

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

FAIRFIELD COMMUNITY SCHOOLS
ELKHART COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
04/14/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Marla J. Steffen	01-01-12 to 12-31-16
Superintendent of Schools	Thomas E. Tumey Steven W. Thalheimer	07-01-12 to 01-01-13 01-02-13 to 01-01-19
President of the School Board	Mike Morehouse Wayne Miller Trent Hostetler Wayne Miller Marilee Keim	07-01-12 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Fairfield 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 February 17, 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

February 17, 2016



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AN EQUAL OPPORTUNITY EMPLOYER

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Fairfield 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 February 17, 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.

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

February 17, 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.

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

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 2,546,237	\$ 11,932,603	\$ 11,820,835	\$ 1,763	\$ 2,659,768	\$ 12,190,151	\$ 12,278,371	\$ 901	\$ 2,572,449
Debt Service	1,307,335	2,515,263	2,543,596	-	1,279,002	2,402,974	2,414,794	-	1,267,182
Capital Projects	3,404,933	1,870,203	1,617,194	(244,788)	3,413,154	1,814,707	1,889,455	(244,430)	3,093,976
School Transportation	881,418	1,149,576	929,254	30,468	1,132,208	1,169,320	985,999	50	1,315,579
School Bus Replacement	66,059	258,311	-	-	324,370	262,352	427,092	-	159,630
Rainy Day	359,134	-	-	(55,000)	304,134	-	-	-	304,134
Post-Retirement/ Severance Future Benefits	3,837,340	29,137	81,805	300,000	4,084,672	31,215	134,946	245,000	4,225,941
Construction Fund QSCB	198,989	471	199,460	-	-	-	-	-	-
Construction - 2014 G/O Bonds	-	-	-	-	-	821	276,948	694,750	418,623
School Lunch	629,194	799,262	785,488	100	643,068	773,466	750,300	637	666,871
Textbook Rental	179,161	211,518	288,116	1,132	103,695	201,733	125,470	818	180,776
Self-Insurance	2,285,968	1,566,814	1,742,723	-	2,110,059	1,669,161	1,583,416	-	2,195,804
Levy Excess	23,997	6,471	-	(30,468)	-	-	-	-	-
Educational License Plates	5,251	263	-	-	5,514	300	-	-	5,814
Early Intervention Grant	-	-	-	-	-	-	9,271	-	(9,271)
Robotics Donation Fund	-	-	-	-	-	420	30	-	390
Benton Elementary Donation Fund	-	-	-	-	-	1,000	-	-	1,000
Construction, Remodeling, and Equipping Buildings	-	1,000	1,000	-	-	-	-	-	-
United Way Grants	1,106	-	1,095	-	11	500	500	-	11
Instruction Support	1,043	31,762	24,980	-	7,825	31,644	38,108	-	1,361
Making a Difference HA Grant	-	-	-	-	-	11,414	11,414	-	-
Medicaid Reimbursement	8,795	10,985	4,522	-	15,258	22,740	5,615	-	32,383
Secured School Safety Grant	-	-	-	-	-	-	3,423	-	(3,423)
Cultural Arts	6	-	-	-	6	-	-	-	6
Non-English Speaking Programs P.L. 273-1999	2,126	30,051	28,592	-	3,585	21,111	24,696	-	-
School Technology	1,889	8,145	7,892	-	2,142	8,837	8,667	-	2,312
Title I 11-12	(39,029)	56,632	17,603	-	-	-	-	-	-
Title I 12-13	-	352,676	401,607	-	(48,931)	59,701	10,770	-	-
Title I 13-14	-	-	-	-	-	274,501	370,373	-	(95,872)
Special Ed IDEA Part B 11-12	(65,842)	84,907	19,065	-	-	-	-	-	-
Special Ed IDEA Part B 12-13	-	232,398	312,302	-	(79,904)	107,025	27,121	-	-
Special Ed IDEA Part B 13-14	-	-	-	-	-	225,104	284,528	-	(59,424)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	6,655	6,655	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	(885)	80,968	80,181	-	(98)	35,424	40,451	-	(5,125)
Title III - Language Instruction	(4,747)	32,732	45,312	-	(17,327)	45,208	32,370	-	(4,489)
Education Jobs	-	7,388	7,388	-	-	-	-	-	-
Clearing Accounts	11,440	2,818,563	2,817,877	-	12,126	2,836,027	2,829,906	-	18,247
School Lunch Clearing Accounts	10,779	500,657	497,820	-	13,616	489,890	479,321	-	24,185
Totals	\$ 15,651,697	\$ 24,588,756	\$ 24,275,707	\$ 3,207	\$ 15,967,953	\$ 24,693,401	\$ 25,050,010	\$ 697,726	\$ 16,309,070

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

FAIRFIELD 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 may 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.

