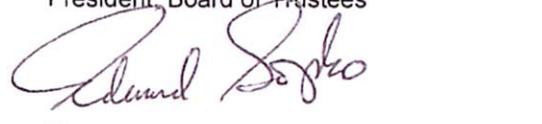
Anticipated Completion Date:

Immediately

  
Dr. Sharon Johnson-Shirley  
Superintendent

  
Glenn Johnson  
President, Board of Trustees

  
Laura Hubinger  
Business Manager

  
Edward Sopko  
Treasurer

  
Kathy Martin  
Title I Director

April 28, 2016

**SUPERINTENDENT**  
Sharon Johnson-Shirley, Ed.D.  
**ASSISTANT SUPERINTENDENT**  
Janet Flores

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Laura Hubinger

**BOARD OF SCHOOL TRUSTEES**  
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**FINDING 2015-2011 Title I Grants to Local Educational Agencies**

Contact Person Responsible for Corrective Action: Laura Hubinger, Business Manager/Kathy Martin, Title I Director

Contact Phone Number: 219/838-1819

General Statement: Although the district respectfully disagrees with the finding, the district will commit to continued evaluation of internal controls and will be in compliance with the June 30, 2016 mandated regulatory requirements.

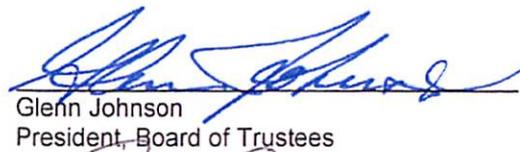
Description of Corrective Action Plan:

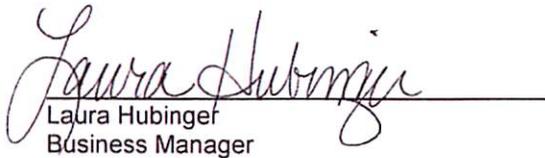
It was stated that we did not have adequate controls related to policies and or oversight, review or approve that activities were allowed per plan. The district follows the federal mandated allowable expenses put forth by the office of Title I funding management. Data is collected as required by the Department of Education and reported accordingly, reports are verified and additional review is done by the DOE. Reports are populated by the collection of several reporting requirements submitted by the district to the DOE. The Director of Title I and the technology data specialist will review the pre-populated enrollment figures reported on Eligible Schools Summary, and evidence of review will be indicated. Additionally, property purchased by Title I, is currently tagged, but will be reviewed by the Director of Title I and submit to the business office to provide to the asset inventory evaluator to include in fixed asset report. Currently the fixed asset report only includes assets that are over \$10,000 per board policy, for Title I and other grants the report will reflect assets purchased under the grant cluster will be included if the asset is \$5,000 and above. The board has approved a third party to perform reviews of our internal controls to further enhance and strengthen our resolve to meet the upcoming monitoring requirements.

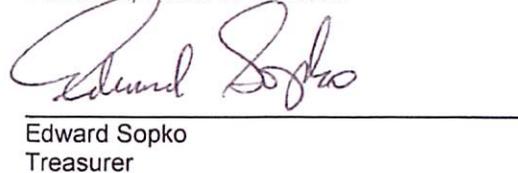
Anticipated Completion Date:

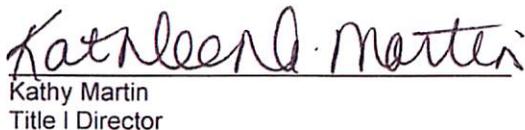
Immediately

  
Dr. Sharon Johnson-Shirley  
Superintendent

  
Glenn Johnson  
President, Board of Trustees

  
Laura Hubinger  
Business Manager

  
Edward Sopko  
Treasurer

  
Kathy Martin  
Title I Director

April 28, 2016

**SUPERINTENDENT**

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**ASSISTANT SUPERINTENDENT**

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FINDING 2015- 012 Improving Teacher Quality State Grants

Contact Person Responsible for Corrective Action: Laura Hubinger, Business Manager/Janet Flores, Assistant Superintendent-Grant Administration Title II
Contact Phone Number: 219/838-1819

General Statement: Although the district respectfully disagrees with the finding, the district will commit to continued evaluation of internal controls and will be in compliance with the June 30, 2016 mandated regulatory requirements.

