

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

LAKELAND SCHOOL CORPORATION
LAGRANGE COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
08/03/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jennifer J. Landez Cathy J. Phillip	07-01-13 to 12-31-13 01-01-14 to 06-30-17
Superintendent of Schools	Risa J. Herber Eva G. Merkel (interim) Risa J. Herber Eva G. Merkel (interim) Eva G. Merkel	07-01-13 to 01-26-15 01-27-15 to 06-30-15 07-01-15 to 03-28-16 03-29-16 to 06-30-16 07-01-16 to 06-30-17
President of the School Board	Robert Bond	07-01-13 to 06-30-17



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE LAKELAND SCHOOL CORPORATION, LAGRANGE COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from 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 to the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of 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 May 31, 2017, 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

May 31, 2017



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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 LAKELAND SCHOOL CORPORATION, LAGRANGE 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 Lakeland School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated May 31, 2017, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a 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 from 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

May 31, 2017

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

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 2,217,461	\$ 14,132,751	\$ 14,116,490	\$ 71,534	\$ 2,305,256	\$ 14,495,524	\$ 14,578,113	\$ 259,220	\$ 2,481,887
Debt Service	75,825	1,394,226	838,683	(63,636)	567,732	1,172,681	1,456,612	(80,293)	203,508
Retirement/Severance Bond Debt Service	8,417	111,915	54,017	-	66,315	46,695	114,172	1,162	-
Capital Projects	1,513,672	2,248,595	2,811,184	-	951,083	2,376,546	2,320,361	-	1,007,268
School Transportation	874,793	1,640,707	1,606,246	38	909,292	1,731,504	1,695,559	1,542	946,779
School Bus Replacement	(35,145)	327,063	267,076	-	24,842	285,165	257,264	-	52,743
Rainy Day	104,000	-	-	-	104,000	-	-	-	104,000
Corporation Office	(36,331)	-	27,999	64,330	-	-	-	-	-
Construction Fund	-	-	227,609	1,650,000	1,422,391	-	890,272	-	532,119
School Lunch	839,068	1,187,137	1,167,037	(72,031)	787,137	1,183,619	1,224,979	(78,289)	667,488
Textbook Rental	(78,339)	404,196	389,493	63,636	-	524,773	605,066	80,293	-
Levy Excess	-	-	-	-	-	189	-	-	189
Child Care Program	37,516	11,332	14,867	-	33,981	11,417	14,546	-	30,852
Educational License Plates	3,248	150	-	-	3,398	94	-	-	3,492
Alternative Education	-	6,685	6,685	-	-	8,878	8,878	-	-
Safe Haven CJI SRO 2013-2014	-	8,050	8,050	-	-	-	-	-	-
Secured School Safety Grant	-	-	-	-	-	50,000	50,000	-	-
Riddick Estate	5,000	-	-	-	5,000	-	-	-	5,000
Lilly Foundation New Tech	-	-	2,944	-	(2,944)	6,185	3,241	-	-
Monsanto Fund	-	-	-	-	-	25,000	25,000	-	-
ISDH Wellness Grant	-	-	-	-	-	1,200	514	-	686
Refunds - ISTA Section 125	10,172	645	-	-	10,817	3,607	-	-	14,424
High Ability 2012-2013	6,757	-	6,757	-	-	-	-	-	-
High Ability 2013-2014	-	34,366	20,563	-	13,803	-	13,803	-	-
High Ability 2014-2015	-	-	-	-	-	34,175	29,414	-	4,761
Teacher Quality Improvement Program	32,416	-	21,586	-	10,830	-	5,042	-	5,788
Non-English Speaking 2012-2013	2,036	-	2,036	-	-	-	-	-	-
Non-English Speaking 2013-2014	-	22,988	18,690	-	4,298	-	4,298	-	-
Non-English Speaking 2014-2015	-	-	-	-	-	25,376	19,026	-	6,350
School Technology	8,753	4,140	2,686	-	10,207	4,192	4,995	-	9,404
Excellence in Performance Grant	-	-	4,156	-	(4,156)	4,156	11,175	-	(11,175)
Miscellaneous Programs	(3,480)	-	-	3,480	-	-	-	-	-
Wellness-Insurance Consort	41,812	-	15,196	-	26,616	39,459	13,062	-	53,013
Excess PTRC Distributions	73	-	-	-	73	-	-	-	73
Out of School Suspension	30,955	-	22,556	16,332	24,731	-	23,358	16,910	18,283
Title I 2012-2013	(87,172)	128,947	41,775	-	-	-	-	-	-
Title I 2013-2014	-	477,360	543,245	-	(65,885)	129,412	63,527	-	-
Title I 2014-2015	-	-	-	-	-	376,138	491,410	-	(115,272)
Universal Service Fund	6,146	-	9,388	3,242	-	35,502	1,233	(3,242)	31,027
Title II, Part A 2011-2012	(1,437)	4,313	2,876	-	-	-	-	-	-
Title II, Part A 2012-2014	(5,703)	50,393	49,712	-	(5,022)	5,022	-	-	-
Title II, Part A 2013-2015	-	11,433	17,026	-	(5,593)	44,079	38,486	-	-
Title II, Part A 2014-2016	-	-	-	-	-	22,983	40,418	-	(17,435)
Rural and Low-Income School Grant	-	28,373	38,133	-	(9,760)	15,309	5,549	-	-
Title III 2012-2013	(1,605)	6,296	4,691	-	-	-	-	-	-
Title III 2013-2014	-	30,156	34,300	-	(4,144)	9,540	5,396	-	-
Title III WIDA DEVL Grant	-	-	-	-	-	936	936	-	-
Title III 2014-2015	-	-	-	-	-	32,509	42,783	-	(10,274)
Clearing Account	118,524	3,601,702	3,605,051	-	115,175	3,418,615	3,426,370	-	107,420
Totals	\$ 5,687,432	\$ 25,873,919	\$ 25,998,803	\$ 1,736,925	\$ 7,299,473	\$ 26,120,480	\$ 27,484,858	\$ 197,303	\$ 6,132,398