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.

FAIRFIELD COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may 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.

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

FAIRFIELD COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

FAIRFIELD COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

FAIRFIELD COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

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

Note 8. Holding Corporations

The School Corporation has entered into two capital leases with the Fairfield School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2013 and June 30, 2014, totaled \$2,488,500 and \$2,358,000, respectively.

FAIRFIELD COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Subsequent Events

Bonds totaling \$15,480,000 were sold in late 2014 and early 2015, by the Fairfield School Building Corporation to fund three (3) separate projects: an addition of a kindergarten classroom at Benton Elementary; renovations at Millersburg Elementary to convert the building to a K-8 building that will become the Millersburg Practical Arts Academy; and renovations and additions at Fairfield Jr/Sr High School (FJSHS). At the FJSHS there will be additions of vocational and music areas along with a new weight/workout room and a large group instructional room on the second floor.

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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.

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post-Retirement/ Severance Future Benefits	Construction Fund QSCB	Construction - 2014 G/O Bonds	School Lunch
Cash and investments - beginning	\$ 2,546,237	\$ 1,307,335	\$ 3,404,933	\$ 881,418	\$ 66,059	\$ 359,134	\$ 3,837,340	\$ 198,989	\$ -	\$ 629,194
Receipts:										
Local sources	275,017	2,515,263	1,760,395	1,149,576	258,311	-	29,137	471	-	498,245
Intermediate sources	668	-	-	-	-	-	-	-	-	-
State sources	11,650,727	-	-	-	-	-	-	-	-	16,130
Federal sources	-	-	-	-	-	-	-	-	-	284,797
Temporary loans	-	-	76,108	-	-	-	-	-	-	-
Other	6,191	-	33,700	-	-	-	-	-	-	90
Total receipts	11,932,603	2,515,263	1,870,203	1,149,576	258,311	-	29,137	471	-	799,262
Disbursements:										
Current:										
Instruction	8,262,192	-	-	-	-	-	-	-	-	-
Support services	3,356,415	-	1,195,743	929,254	-	-	81,805	-	-	-
Noninstructional services	199,384	-	-	-	-	-	-	-	-	785,488
Facilities acquisition and construction	2,844	-	421,451	-	-	-	-	199,460	-	-
Debt services	-	2,543,596	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	11,820,835	2,543,596	1,617,194	929,254	-	-	81,805	199,460	-	785,488
Excess (deficiency) of receipts over disbursements	111,768	(28,333)	253,009	220,322	258,311	-	(52,668)	(198,989)	-	13,774
Other financing sources (uses):										
Sale of capital assets	1,763	-	212	-	-	-	-	-	-	100
Transfers in	-	-	-	30,468	-	245,000	300,000	-	-	-
Transfers out	-	-	(245,000)	-	-	(300,000)	-	-	-	-
Total other financing sources (uses)	1,763	-	(244,788)	30,468	-	(55,000)	300,000	-	-	100
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	113,531	(28,333)	8,221	250,790	258,311	(55,000)	247,332	(198,989)	-	13,874
Cash and investments - ending	\$ 2,659,768	\$ 1,279,002	\$ 3,413,154	\$ 1,132,208	\$ 324,370	\$ 304,134	\$ 4,084,672	\$ -	\$ -	\$ 643,068

