

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH LAWRENCE COMMUNITY SCHOOLS
LAWRENCE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
12/04/2015

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis	10-11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis	20-33
Schedule of Payables and Receivables	34
Schedule of Leases and Debt	35
Schedule of Capital Assets	37
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance	40-41
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	44-45
Notes to Schedule of Expenditures of Federal Awards	46
Schedule of Findings and Questioned Costs	47-50
Auditee Prepared Documents:	
Summary Schedule of Prior Audit Findings	52
Corrective Action Plan	53
Other Reports	54

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michele Cox Corbin E. Dietrich	07-01-12 to 06-30-15 07-01-15 to 06-30-16
Superintendent of Schools	Dr. Dennis D. Turner Gary Conner	07-01-12 to 06-30-15 07-01-15 to 06-30-16
President of the School Board	Jeff Lambrecht James Gary Holmes Larry Arnold	07-01-12 to 12-31-12 01-01-13 to 10-23-13 10-24-13 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTH LAWRENCE COMMUNITY
SCHOOLS, LAWRENCE COUNTY, INDIANA

Report on the Financial Statement

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 23, 2015, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

September 23, 2015



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 NORTH LAWRENCE COMMUNITY
SCHOOLS, LAWRENCE 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 North Lawrence Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated September 23, 2015, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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*.

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

September 23, 2015

(This page intentionally left blank.)

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.

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

	Cash and Investments 07-01-12		Other Financing Sources (Uses)		Cash and Investments 06-30-13		Other Financing Sources (Uses)		Cash and Investments 06-30-14	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 1,162,741	\$ 33,383,968	\$ 33,791,692	\$ 10,163	\$ 765,180	\$ 33,124,909	\$ 33,772,548	\$ 3,321	\$ 120,862	
Debt Service	2,563,436	4,669,412	4,441,917	32,908	2,823,839	4,385,048	4,445,581	(28,360)	2,734,946	
Retirement/Severance Bond Debt Service	262,538	982,282	869,324	(3,830)	371,666	882,630	868,390	-	385,906	
Capital Projects	2,240,048	2,771,357	4,651,139	(13,434)	346,832	4,464,515	2,704,701	-	2,106,646	
School Transportation	3,063,073	3,394,285	3,275,233	(14,586)	3,167,539	3,420,847	3,242,201	81,815	3,428,000	
School Bus Replacement	452,760	273,667	288	(1,059)	725,080	284,607	448,703	-	560,984	
Rainy Day	1,104,828	-	-	-	1,104,828	-	-	-	1,104,828	
Retirement/Severance Bond	508,653	523	13	-	509,163	1,924	-	-	511,087	
School Lunch	229,123	2,598,489	2,549,863	255	278,004	2,592,553	2,411,823	360	459,094	
Textbook Rental	562,648	700,162	711,167	-	551,643	692,165	555,756	28,360	716,412	
Self-Insurance	1,583,715	4,281,125	4,601,665	-	1,263,175	4,307,197	4,803,626	-	766,746	
Joint Services and Supply - Special Education Cooperative	(388,146)	1,712,237	1,431,318	-	(107,227)	1,645,588	1,482,011	-	56,350	
Joint Services and Supply - Area Vocational School	-	1,414,680	1,414,680	-	-	1,429,271	1,418,976	-	10,295	
Alternative Education	26,034	15,482	-	-	41,516	4,461	-	-	45,977	
SAFE School Haven	-	9,241	11,495	-	(2,254)	10,304	8,050	-	-	
Donations, Gifts and Trusts	1,449	5,000	5,156	-	1,293	150	-	-	1,443	
Wetlands Donation	3,454	-	-	-	3,454	-	-	-	3,454	
Community Reading Project	1,197	4,115	4,040	-	1,272	3,690	3,954	-	1,008	
Hutton Library Books	593	-	-	-	593	-	-	-	593	
Extra-Curricular Activities	6,209	-	1,676	-	4,533	-	1,002	-	3,531	
Cultural Arts	4,573	3,238	2,120	-	5,691	3,405	2,080	-	7,016	
Bloomington Arts Council	135	-	-	-	135	-	-	-	135	
Scholarships and Awards	100,294	66,159	66,000	-	100,453	73,600	74,800	-	99,253	
Pritchett Donation NLCC	3,265	-	-	-	3,265	-	-	-	3,265	
Pritchett Donation Building	2	-	-	-	2	-	-	-	2	
Instructional Support	35,417	-	13,903	-	21,514	48	4,400	-	17,162	
Gifted & Talented 12/13	16,980	51,938	66,016	-	2,902	43,304	44,146	-	2,060	
Non-English Speaking Programs P.L. 273-1999	761	-	761	-	-	-	-	-	-	
School Technology	104,882	119,203	29,327	-	194,758	120,669	68,532	-	246,895	
Miscellaneous Programs	-	339	948	-	(609)	11,183	11,363	-	(789)	