Description of Corrective Action Plan:

It was stated that we did not have adequate controls related to policies and or oversight, review or approve that activities were allowed per plan. The district follows the federal mandated allowable expenses put forth by the office of Title II funding management. The grant administrator will review the allowable costs with the plan prior to submission of costs to the business office; additionally the grant administrator will review with the treasurer the plan and any changes to ensure that proper allowable costs are included in the plan. Evidence that this review has been completed will be present. Evidence will be present that the budget is reviewed by signature and/or initials. The board has approved a third party to perform reviews of our internal controls to further enhance and strengthen our resolve to meet the upcoming monitoring requirements.

Anticipated Completion Date:
Immediately

Signature of Sharon Johnson-Shirley
Dr. Sharon Johnson-Shirley
Superintendent

Signature of Glenn Johnson
Glenn Johnson
President, Board of Trustees

Signature of Laura Hubinger
Laura Hubinger
Business Manager

Signature of Edward Sopko
Edward Sopko
Treasurer

Signature of Janet Flores
Janet Flores
Assistant Superintendent/Grant Administrator

April 28, 2016

SUPERINTENDENT

Sharon Johnson-Shirley, Ed.D.

ASSISTANT SUPERINTENDENT

Janet Flores

Business Manager

Laura Hubinger

BOARD OF SCHOOL TRUSTEES

Mr. Kenneth Buckley

Mr. Dan Diehl

Mr. Jonathan Evans

Mr. Glenn Johnson

Mrs. Kimberly Osteen



6111 West Ridge Road, Gary, IN 46408

CORRECTIVE ACTION PLAN

Phone: 219-838-1819

Fax: 219-989-7802

Web: www.lakeridge.k12.in.us

FINDING 2015- 013 Equipment Management

Contact Person Responsible for Corrective Action: Laura Hubinger, Business Manager/Sandi Sweeney, Director of Head Start-Grant Administrator
Contact Phone Number: 219/838-1819

General Statement: Although the district respectfully disagrees with the finding, the district will commit to continued evaluation of internal controls and will be in compliance with the June 30, 2016 mandated regulatory requirements.

Description of Corrective Action Plan:

It was stated that we did not have adequate controls related to policies and or oversight or review of equipment purchased by Head Start Geminus. All purchases of equipment over \$5,000 is tagged per regulatory guidelines, Geminus provides a service to take inventory each year of the assets that are on site and purchased with Head Start Funds. The list will be provided to the Director of Head Start, who will review and initial and provide a copy to the business office. The business office will provide the list of equipment and will include it in the fixed asset inventory of equipment that is \$5,000 or more. The current board policy and fixed asset report has only assets that were \$10,000 or more. This will include all grant/Title purchases that are deemed to be \$5,000 or more. The board has approved a third party to perform reviews of our internal controls to further enhance and strengthen our resolve to meet the upcoming monitoring requirements.

Anticipated Completion Date:
Immediately

[Signature of Sharon Johnson-Shirley]
Dr. Sharon Johnson-Shirley
Superintendent

[Signature of Glenn Johnson]
Glenn Johnson
President, Board of Trustees

[Signature of Laura Hubinger]
Laura Hubinger
Business Manager

[Signature of Edward Sopko]
Edward Sopko
Treasurer

[Signature of Sandi Sweeney]
Sandi Sweeney
Director of Head Start/Grant Administrator

April 28, 2016

SUPERINTENDENT
Sharon Johnson-Shirley, Ed.D.
ASSISTANT SUPERINTENDENT
Janet Flores

Business Manager
Laura Hubinger

BOARD OF SCHOOL TRUSTEES
Mr. Kenneth Buckley
Mr. Dan Diehl
Mr. Jonathan Evans
Mr. Glenn Johnson
Mrs. Kimberly Osteen

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.