FAIRFIELD 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	Levy Excess	Educational License Plates	Early Intervention Grant	Robotics Donation Fund	Benton Elementary Donation Fund	Construction, Remodeling, and Equipping Buildings	United Way Grants	Instruction Support
Cash and investments - beginning	\$ 179,161	\$ 2,285,968	\$ 23,997	\$ 5,251	\$ -	\$ -	\$ -	\$ -	\$ 1,106	\$ 1,043
Receipts:										
Local sources	172,981	1,566,814	6,471	-	-	-	-	1,000	-	-
Intermediate sources	-	-	-	263	-	-	-	-	-	-
State sources	38,537	-	-	-	-	-	-	-	-	31,762
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	211,518	1,566,814	6,471	263	-	-	-	1,000	-	31,762
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	1,095	24,980
Support services	288,116	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	1,000	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,742,723	-	-	-	-	-	-	-	-
Total disbursements	288,116	1,742,723	-	-	-	-	-	1,000	1,095	24,980
Excess (deficiency) of receipts over disbursements	(76,598)	(175,909)	6,471	263	-	-	-	-	(1,095)	6,782
Other financing sources (uses):										
Sale of capital assets	1,132	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(30,468)	-	-	-	-	-	-	-
Total other financing sources (uses)	1,132	-	(30,468)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(75,466)	(175,909)	(23,997)	263	-	-	-	-	(1,095)	6,782
Cash and investments - ending	\$ 103,695	\$ 2,110,059	\$ -	\$ 5,514	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ 7,825

FAIRFIELD 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)

	Making a Difference HA Grant	Medicaid Reimbursement	Secured School Safety Grant	Cultural Arts	Non-English Speaking Programs P.L. 273-1999	School Technology	Title I 11-12	Title I 12-13	Title I 13-14	Special Ed IDEA Part B 11-12
Cash and investments - beginning	\$ -	\$ 8,795	\$ -	\$ 6	\$ 2,126	\$ 1,889	\$ (39,029)	\$ -	\$ -	\$ (65,842)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	10,985	-	-	30,051	8,145	-	-	-	-
Federal sources	-	-	-	-	-	-	56,632	352,676	-	84,907
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	10,985	-	-	30,051	8,145	56,632	352,676	-	84,907
Disbursements:										
Current:										
Instruction	-	2,083	-	-	28,592	-	17,603	393,100	-	17,464
Support services	-	2,439	-	-	-	7,892	-	8,507	-	1,601
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	4,522	-	-	28,592	7,892	17,603	401,607	-	19,065
Excess (deficiency) of receipts over disbursements	-	6,463	-	-	1,459	253	39,029	(48,931)	-	65,842
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	-	6,463	-	-	1,459	253	39,029	(48,931)	-	65,842
Cash and investments - ending	\$ -	\$ 15,258	\$ -	\$ 6	\$ 3,585	\$ 2,142	\$ -	\$ (48,931)	\$ -	\$ -

FAIRFIELD 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)

	Special Ed IDEA Part B 12-13	Special Ed IDEA Part B 13-14	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Education Jobs	Clearing Accounts	School Lunch Clearing Accounts	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (885)	\$ (4,747)	\$ -	\$ 11,440	\$ 10,779	\$ 15,651,697
Receipts:									
Local sources	-	-	-	-	-	-	-	-	8,233,681
Intermediate sources	-	-	-	-	-	-	-	-	931
State sources	-	-	-	-	-	-	-	-	11,786,337
Federal sources	232,398	-	-	80,968	32,732	7,388	-	-	1,132,498
Temporary loans	-	-	-	-	-	-	-	-	76,108
Other	-	-	-	-	-	-	2,818,563	500,657	3,359,201
Total receipts	<u>232,398</u>	<u>-</u>	<u>-</u>	<u>80,968</u>	<u>32,732</u>	<u>7,388</u>	<u>2,818,563</u>	<u>500,657</u>	<u>24,588,756</u>
Disbursements:									
Current:									
Instruction	210,513	-	-	-	34,246	7,388	-	-	8,999,256
Support services	101,789	-	-	79,529	11,066	-	-	-	6,064,156
Noninstructional services	-	-	-	652	-	-	-	-	985,524
Facilities acquisition and construction	-	-	-	-	-	-	-	-	624,755
Debt services	-	-	-	-	-	-	-	-	2,543,596
Nonprogrammed charges	-	-	-	-	-	-	2,817,877	497,820	5,058,420
Total disbursements	<u>312,302</u>	<u>-</u>	<u>-</u>	<u>80,181</u>	<u>45,312</u>	<u>7,388</u>	<u>2,817,877</u>	<u>497,820</u>	<u>24,275,707</u>
Excess (deficiency) of receipts over disbursements	<u>(79,904)</u>	<u>-</u>	<u>-</u>	<u>787</u>	<u>(12,580)</u>	<u>-</u>	<u>686</u>	<u>2,837</u>	<u>313,049</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	3,207
Transfers in	-	-	-	-	-	-	-	-	575,468
Transfers out	-	-	-	-	-	-	-	-	(575,468)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,207</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(79,904)</u>	<u>-</u>	<u>-</u>	<u>787</u>	<u>(12,580)</u>	<u>-</u>	<u>686</u>	<u>2,837</u>	<u>316,256</u>
Cash and investments - ending	<u>\$ (79,904)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (98)</u>	<u>\$ (17,327)</u>	<u>\$ -</u>	<u>\$ 12,126</u>	<u>\$ 13,616</u>	<u>\$ 15,967,953</u>