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

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

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
Excess PTRC Distributions	48,072	33,743	-	-	81,815	-	-	(81,815)	-
Title I FY 10/11	(16,611)	493,326	550,381	73,666	-	-	-	-	-
Title I FY 11/12	-	-	(9,287)	(9,287)	-	-	-	-	-
ECIA Title I P.L. 107-110 FY 12/13	-	678,972	642,393	(64,378)	(27,799)	106,403	76,371	-	2,233
ECIA Title I P.L. 107-110 FY 13/14	-	-	-	-	-	879,621	926,136	-	(46,515)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(71,498)	1,445,607	1,464,953	90,844	-	-	-	-	-
IDEA, Part B P.L. 105-17 FY 11/12	-	113,267	110,429	(1,323)	1,515	320,785	322,300	-	-
IDEA, Part B P.L. 105-17 FY 12/13	-	1,046,430	1,026,026	(89,522)	(69,118)	539,725	484,215	-	(13,608)
IDEA, Part B P.L. 105-17 FY 13/14	-	-	-	-	-	1,503,546	1,637,769	-	(134,223)
Federal Assistance Educational Preschool Handicapped	(2,766)	59,623	56,566	(291)	-	-	-	-	-
Preschool Handicap P.L. 99-457 FY 11/12	-	-	4,258	4,303	45	13,310	13,355	-	-
Preschool Handicap P.L. 99-457 FY 12/13	-	44,844	42,359	(4,013)	(1,528)	28,407	32,347	-	(5,468)
Preschool Handicap P.L. 99-457 FY 13/14	-	-	-	-	-	77,414	74,379	-	3,035
Preschool Handicap Technical Assistance	-	-	-	-	-	-	6,803	-	(6,803)
Vocational & Technology Board Grants FY 11/12	(5,076)	7,367	53,481	51,190	-	-	-	-	-
Vocational & Technology Board Grants FY 12/13	-	137,347	85,486	(51,190)	671	15,723	16,394	-	-
Vocational & Technology Board Grants FY 13/14	-	-	-	-	-	92,322	118,416	-	(26,094)
Other Educational Training Workshops	(2,096)	812	754	-	(2,038)	-	-	-	(2,038)
Improving Teaching Quality, No Child Left, Title II, Part A	(14,476)	125,967	115,145	3,654	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A FY2011	-	15,030	19,008	(706)	(4,684)	18,425	13,741	-	-
Improving Teaching Quality, No Child Left, Title II, Part A FY2012	-	93,631	93,976	(2,948)	(3,293)	47,259	43,966	-	-
Improving Teaching Quality, No Child Left, Title II, Part A FY2013	-	-	-	-	-	62,369	100,357	-	(37,988)
ITQ, Enhanced Education Through Technology, Title II, Part D	400	-	92	-	308	-	-	-	308
Title I - Grants to LEAs	9,280	-	9,280	-	-	-	-	-	-
Education Jobs	20	47,976	47,996	-	-	-	-	-	-
Payroll Clearing Accounts	232,033	9,799,628	9,777,826	-	253,835	9,919,636	10,012,688	-	160,783
Prepaid Lunch Trust	18,208	1,182	-	-	19,419	-	343	-	19,076
Totals	\$ 13,846,152	\$ 70,601,654	\$ 72,030,863	\$ 10,416	\$ 12,427,359	\$ 71,127,013	\$ 70,252,223	\$ 3,681	\$ 13,305,830

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

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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.

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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.

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

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

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.

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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 transfers between grant funds at year end.

Note 8. *Cash Balance Deficits*

The financial statement contains some funds with deficits in cash. This is a result of funds set up as reimbursable grants and activities. The reimbursement for expenditures made by the School Corporation was not received by June 30, 2014.

Note 9. *Holding Corporation*

The School Corporation has entered into a capital lease with North Lawrence School Improvement Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2013 and 2014 totaled \$2,478,000 and \$2,579,000, respectively.

Note 10. *Subsequent Events*

On October 22, 2014, the North Lawrence Community School Building Corporation entered into the Mortgage Refunding Bonds Series 2014 on behalf of the School Corporation in the amount of \$17,245,000. The proceeds from the bonds were used to retire the First Mortgage Bonds Series 2005.

(This page intentionally left blank.)

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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 1,162,741	\$ 2,563,436	\$ 262,538	\$ 2,240,048	\$ 3,063,073	\$ 452,760	\$ 1,104,828	\$ 508,653	\$ 229,123
Receipts:									
Local sources	656,737	4,669,412	982,282	2,636,320	3,383,285	273,667	-	523	1,115,739
Intermediate sources	18	-	-	-	-	-	-	-	-
State sources	32,565,418	-	-	-	-	-	-	-	38,509
Federal sources	152,000	-	-	-	-	-	-	-	1,432,480
Temporary loans	-	-	-	-	-	-	-	-	-
Other	9,795	-	-	135,037	11,000	-	-	-	11,761
Total receipts	33,383,968	4,669,412	982,282	2,771,357	3,394,285	273,667	-	523	2,598,489
Disbursements:									
Current:									
Instruction	24,027,376	-	-	-	-	-	-	13	-
Support services	9,469,285	-	-	2,296,901	3,275,233	288	-	-	735
Noninstructional services	295,031	-	-	-	-	-	-	-	2,462,990
Facilities acquisition and construction	-	-	-	2,354,238	-	-	-	-	86,138
Debt services	-	4,441,917	869,324	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	33,791,692	4,441,917	869,324	4,651,139	3,275,233	288	-	13	2,549,863
Excess (deficiency) of receipts over disbursements	(407,724)	227,495	112,958	(1,879,782)	119,052	273,379	-	510	48,626
Other financing sources (uses):									
Sale of capital assets	10,163	-	-	-	-	-	-	-	255
Transfers in	-	32,908	-	-	-	-	-	-	-
Transfers out	-	-	(3,830)	(13,434)	(14,586)	(1,059)	-	-	-
Total other financing sources (uses)	10,163	32,908	(3,830)	(13,434)	(14,586)	(1,059)	-	-	255
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(397,561)	260,403	109,128	(1,893,216)	104,466	272,320	-	510	48,881
Cash and investments - ending	\$ 765,180	\$ 2,823,839	\$ 371,666	\$ 346,832	\$ 3,167,539	\$ 725,080	\$ 1,104,828	\$ 509,163	\$ 278,004