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post-Retirement/ Severance Future Benefits	Construction Fund QSCB	Construction - 2014 G/O Bonds	School Lunch
Cash and investments - beginning	\$ 2,659,768	\$ 1,279,002	\$ 3,413,154	\$ 1,132,208	\$ 324,370	\$ 304,134	\$ 4,084,672	\$ -	\$ -	\$ 643,068
Receipts:										
Local sources	367,376	2,387,780	1,775,082	1,169,320	262,352	-	31,215	-	821	480,097
Intermediate sources	223	-	-	-	-	-	-	-	-	-
State sources	11,819,764	-	10,032	-	-	-	-	-	-	15,674
Federal sources	-	15,194	-	-	-	-	-	-	-	277,695
Other	2,788	-	29,593	-	-	-	-	-	-	-
Total receipts	<u>12,190,151</u>	<u>2,402,974</u>	<u>1,814,707</u>	<u>1,169,320</u>	<u>262,352</u>	<u>-</u>	<u>31,215</u>	<u>-</u>	<u>821</u>	<u>773,466</u>
Disbursements:										
Current:										
Instruction	8,765,812	-	-	-	-	-	-	-	-	-
Support services	3,303,610	-	1,140,960	985,999	427,092	-	134,946	-	242,809	-
Noninstructional services	207,567	-	-	-	-	-	-	-	-	750,300
Facilities acquisition and construction	1,382	-	748,495	-	-	-	-	-	34,139	-
Debt services	-	2,414,794	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>12,278,371</u>	<u>2,414,794</u>	<u>1,889,455</u>	<u>985,999</u>	<u>427,092</u>	<u>-</u>	<u>134,946</u>	<u>-</u>	<u>276,948</u>	<u>750,300</u>
Excess (deficiency) of receipts over disbursements	<u>(88,220)</u>	<u>(11,820)</u>	<u>(74,748)</u>	<u>183,321</u>	<u>(164,740)</u>	<u>-</u>	<u>(103,731)</u>	<u>-</u>	<u>(276,127)</u>	<u>23,166</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	694,750	-
Sale of capital assets	901	-	570	50	-	-	-	-	-	637
Transfers in	-	-	-	-	-	245,000	245,000	-	-	-
Transfers out	-	-	(245,000)	-	-	(245,000)	-	-	-	-
Total other financing sources (uses)	<u>901</u>	<u>-</u>	<u>(244,430)</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>245,000</u>	<u>-</u>	<u>694,750</u>	<u>637</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(87,319)</u>	<u>(11,820)</u>	<u>(319,178)</u>	<u>183,371</u>	<u>(164,740)</u>	<u>-</u>	<u>141,269</u>	<u>-</u>	<u>418,623</u>	<u>23,803</u>
Cash and investments - ending	<u>\$ 2,572,449</u>	<u>\$ 1,267,182</u>	<u>\$ 3,093,976</u>	<u>\$ 1,315,579</u>	<u>\$ 159,630</u>	<u>\$ 304,134</u>	<u>\$ 4,225,941</u>	<u>\$ -</u>	<u>\$ 418,623</u>	<u>\$ 666,871</u>