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

	Textbook Rental	Self- Insurance	Joint Services and Supply - Special Education Cooperative	Joint Services and Supply - Area Vocational School	Alternative Education	SAFE School Haven	Donations, Gifts and Trusts	Wetlands Donation	Community Reading Project
Cash and investments - beginning	\$ 562,648	\$ 1,583,715	\$ (388,146)	\$ -	\$ 26,034	\$ -	\$ 1,449	\$ 3,454	\$ 1,197
Receipts:									
Local sources	503,440	2,619,694	1,710,935	1,414,680	10,000	-	5,000	-	4,115
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	196,722	-	-	-	5,482	9,241	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	1,661,431	1,302	-	-	-	-	-	-
Total receipts	700,162	4,281,125	1,712,237	1,414,680	15,482	9,241	5,000	-	4,115
Disbursements:									
Current:									
Instruction	-	-	247,245	1,198,207	-	-	176	-	-
Support services	711,167	-	1,162,073	216,473	-	11,495	-	-	4,040
Noninstructional services	-	-	-	-	-	-	4,980	-	-
Facilities acquisition and construction	-	-	22,000	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	4,601,665	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	711,167	4,601,665	1,431,318	1,414,680	-	11,495	5,156	-	4,040
Excess (deficiency) of receipts over disbursements	(11,005)	(320,540)	280,919	-	15,482	(2,254)	(156)	-	75
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,005)	(320,540)	280,919	-	15,482	(2,254)	(156)	-	75
Cash and investments - ending	\$ 551,643	\$ 1,263,175	\$ (107,227)	\$ -	\$ 41,516	\$ (2,254)	\$ 1,293	\$ 3,454	\$ 1,272

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

	Hutton Library Books	Extra- Curricular Activities	Cultural Arts	Bloomington Arts Council	Scholarships and Awards	Pritchett Donation NLCC	Pritchett Donation Building	Instructional Support
Cash and investments - beginning	\$ 593	\$ 6,209	\$ 4,573	\$ 135	\$ 100,294	\$ 3,265	\$ 2	\$ 35,417
Receipts:								
Local sources	-	-	3,238	-	66,159	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	3,238	-	66,159	-	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	2,120	-	-	-	-	13,903
Noninstructional services	-	1,676	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	66,000	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	1,676	2,120	-	66,000	-	-	13,903
Excess (deficiency) of receipts over disbursements	-	(1,676)	1,118	-	159	-	-	(13,903)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,676)	1,118	-	159	-	-	(13,903)
Cash and investments - ending	\$ 593	\$ 4,533	\$ 5,691	\$ 135	\$ 100,453	\$ 3,265	\$ 2	\$ 21,514

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

	Gifted & Talented 12/13	Non-English Speaking Programs P.L. 273-1999	School Technology	Miscellaneous Programs	Excess PTRC Distributions	Title I FY 10/11	Title I FY 11/12	ECIA Title I P.L. 107-110 FY 12/13
Cash and investments - beginning	\$ 16,980	\$ 761	\$ 104,882	\$ -	\$ 48,072	\$ (16,611)	\$ -	\$ -
Receipts:								
Local sources	-	-	114,538	-	-	-	-	2,233
Intermediate sources	-	-	-	-	-	-	-	-
State sources	51,938	-	4,665	-	33,743	-	-	-
Federal sources	-	-	-	-	-	493,326	-	676,739
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	339	-	-	-	-
Total receipts	51,938	-	119,203	339	33,743	493,326	-	678,972
Disbursements:								
Current:								
Instruction	66,016	-	-	-	-	476,982	(1,563)	574,551
Support services	-	761	154	948	-	68,174	(7,724)	56,586
Noninstructional services	-	-	-	-	-	5,225	-	11,256
Facilities acquisition and construction	-	-	29,173	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	66,016	761	29,327	948	-	550,381	(9,287)	642,393
Excess (deficiency) of receipts over disbursements	(14,078)	(761)	89,876	(609)	33,743	(57,055)	9,287	36,579
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	(9,287)	(64,378)
Transfers out	-	-	-	-	-	73,666	-	-
Total other financing sources (uses)	-	-	-	-	-	73,666	(9,287)	(64,378)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,078)	(761)	89,876	(609)	33,743	16,611	-	(27,799)
Cash and investments - ending	\$ 2,902	\$ -	\$ 194,758	\$ (609)	\$ 81,815	\$ -	\$ -	\$ (27,799)

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

	ECIA Title I P.L. 107-110 FY 13/14	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	IDEA Part B P.L. 105-17 FY 11/12	IDEA Part B P.L. 105-17 FY 12/13	IDEA Part B P.L. 105-17 FY 13/14	Federal Assistance Educational Preschool Handicapped	Preschool Handicap P.L. 99-457 FY 11/12	Preschool Handicap P.L. 99-457 FY 12/13
Cash and investments - beginning	\$ -	\$ (71,498)	\$ -	\$ -	\$ -	\$ (2,766)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	1,445,607	113,267	1,046,430	-	59,623	-	44,844
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	1,445,607	113,267	1,046,430	-	59,623	-	44,844
Disbursements:								
Current:								
Instruction	-	1,244,468	6,797	824,631	-	34,076	4,258	23,090
Support services	-	220,485	103,632	201,395	-	22,490	-	19,269
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	1,464,953	110,429	1,026,026	-	56,566	4,258	42,359
Excess (deficiency) of receipts over disbursements	-	(19,346)	2,838	20,404	-	3,057	(4,258)	2,485
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	(1,323)	(89,522)	-	-	4,303	(4,013)
Transfers out	-	90,844	-	-	-	(291)	-	-
Total other financing sources (uses)	-	90,844	(1,323)	(89,522)	-	(291)	4,303	(4,013)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	71,498	1,515	(69,118)	-	2,766	45	(1,528)
Cash and investments - ending	\$ -	\$ -	\$ 1,515	\$ (69,118)	\$ -	\$ -	\$ 45	\$ (1,528)