FAIRFIELD 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	Levy Excess	Educational License Plates	Early Intervention Grant	Robotics Donation Fund	Benton Elementary Donation Fund	Construction, Remodeling, and Equipping Buildings	United Way Grants	Instruction Support
Cash and investments - beginning	\$ 103,695	\$ 2,110,059	\$ -	\$ 5,514	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ 7,825
Receipts:										
Local sources	164,819	1,669,161	-	-	-	420	1,000	-	-	-
Intermediate sources	-	-	-	300	-	-	-	-	500	-
State sources	36,914	-	-	-	-	-	-	-	-	31,644
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	201,733	1,669,161	-	300	-	420	1,000	-	500	31,644
Disbursements:										
Current:										
Instruction	-	-	-	-	9,271	30	-	-	500	38,108
Support services	125,470	15,886	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,567,530	-	-	-	-	-	-	-	-
Total disbursements	125,470	1,583,416	-	-	9,271	30	-	-	500	38,108
Excess (deficiency) of receipts over disbursements	76,263	85,745	-	300	(9,271)	390	1,000	-	-	(6,464)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	818	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	818	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	77,081	85,745	-	300	(9,271)	390	1,000	-	-	(6,464)
Cash and investments - ending	\$ 180,776	\$ 2,195,804	\$ -	\$ 5,814	\$ (9,271)	\$ 390	\$ 1,000	\$ -	\$ 11	\$ 1,361

FAIRFIELD 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)

	Making a Difference HA Grant	Medicaid Reimbursement	Secured School Safety Grant	Cultural Arts	Non-English Speaking Programs P.L. 273-1999	School Technology	Title I 11-12	Title I 12-13	Title I 13-14	Special Ed IDEA Part B 11-12
Cash and investments - beginning	\$ -	\$ 15,258	\$ -	\$ 6	\$ 3,585	\$ 2,142	\$ -	\$ (48,931)	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	11,414	22,740	-	-	21,111	8,837	-	-	-	-
Federal sources	-	-	-	-	-	-	-	59,701	274,501	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>11,414</u>	<u>22,740</u>	<u>-</u>	<u>-</u>	<u>21,111</u>	<u>8,837</u>	<u>-</u>	<u>59,701</u>	<u>274,501</u>	<u>-</u>
Disbursements:										
Current:										
Instruction	11,414	3,642	-	-	24,696	-	-	10,770	367,484	-
Support services	-	1,973	-	-	-	8,667	-	-	2,889	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	3,423	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>11,414</u>	<u>5,615</u>	<u>3,423</u>	<u>-</u>	<u>24,696</u>	<u>8,667</u>	<u>-</u>	<u>10,770</u>	<u>370,373</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>17,125</u>	<u>(3,423)</u>	<u>-</u>	<u>(3,585)</u>	<u>170</u>	<u>-</u>	<u>48,931</u>	<u>(95,872)</u>	<u>-</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>17,125</u>	<u>(3,423)</u>	<u>-</u>	<u>(3,585)</u>	<u>170</u>	<u>-</u>	<u>48,931</u>	<u>(95,872)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 32,383</u>	<u>\$ (3,423)</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 2,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (95,872)</u>	<u>\$ -</u>

FAIRFIELD 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)

	Special Ed IDEA Part B 12-13	Special Ed IDEA Part B 13-14	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Education Jobs	Clearing Accounts	School Lunch Clearing Accounts	Totals
Cash and investments - beginning	\$ (79,904)	\$ -	\$ -	\$ (98)	\$ (17,327)	\$ -	\$ 12,126	\$ 13,616	\$ 15,967,953
Receipts:									
Local sources	-	-	-	-	-	-	-	-	8,309,443
Intermediate sources	-	-	-	-	-	-	-	-	1,023
State sources	-	-	-	-	-	-	-	-	11,978,130
Federal sources	107,025	225,104	6,655	35,424	45,208	-	-	-	1,046,507
Other	-	-	-	-	-	-	2,836,027	489,890	3,358,298
Total receipts	<u>107,025</u>	<u>225,104</u>	<u>6,655</u>	<u>35,424</u>	<u>45,208</u>	<u>-</u>	<u>2,836,027</u>	<u>489,890</u>	<u>24,693,401</u>
Disbursements:									
Current:									
Instruction	23,680	189,384	6,655	7,048	29,212	-	-	-	9,487,706
Support services	3,441	95,144	-	32,563	3,158	-	-	-	6,524,607
Noninstructional services	-	-	-	840	-	-	-	-	958,707
Facilities acquisition and construction	-	-	-	-	-	-	-	-	787,439
Debt services	-	-	-	-	-	-	-	-	2,414,794
Nonprogrammed charges	-	-	-	-	-	-	2,829,906	479,321	4,876,757
Total disbursements	<u>27,121</u>	<u>284,528</u>	<u>6,655</u>	<u>40,451</u>	<u>32,370</u>	<u>-</u>	<u>2,829,906</u>	<u>479,321</u>	<u>25,050,010</u>
Excess (deficiency) of receipts over disbursements	<u>79,904</u>	<u>(59,424)</u>	<u>-</u>	<u>(5,027)</u>	<u>12,838</u>	<u>-</u>	<u>6,121</u>	<u>10,569</u>	<u>(356,609)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	694,750
Sale of capital assets	-	-	-	-	-	-	-	-	2,976
Transfers in	-	-	-	-	-	-	-	-	490,000
Transfers out	-	-	-	-	-	-	-	-	(490,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>697,726</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>79,904</u>	<u>(59,424)</u>	<u>-</u>	<u>(5,027)</u>	<u>12,838</u>	<u>-</u>	<u>6,121</u>	<u>10,569</u>	<u>341,117</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (59,424)</u>	<u>\$ -</u>	<u>\$ (5,125)</u>	<u>\$ (4,489)</u>	<u>\$ -</u>	<u>\$ 18,247</u>	<u>\$ 24,185</u>	<u>\$ 16,309,070</u>

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FAIRFIELD 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>\$ 167,326</u>	<u>\$ -</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Fairfield School Building Corporation	Refunding Bonds Series 2009	\$ 494,500	04/30/09	01/15/20
Fairfield School Building Corporation	Refunding Bonds Series 2012	<u>1,739,000</u>	11/13/12	07/15/28
Total of annual lease payments		<u>\$ 2,233,500</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Qualified School Construction Bonds	\$ 630,000	\$ 33,284
General obligation bonds	Technology Purchases	<u>700,000</u>	<u>116,959</u>
Totals		<u>\$ 1,330,000</u>	<u>\$ 150,243</u>

FAIRFIELD 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	\$ 493,650
Buildings	50,458,684
Improvements other than buildings	634,339
Machinery, equipment, and vehicles	5,352,726
 Total capital assets	 \$ 56,939,399

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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 FAIRFIELD COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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

Report on Internal Control Over Compliance


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

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

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

February 17, 2016

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program Breakfast Reimbursement	Indiana Department of Education	10.553	FY2012-2014	\$ 24,983	\$ 22,453
National School Lunch Program Lunch Reimbursement	Indiana Department of Education	10.555	FY2012-2014	320,537	328,323
Total - Department of Agriculture				<u>345,520</u>	<u>350,776</u>
<u>Department of Education</u>					
Special Education Cluster					
Special Education - Grants to States					
Special Education Part B	Indiana Department of Education	84.027	11-12	84,907	-
Special Education Part B		84.027	12-13	232,398	107,025
Special Education Part B		84.027	13-14	-	225,104
Special Education Part B TA Grant		84.027	TA Grant	-	6,655
Total - Special Education Cluster				<u>317,305</u>	<u>338,784</u>
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies					
Title I-4151	Indiana Department of Education	84.010	12-2155	56,632	-
Title I-4152		84.010	13-2155	352,676	59,701
Title I-4153		84.010	14-2155	-	274,501
Total - Title I, Part A Cluster				<u>409,308</u>	<u>334,202</u>
English Language Acquisition State Grants					
Title III	Indiana Department of Education	84.365	01112-015-PN01	6,704	-
Title III		84.365	01113-015-PN01	26,029	18,953
Title III		84.365	01114-022-PN01	-	26,255
Total - English Language Acquisition State Grants				<u>32,733</u>	<u>45,208</u>
Improving Teacher Quality State Grants					
Title IIA-6840	Indiana Department of Education	84.367	11-13	42,925	-
Title IIA-6840		84.367	12-14	38,043	16,385
Title IIA-6840		84.367	13-15	-	19,038
Total - Improving Teacher Quality State Grants				<u>80,968</u>	<u>35,423</u>
Education Jobs Fund					
Educational Jobs Fund	Indiana Department of Education	84.410	13-15	7,388	-
Total - Department of Education				<u>847,702</u>	<u>753,617</u>
Total federal awards expended				<u>\$ 1,193,222</u>	<u>\$ 1,104,393</u>