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

	Preschool Handicap P.L. 99-457 FY 13/14	Preschool Handicap Technical Assistance	Vocational & Technical Board Grants FY 11/12	Vocational & Technical Board Grants FY 12/13	Vocational & Technical Board Grants FY 13/14	Other Educational Training Workshops	Improving Teaching Quality, No Child Left, Title II, Part A	Improving Teaching Quality, No Child Left, Title II, Part A FY 2011
Cash and investments - beginning	\$ -	\$ -	\$ (5,076)	\$ -	\$ -	\$ (2,096)	\$ (14,476)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	1,250
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	7,367	137,347	-	-	125,967	13,780
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	812	-	-
Total receipts	-	-	7,367	137,347	-	812	125,967	15,030
Disbursements:								
Current:								
Instruction	-	-	14,765	31,327	-	-	52,197	-
Support services	-	-	38,716	54,159	-	754	62,948	19,008
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	53,481	85,486	-	754	115,145	19,008
Excess (deficiency) of receipts over disbursements	-	-	(46,114)	51,861	-	58	10,822	(3,978)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	(51,190)	-	-	-	(706)
Transfers out	-	-	51,190	-	-	-	3,654	-
Total other financing sources (uses)	-	-	51,190	(51,190)	-	-	3,654	(706)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	5,076	671	-	58	14,476	(4,684)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 671	\$ -	\$ (2,038)	\$ -	\$ (4,684)

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

	Improving Teaching Quality, No Child Left, Title II, Part A FY 2012	Improving Teaching Quality, No Child Left, Title II, Part A FY 2013	ITQ, Enhanced Education Through Technology, Title II, Part D	Title I - Grants to LEAs	Education Jobs	Payroll Clearing Accounts	Prepaid Lunch Trust	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 400	\$ 9,280	\$ 20	\$ 232,033	\$ 18,208	\$ 13,846,152
Receipts:								
Local sources	4,060	-	-	-	-	-	-	20,177,307
Intermediate sources	-	-	-	-	-	-	-	18
State sources	-	-	-	-	-	-	-	32,905,718
Federal sources	89,571	-	-	-	47,976	-	-	5,886,324
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	9,799,628	1,182	11,632,287
Total receipts	93,631	-	-	-	47,976	9,799,628	1,182	70,601,654
Disbursements:								
Current:								
Instruction	41,356	-	-	-	34,312	-	-	28,900,280
Support services	52,620	-	92	9,280	13,684	-	-	18,101,144
Noninstructional services	-	-	-	-	-	-	-	2,781,158
Facilities acquisition and construction	-	-	-	-	-	-	-	2,491,549
Debt services	-	-	-	-	-	-	-	5,311,241
Nonprogrammed charges	-	-	-	-	-	-	-	4,667,665
Interfund loans	-	-	-	-	-	9,777,826	-	9,777,826
Total disbursements	93,976	-	92	9,280	47,996	9,777,826	-	72,030,863
Excess (deficiency) of receipts over disbursements	(345)	-	(92)	(9,280)	(20)	21,802	1,182	(1,429,209)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	10,418
Transfers in	(2,948)	-	-	-	-	-	-	(186,156)
Transfers out	-	-	-	-	-	-	-	186,154
Total other financing sources (uses)	(2,948)	-	-	-	-	-	-	10,416
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,293)	-	(92)	(9,280)	(20)	21,802	1,182	(1,418,793)
Cash and investments - ending	\$ (3,293)	\$ -	\$ 308	\$ -	\$ -	\$ 253,835	\$ 19,390	\$ 12,427,359

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 765,180	\$ 2,823,839	\$ 371,666	\$ 346,832	\$ 3,167,539	\$ 725,080	\$ 1,104,828	\$ 509,163	\$ 278,004
Receipts:									
Local sources	557,852	4,385,048	882,630	3,082,730	3,413,934	284,607	-	1,924	1,105,573
Intermediate sources	39	-	-	-	-	-	-	-	-
State sources	32,557,689	-	-	-	-	-	-	-	25,484
Federal sources	-	-	-	-	-	-	-	-	1,448,356
Temporary loans	-	-	-	1,381,614	-	-	-	-	-
Other	9,329	-	-	171	6,913	-	-	-	13,140
Total receipts	<u>33,124,909</u>	<u>4,385,048</u>	<u>882,630</u>	<u>4,464,515</u>	<u>3,420,847</u>	<u>284,607</u>	<u>-</u>	<u>1,924</u>	<u>2,592,553</u>
Disbursements:									
Current:									
Instruction	22,984,411	-	-	-	-	-	-	-	-
Support services	10,482,977	-	-	1,306,743	3,242,201	448,703	-	-	656
Noninstructional services	297,560	-	-	-	-	-	-	-	2,372,760
Facilities acquisition and construction	7,600	-	-	1,054,010	-	-	-	-	38,407
Debt services	-	4,445,581	868,390	343,948	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	<u>33,772,548</u>	<u>4,445,581</u>	<u>868,390</u>	<u>2,704,701</u>	<u>3,242,201</u>	<u>448,703</u>	<u>-</u>	<u>-</u>	<u>2,411,823</u>
Excess (deficiency) of receipts over disbursements	<u>(647,639)</u>	<u>(60,533)</u>	<u>14,240</u>	<u>1,759,814</u>	<u>178,646</u>	<u>(164,096)</u>	<u>-</u>	<u>1,924</u>	<u>180,730</u>
Other financing sources (uses):									
Sale of capital assets	3,321	-	-	-	-	-	-	-	360
Transfers in	-	-	-	-	81,815	-	-	-	-
Transfers out	-	(28,360)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>3,321</u>	<u>(28,360)</u>	<u>-</u>	<u>-</u>	<u>81,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(644,318)</u>	<u>(88,893)</u>	<u>14,240</u>	<u>1,759,814</u>	<u>260,461</u>	<u>(164,096)</u>	<u>-</u>	<u>1,924</u>	<u>181,090</u>
Cash and investments - ending	<u>\$ 120,862</u>	<u>\$ 2,734,946</u>	<u>\$ 385,906</u>	<u>\$ 2,106,646</u>	<u>\$ 3,428,000</u>	<u>\$ 560,984</u>	<u>\$ 1,104,828</u>	<u>\$ 511,087</u>	<u>\$ 459,094</u>