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

FAIRFIELD COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Noncash Assistance

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

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 60,723	\$ 73,081

FAIRFIELD 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:

_____ Name of Federal Program or Cluster _____

Title I, Part A Cluster
Special Education Cluster

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

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

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-001 - CASH MANAGEMENT AND REPORTING

Federal Agency: Department of Education
 Federal Programs: Title I Grants to Local Educational Agencies, Special Education Grants to States
 CFDA Number: 84.010, 84.027
 Federal Award Number and Year: 12-2155, 13-2155, 14-2155, 11-12, 12-13, 13-14, TA Grant
 Pass-Through Entity: Indiana Department of Education

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

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

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

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

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

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

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

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

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

AUDITEE PREPARED DOCUMENT

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



Steve Thalheimer, Superintendent
Philip R. Menzie, Business Manager

phone: (574) 831-2188

fax: (574) 831-5698

email: pmenzie@fairfield.k12.in.us

CORRECTIVE ACTION PLAN

February 9, 2016

FINDING 2014-001

Contact Person Responsible for Corrective Action: Steve Thalheimer—Title I
Philip Menzie—Special Education

Contact Phone Number: (574) 831-2188

Description of Corrective Action Plan:

Title I: The School Corporation has procedures in place for all segregation of duties as required. The Superintendent works with the building principals through the application process to develop the project budget. The budget is shared with the Treasurer and Deputy Treasurer. Purchases are coordinated between the principals, Superintendent and Deputy Treasurer, who encumbers the appropriate funds and makes the payments through the Accounts Payable process. Personnel costs are reconciled to the budget by the Treasurer who does the bi-weekly payroll. Monthly reports of all aspects of the budget are given to the Superintendent for review against the original budget. Any discrepancies are handled by the Superintendent, Treasurer and Deputy Treasurer in collaboration with each other. Cash requests for reimbursement of expended funds are prepared by the Deputy Treasurer and approved by the Superintendent. (See attached compliance monitoring report from IDOE.)

These processes have been in place for a number of years except for the approval of the cash request. This step was added as soon as it was required by the appropriate agencies.

In January, 2015, Fairfield was the subject of a federal on-site monitoring review by the Department of Education concerning all processes and procedures for federal programs Title I, II and III. The Department issued a letter dated February 18, 2015, indicating final approval of all procedures (letter attached).

Special Education: The School Corporation has procedures in place for all segregation of duties as required. The Superintendent and Business Manager work with the building principals and staff of the Elkhart County Special Education Co-Op ("ECSEC") through the application process to develop the project budget. The budget is shared with the Treasurer and Deputy Treasurer. Purchases are coordinated between the principals, Business Manager, ECSEC staff and Deputy Treasurer, who encumbers the appropriate funds and makes the payments through the Accounts Payable process. Personnel costs are reconciled to the budget by the Treasurer who does the bi-weekly payroll. Reports of all aspects of the budget are given to the Business Manager for review against the original budget. Any discrepancies are handled by the Business Manager, Treasurer, and Deputy Treasurer in collaboration with each other and with ECSEC staff. Cash requests for reimbursement of expended funds are prepared by the Deputy Treasurer and approved by the Business Manager.

These processes have been in place for a number of years except for the approval of the cash request. This step was added as soon as it was required by the appropriate agencies.

Corrective Action Plan
Page Two
February 9, 2016

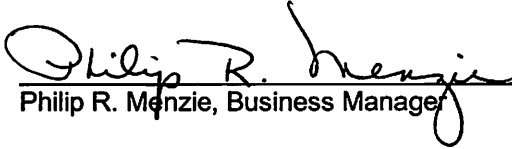
Anticipated Completion Date:

Title I: Cash Request approval by Superintendent initiated July 1, 2014. . .when requested by the IDOE.

Special Education: Cash Request approval by Business Manager initiated July 1, 2014. . .when requested by the IDOE.