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

	Textbook Rental	Self- Insurance	Joint Services and Supply - Special Education Cooperative	Joint Services and Supply - Area Vocational School	Alternative Education	SAFE School Haven	Donations, Gifts and Trusts	Wetlands Donation	Community Reading Project
Cash and investments - beginning	\$ 551,643	\$ 1,263,175	\$ (107,227)	\$ -	\$ 41,516	\$ (2,254)	\$ 1,293	\$ 3,454	\$ 1,272
Receipts:									
Local sources	499,053	2,559,394	1,644,496	1,428,989	-	-	150	-	3,690
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	193,112	-	-	-	4,461	10,304	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	1,747,803	1,092	282	-	-	-	-	-
Total receipts	692,165	4,307,197	1,645,588	1,429,271	4,461	10,304	150	-	3,690
Disbursements:									
Current:									
Instruction	-	-	360,156	1,223,833	-	-	-	-	-
Support services	555,756	-	1,110,855	195,143	-	8,050	-	-	3,954
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	11,000	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	4,803,626	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	555,756	4,803,626	1,482,011	1,418,976	-	8,050	-	-	3,954
Excess (deficiency) of receipts over disbursements	136,409	(496,429)	163,577	10,295	4,461	2,254	150	-	(264)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	28,360	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	28,360	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	164,769	(496,429)	163,577	10,295	4,461	2,254	150	-	(264)
Cash and investments - ending	\$ 716,412	\$ 766,746	\$ 56,350	\$ 10,295	\$ 45,977	\$ -	\$ 1,443	\$ 3,454	\$ 1,008

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

	Hutton Library Books	Extra- Curricular Activities	Cultural Arts	Bloomington Arts Council	Scholarships and Awards	Pritchett Donation NLCC	Pritchett Donation Building	Instructional Support
Cash and investments - beginning	\$ 593	\$ 4,533	\$ 5,691	\$ 135	\$ 100,453	\$ 3,265	\$ 2	\$ 21,514
Receipts:								
Local sources	-	-	3,405	-	73,600	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	48
Total receipts	-	-	3,405	-	73,600	-	-	48
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	2,080	-	-	-	-	4,400
Noninstructional services	-	1,002	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	74,800	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	1,002	2,080	-	74,800	-	-	4,400
Excess (deficiency) of receipts over disbursements	-	(1,002)	1,325	-	(1,200)	-	-	(4,352)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,002)	1,325	-	(1,200)	-	-	(4,352)
Cash and investments - ending	<u>\$ 593</u>	<u>\$ 3,531</u>	<u>\$ 7,016</u>	<u>\$ 135</u>	<u>\$ 99,253</u>	<u>\$ 3,265</u>	<u>\$ 2</u>	<u>\$ 17,162</u>

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

	Gifted & Talented 12/13	Non-English Speaking Programs P.L. 273-1999	School Technology	Miscellaneous Programs	Excess PTRC Distributions	Title I FY 10/11	Title I FY 11/12	ECIA Title I P.L. 107-110 FY 12/13
Cash and investments - beginning	\$ 2,902	\$ -	\$ 194,758	\$ (609)	\$ 81,815	\$ -	\$ -	\$ (27,799)
Receipts:								
Local sources	-	-	116,181	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	43,304	-	4,488	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	106,403
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	11,183	-	-	-	-
Total receipts	43,304	-	120,669	11,183	-	-	-	106,403
Disbursements:								
Current:								
Instruction	44,146	-	-	10,435	-	-	-	49,142
Support services	-	-	22,169	928	-	-	-	26,324
Noninstructional services	-	-	-	-	-	-	-	905
Facilities acquisition and construction	-	-	46,363	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	44,146	-	68,532	11,363	-	-	-	76,371
Excess (deficiency) of receipts over disbursements	(842)	-	52,137	(180)	-	-	-	30,032
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(81,815)	-	-	-
Total other financing sources (uses)	-	-	-	-	(81,815)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(842)	-	52,137	(180)	(81,815)	-	-	30,032
Cash and investments - ending	\$ 2,060	\$ -	\$ 246,895	\$ (789)	\$ -	\$ -	\$ -	\$ 2,233

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

	ECIA Title I P.L. 107-110 FY 13/14	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	IDEA Part B P.L. 105-17 FY 11/12	IDEA Part B P.L. 105-17 FY 12/13	IDEA Part B P.L. 105-17 FY 13/14	Federal Assistance Educational Preschool Handicapped	Preschool Handicap P.L. 99-457 FY 11/12	Preschool Handicap P.L. 99-457 FY 12/13
Cash and investments - beginning	\$ -	\$ -	\$ 1,515	\$ (69,118)	\$ -	\$ -	\$ 45	\$ (1,528)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	879,621	-	320,785	539,725	1,503,546	-	13,310	28,407
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	879,621	-	320,785	539,725	1,503,546	-	13,310	28,407
Disbursements:								
Current:								
Instruction	852,649	-	314,798	419,422	1,350,336	-	10,538	12,554
Support services	64,651	-	7,502	64,793	287,433	-	2,817	19,793
Noninstructional services	8,836	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	926,136	-	322,300	484,215	1,637,769	-	13,355	32,347
Excess (deficiency) of receipts over disbursements	(46,515)	-	(1,515)	55,510	(134,223)	-	(45)	(3,940)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(46,515)	-	(1,515)	55,510	(134,223)	-	(45)	(3,940)
Cash and investments - ending	\$ (46,515)	\$ -	\$ -	\$ (13,608)	\$ (134,223)	\$ -	\$ -	\$ (5,468)

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

	Preschool Handicap P.L. 99-457 FY 13/14	Preschool Handicap Technical Assistance	Vocational & Technical Board Grants FY 11/12	Vocational & Technical Board Grants FY 12/13	Vocational & Technical Board Grants FY 13/14	Other Educational Training Workshops	Improving Teaching Quality, No Child Left, Title II, Part A	Improving Teaching Quality, No Child Left, Title II, Part A FY 2011
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 671	\$ -	\$ (2,038)	\$ -	\$ (4,684)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	77,414	-	-	15,723	92,322	-	-	18,425
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>77,414</u>	<u>-</u>	<u>-</u>	<u>15,723</u>	<u>92,322</u>	<u>-</u>	<u>-</u>	<u>18,425</u>
Disbursements:								
Current:								
Instruction	38,237	-	-	1,446	43,392	-	-	-
Support services	36,142	6,803	-	14,948	75,024	-	-	13,741
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>74,379</u>	<u>6,803</u>	<u>-</u>	<u>16,394</u>	<u>118,416</u>	<u>-</u>	<u>-</u>	<u>13,741</u>
Excess (deficiency) of receipts over disbursements	<u>3,035</u>	<u>(6,803)</u>	<u>-</u>	<u>(671)</u>	<u>(26,094)</u>	<u>-</u>	<u>-</u>	<u>4,684</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,035</u>	<u>(6,803)</u>	<u>-</u>	<u>(671)</u>	<u>(26,094)</u>	<u>-</u>	<u>-</u>	<u>4,684</u>
Cash and investments - ending	<u>\$ 3,035</u>	<u>\$ (6,803)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,094)</u>	<u>\$ (2,038)</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Improving Teaching Quality, No Child Left, Title II, Part A FY 2012	Improving Teaching Quality, No Child Left, Title II, Part A FY 2013	ITQ, Enhanced Education Through Technology, Title II, Part D	Title I - Grants to LEAs	Education Jobs	Payroll Clearing Accounts	Prepaid Lunch Trust	Totals
Cash and investments - beginning	\$ (3,293)	\$ -	\$ 308	\$ -	\$ -	\$ 253,835	\$ 19,390	\$ 12,427,359
Receipts:								
Local sources	-	-	-	-	-	-	-	20,043,256
Intermediate sources	-	-	-	-	-	-	-	39
State sources	-	-	-	-	-	-	-	32,838,842
Federal sources	47,259	62,369	-	-	-	-	-	5,153,665
Temporary loans	-	-	-	-	-	-	-	1,381,614
Other	-	-	-	-	-	9,919,636	-	11,709,597
Total receipts	47,259	62,369	-	-	-	9,919,636	-	71,127,013
Disbursements:								
Current:								
Instruction	26,618	63,261	-	-	-	-	-	27,805,374
Support services	17,348	37,096	-	-	-	-	-	18,059,030
Noninstructional services	-	-	-	-	-	-	343	2,681,406
Facilities acquisition and construction	-	-	-	-	-	-	-	1,157,380
Debt services	-	-	-	-	-	-	-	5,657,919
Nonprogrammed charges	-	-	-	-	-	-	-	4,878,426
Interfund loans	-	-	-	-	-	10,012,688	-	10,012,688
Total disbursements	43,966	100,357	-	-	-	10,012,688	343	70,252,223
Excess (deficiency) of receipts over disbursements	3,293	(37,988)	-	-	-	(93,052)	(343)	874,790
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	3,681
Transfers in	-	-	-	-	-	-	-	110,175
Transfers out	-	-	-	-	-	-	-	(110,175)
Total other financing sources (uses)	-	-	-	-	-	-	-	3,681
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,293	(37,988)	-	-	-	(93,052)	(343)	878,471
Cash and investments - ending	\$ -	\$ (37,988)	\$ 308	\$ -	\$ -	\$ 160,783	\$ 19,047	\$ 13,305,830

NORTH LAWRENCE COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 3,458,951</u>	<u>\$ 270,700</u>

NORTH LAWRENCE COMMUNITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
NLCS Building Corp First Mortgage Bonds Series 2004	Renovations	2,096,000	3/23/2004	1/15/2026
NLCS Building Corp First Mortgage Bonds Series 2005	To finance the cost of acquiring land and building constructing and renovating lease premises	1,796,040	7/15/2005	1/15/2028
NLCS Building Corp QSCB 2010	Qualified Building Construction Bonds	<u>495,500</u>	12/9/2010	1/1/2016
Total governmental activities		<u>4,387,540</u>		
Total of annual lease payments		<u>\$ 8,775,080</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Amended Taxable Retirement/Severance Liability Funding Bonds of 2004		\$ 7,275,000	\$ 867,309
General obligation bonds	Common School Loan #A1358 under Public Law 216		\$ 7,275,000	\$ 865,853
Notes and loans payable	Common School Loan #A1358 under Public Law 216		99,900	99,900
2014 Advance Funding Program	Temporary Loan		<u>1,037,666</u>	<u>1,037,666</u>
Total governmental activities			<u>8,412,566</u>	<u>2,003,419</u>
Totals			<u>\$ 17,187,646</u>	<u>\$ 2,003,419</u>

(This page intentionally left blank.)