Steve Thalheimer, Superintendent



Philip R. Menzie, Business Manager



Glenda Ritz, NBCT
Indiana Superintendent of Public Instruction

MEMORANDUM

TO:

Steve Thalheimer, Superintendent
Title I, II, and III Administrator
Fairfield Community Schools #2155

FROM:

Brenda Martz, Title I Grants Management Specialist
Indiana Department of Education

SUBJECT:

Federal On-Site Monitoring

DATE:

February 18, 2015

Thank you for submitting the requested on-site monitoring Corrective Action documentation for the Title I, Part A program at Fairfield Community Schools as required by the Elementary and Secondary Education Act of 1965 (ESEA), and as amended by the *No Child Left Behind Act* (NCLB).

All Corrective Actions submitted by Fairfield Community Schools in response to the Findings cited in the on-site monitoring report dated November 20, 2014 were reviewed and approved. **No further action is required.**

Thank you for your responsiveness and prompt follow-up to all Corrective Actions during the monitoring process.

Please feel free to contact me by phone at (317) 232-0593 or email at bmartz@doe.in.gov regarding any questions or concerns.

Compliance Standard Indicator	Applicable to:	Rating	IDOE Comments and Rating Key Rating Scale: M=Meets Requirements R=Recommendation F=Finding N/A=Not Applicable Any LEA that receives a Finding must complete a Corrective Action	
Monitoring Topic 10: Compliance with financial management/procurement requirements EDGAR §76.770 & 80.40(a); OMB Circular A-87; NCLB §2123(b)				
1	Explain the process of an expense going from the budget page to ordering and procurement, to the accurate documentation of expenditures maintained at the LEA (internal control).	Title I, A Title II, A Title III, A	M	At Fairfield Community Schools the Superintendent and building principals work to develop the project budget for the year. As the application is being processed, the budget is shared with the treasurer and deputy treasurer, if there are changes pending from previous years. Once the application is approved, copies of the application and Excel budgets are provided to treasurer and deputy treasurer. Requests to purchase materials are coordinated between the principal and deputy treasurer, with expenditures cleared by the deputy treasurer. Personnel costs are reconciled to the budget by the treasurer as she does payroll. Monthly reports of all programs are provided to the Superintendent as claims are prepared for the board. Discrepancies are handled by the Superintendent, treasurer, and deputy treasurer consulting.
2	Explain how you ensure that purchase orders and invoices are coded appropriately and match what was approved in the application.	Title I, A Title II, A Title III, A	M	Fairfield Community Schools reports that all requests to purchase and purchase orders are coded with the appropriate fund and object codes at the building and district level. Purchase orders are reconciled against the budget by the deputy treasurer as purchase orders are received at the district level.
3	Provide evidence that measures are in place to ensure contracted services (consultants) are working the amount of time for which they are paid.	Title I, A	N/A	Fairfield Community Schools does not have consultants working in the district at this time.
4	Explain the process for determining pay differential if applicable.	Title I, A	N/A	Fairfield Community Schools does not use pay differential.
5	Provide evidence that Title I, A funds used for salaries and related benefits match personnel in the application.	Title I, A	M	At Fairfield Community Schools building principals approve all expenditures as they align to Title programs and applications. When requests to purchase and purchase orders arrive at the district office, the deputy treasurer and business manager sign off on the availability of funds and preliminary approval before Superintendent sign-off. The experience of the deputy treasurer as accounts payable and the business manager help verify that costs are reasonable and fit. If there is a question regarding applicability or necessity, the deputy treasurer and/or business manager will seek clarification from the principal and/or Superintendent.
6	Provide evidence that audit findings have been addressed.	Title I, A Title II, A Title III, A	M	Fairfield Community Schools was audited by the State Board of Accounts for the period of July 1, 2010 - June 30, 2012. The report dated January 31, 2013 indicated that there were no audit findings issued.
7	Provide expenditures that reflect the appropriate set-asides for equitable services to nonpublic schools and that they are administered by the LEA, and under the control of the LEA.	Title I, A Title II, A Title III, A	M	Fairfield Community Schools verifies allocations for professional development with Clinton Christian as part of the Title II, A application process. Title I and Title III services are declined by the nonpublic schools.
8	Has the LEA participated in all applicable Title I data reporting and completed data collections by the required dates?	Title I, A	M	Fairfield Community Schools has participated in all Title I applicable data reporting and completed data collections by the required due dates.

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/>.