NORTH LAWRENCE COMMUNITY SCHOOLS
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2014

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

	Ending Balance
Governmental activities:	
Land	\$ 20,377
Infrastructure	875,985
Buildings	52,155,042
Improvements other than buildings	416,550
Machinery, equipment, and vehicles	6,128,354
Books and other	20,356,669
Total governmental activities	79,952,977
Total capital assets	\$ 79,952,977

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE NORTH LAWRENCE COMMUNITY
SCHOOLS, LAWRENCE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the North Lawrence Community Schools' (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014.

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

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 item 2014-001. 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

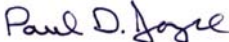
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

September 23, 2015

(This page intentionally left blank.)

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.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>US DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	2012-2014	\$ 280,724	\$ 282,793
National School Lunch Program	10.555			
School Lunch		2012-2014	1,113,439	1,130,352
After School Program		2012-2014	-	6,584
Commodities		2012-2014	<u>170,038</u>	<u>187,961</u>
Total National School Lunch Program			<u>1,283,477</u>	<u>1,324,897</u>
Summer Food Service Program For Children	10.559	2012-2014	<u>38,317</u>	<u>35,211</u>
Total - Child Nutrition Cluster			<u>1,602,518</u>	<u>1,642,901</u>
Total - US Department of Agriculture			<u>1,602,518</u>	<u>1,642,901</u>
<u>US DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		12-5075	146,748	-
		13-5075	1,023,318	106,403
		14-5075	<u>-</u>	<u>879,621</u>
Total - Title I Grants to Local Educational Agencies			<u>1,170,066</u>	<u>986,024</u>
Total - Title I, Part A Cluster			<u>1,170,066</u>	<u>986,024</u>
Pass-Through Indiana Department of Education				
Special Education Cluster				
Special Education-Grants to States	84.027			
		14211-049-PN01	133,760	-
		14212-049-PN01	263,110	143,172
		14213-049-PN01	771,506	243,001
		14214-049-PN01	<u>-</u>	<u>679,324</u>
Total - Special Education - Grants to States			<u>1,168,376</u>	<u>1,065,497</u>
Special Education - Preschool Grants	84.173			
		45711-049-PN01	4,564	-
		45712-049-PN01	8,795	6,131
		45713-049-PN01	38,174	14,219
		45714-049PN01	<u>-</u>	<u>38,949</u>
Total - Special Education - Preschool Grants			<u>51,533</u>	<u>59,299</u>
Total - Special Education Cluster			<u>1,219,909</u>	<u>1,124,796</u>

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>US DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education Career and Technical Education - Basic Grants to States	84.048			
		12-4700-5075	7,367	-
		13-4700-5075	137,347	15,723
		14-4700-5075	-	92,322
Total - Career and Technical Education-Basic Grants to States			<u>144,714</u>	<u>108,045</u>
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367			
		10-5075	10,723	-
		11-5075	65,741	18,425
		12-5075	152,855	47,259
		13-5075	-	62,369
Total - Improving Teacher Quality State Grants			<u>229,319</u>	<u>128,053</u>
Pass-Through Indiana Department of Education Title II, Part D - Enhancing Education Through Technology	84.318		90	-
Pass-Through Indiana Department of Education Education Jobs Fund	84.410		47,976	-
Total - US Department of Education			<u>2,812,074</u>	<u>2,346,918</u>
Total federal awards expended			<u>\$ 4,414,592</u>	<u>\$ 3,989,819</u>

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

NORTH LAWRENCE COMMUNITY 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, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
Child Nutrition Cluster:			
Food Commodities:			
National School Lunch Program	10.555	\$ 170,038	\$ 187,961

Note 3. Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative and serves as the fiscal agent for it. As a result, some activity for the Special Education Cluster that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFAs of the member school corporations as appropriate.

NORTH LAWRENCE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
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?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.367	Title I, Part A Cluster Special Education Cluster (IDEA) Improving Teacher Quality - State Grants

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

No matters are reportable.

NORTH LAWRENCE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-001 - MATCHING, LEVEL OF EFFORT, EARMARKING

Federal Agency: US Department of Education

Federal Program: Special Education - Grants to States and Special Education - Preschool Grants

CFDA Number: 84.027 and 84.173

Federal Award Number and Year (or Other Identifying Number): 14211-049-PN01, 14212-049-PN01,
14213-049-PN01, 14214-049-PN01,
45711-049-PN01, 45713-049-PN01,
45714-049-PN01

Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirement: Matching, Level of Effort, Earmarking.

The School Corporation did not retain supporting documentation for the level of effort (LOE) reported to the Indiana Department of Education. We were unable to verify the state and local expenditures for special education of students that was reported to the Indiana Department of Education. The following schedule discloses what the School Corporation reported and what we calculated as the LOE.

	<u>FISCAL YEAR 2012</u>	<u>FISCAL YEAR 2013</u>	<u>FISCAL YEAR 2014</u>	<u>FISCAL YEAR 2015</u>
Reported to Department of Education				
Level of Effort (LOE) Expenditures	\$ 4,144,392.07	\$ 4,442,439.98	\$ 4,144,398.50	\$ 4,157,730.89
Change in LOE Expenditures	n/a	298,047.91	0.72	13,332.39
Capita per Student	4,529.39	4,359.61	4,043.32	4,068.23
Change in Capita per Student	n/a	(169.78)	(316.29)	24.91
Auditor Calculation				
Level of Effort (LOE) Expenditures	3,281,235.16	3,229,813.39	3,263,518.04	3,200,858.49
Change in LOE Expenditures	n/a	(51,421.77)	33,704.65	(62,659.56)
Capita per Student	3,586.05	3,169.59	3,183.92	3,131.96
Change in Capita per Student	n/a	(416.46)	14.33	(51.96)

n/a = Not applicable

This schedule shows that the School Corporation did not meet the LOE for two of the last three years.

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

NORTH LAWRENCE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the 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.

34 CFR section 300.203 states:

"Maintenance of effort.

(a) *General.* Except as provided in §§ 300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures or the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.

(b) *Standard.*

- (1) Except as provided in paragraph (b)(2) of this section, the SEA must determine that an LEA complies with paragraph (a) of this section for purposes of establishing the LEA's eligibility for an award for a fiscal year if the LEA budgets, for the education of children with disabilities, at least the same total or per capita amount from either of the following sources as the LEA spent for that purpose from the same source for the most recent prior year for which information is available:
 - (i) Local funds only.
 - (ii) The combination of State and local funds.
- (2) An LEA that relies on paragraph (b)(1)(i) of this section for any fiscal year must ensure that the amount of local funds it budgets for the education of children with disabilities in that year is at least the same, either in total or per capita, as the amount it spent for that purpose in the most recent fiscal year for which information is available and the standard in paragraph (b)(1)(i) of this section was used to establish its compliance with this section.
- (3) The SEA may not consider any expenditures made from funds provided by the Federal Government for which the SEA is required to account to the Federal Government or for which the LEA is required to account to the Federal Government directly or through the SEA in determining an LEA's compliance with the requirement in paragraph (a) of this section."

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."

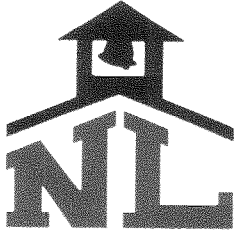
NORTH LAWRENCE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

We recommended that the School Corporation establish procedures and controls, including segregation of duties, related to the Matching, Level of Effort, Earmarking compliance requirement.

AUDITEE PREPARED DOCUMENTS

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



NORTH LAWRENCE COMMUNITY SCHOOLS

460 W Street • P.O. Box 729 • Bedford, IN 47421-0729
(812) 279-3521

SCHOOLS

August 21, 2015

Bedford North Lawrence High School

Bedford Middle School

Dollens Elementary School

Englewood School

Fayetteville Elementary School

Heltonville Elementary School

Lincoln Elementary School

Needmore Elementary School

Oolitic Middle School

Parkview Primary Elementary School

Parkview Intermediate Elementary School

Shawswick Elementary/Middle School

Springville Elementary School

Stalker Elementary School

North Lawrence Vocational Technical Center

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-1 – ALLOWABLE COSTS/COST PRINCIPLES – UNSUPPORTED PAYMENTS

Original Assigned SBA Audit Report Number:	B410940
Report Period:	7/1/2012-6/30/2014
Pass-Through Entity or Federal Grantor Agency:	IN Department of Ed
Contact Person Responsible for Corrective Action:	Corbin Dietrich
Contact Phone Number:	812-279-3521

Status of Audit Finding:

Terms of the Settlement Agreement were met Janet Jacobs made full restitution according to the Settlement Agreement in 2012.

Procedures were implemented to ensure that traveling employees are working where they are supposed to be. All joint services traveling employees sign in and out at the joint services office. They are also required to sign in upon arrival at each school building and sign out upon departure.

When staff turn in monthly mileage claims, a joint services secretary cross-references all sign-in sheets with the mileage claims prior to turning them in for reimbursement.

The Special Education Director also does random monthly audits of 1 to 2 staff members and compares work calendars and mileage claims.

The position of intense intervention consultant was also eliminated.

Corbin Dietrich
(Signature)

Director of Business Services
(Title)

8-21-2015
(Date)



NORTH LAWRENCE COMMUNITY SCHOOLS

460 W Street • P.O. Box 729 • Bedford, IN 47421-0729

(812) 279-3521

CORRECTIVE ACTION PLAN

SCHOOLS

Bedford North Lawrence High School

Bedford Middle School

Dollens Elementary School

Englewood School

Fayetteville Elementary School

Heltonville Elementary School

Lincoln Elementary School

Needmore Elementary School

Oolitic Middle School

Parkview Primary Elementary School

Parkview Intermediate Elementary School

Shawswick Elementary/Middle School

Springville Elementary School

Stalker Elementary School

North Lawrence Vocational Technical Center

FINDING 2014-001 Matching, Level of Effort, Earmarking

Federal Agency: US Department of Education

Federal Program: Special Education-Grants to States and Special Education-Preschool Grants

CFDA Number: 84.027 and 84.173

Federal Award Number and Year (or Other Identifying Number): 14211-049-PN01, 14212-049-PN01, 14213-049-PN01, 14214-049-PN01, 45711-049-PN01, 45713-049-PN01, 45713-049-PN01, 45714-049-PN01

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Corbin Dietrich, Treasurer
Contact Phone Number: 812-279-3521

Description of Corrective Action Plan:

North Lawrence Community Schools (NLCS) plans to establish a more effective internal control system with regard to the Special Education Level of Effort (LOE). NLCS will retain supporting documentation for the LOE reported in applications beginning in 2015 for FY 2016 to ensure the verifiability of the state and local expenditures for special education of students.

A greater level of segregation of duties will be established to ensure and effective monitoring process and compliance. The Treasurer will compile the expenditures reported on the application, the Deputy Treasurer will review the expenditures in detail for accuracy and completeness, and then the Director of Special Education will review the application before submission. This change in internal control structure will insure that federal compliance requirements have been met that have a direct and material effect on the program.

Anticipated Completion Date:

This plan has been established as a standard operating procedure as of September 22, 2015 and will continue on an ongoing basis with further grants.

Corbin Dietrich
(Signature)

Treasurer/Director of Business Services
(Title)

9-22-2015
(Date)

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/>.