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

LAKELAND SCHOOL CORPORATION
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, the following: 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. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans. Amounts 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. Amounts 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. Amounts received from various sources, including, but not limited to, the following: 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. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Interfund loans. Amounts 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. Amounts received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

Transfers in. Amounts 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. Amounts 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 amounts 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 amounts 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

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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.

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursements for expenditures out of these funds by the School Corporation were not received by June 30, 2014, and June 30, 2015.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Lakeland High 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 fiscal years 2014 and 2015 totaled \$835,822 and \$1,426,688, respectively.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 School Corporation's Financial Reports 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.

LAKELAND SCHOOL CORPORATION
 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	Corporation Office	Construction Fund	School Lunch
Cash and investments - beginning	\$ 2,217,461	\$ 75,825	\$ 8,417	\$ 1,513,672	\$ 874,793	\$ (35,145)	\$ 104,000	\$ (36,331)	\$ -	\$ 839,068
Receipts:										
Local sources	106,379	1,394,226	111,915	2,202,038	1,640,707	327,063	-	-	-	436,392
Intermediate sources	37	-	-	-	-	-	-	-	-	-
State sources	14,017,971	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	750,745
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	8,364	-	-	46,557	-	-	-	-	-	-
Total receipts	14,132,751	1,394,226	111,915	2,248,595	1,640,707	327,063	-	-	-	1,187,137
Disbursements:										
Instruction	9,292,316	-	-	-	-	-	-	-	-	-
Support services	4,588,215	-	-	952,451	1,606,246	267,076	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	1,167,037
Facilities acquisition and construction	-	-	-	1,858,733	-	-	-	27,999	227,609	-
Debt service	-	838,683	54,017	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	235,959	-	-	-	-	-	-	-	-	-
Total disbursements	14,116,490	838,683	54,017	2,811,184	1,606,246	267,076	-	27,999	227,609	1,167,037
Excess (deficiency) of receipts over disbursements	16,261	555,543	57,898	(562,589)	34,461	59,987	-	(27,999)	(227,609)	20,100
Other financing sources (uses):										
Proceeds of long-term debt	6,225	-	-	-	-	-	-	64,330	1,650,000	-
Sale of capital assets	-	-	-	-	38	-	-	-	-	-
Transfers in	72,031	-	-	-	-	-	-	-	-	-
Transfers out	(6,722)	(63,636)	-	-	-	-	-	-	-	(72,031)
Total other financing sources (uses)	71,534	(63,636)	-	-	38	-	-	64,330	1,650,000	(72,031)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	87,795	491,907	57,898	(562,589)	34,499	59,987	-	36,331	1,422,391	(51,931)
Cash and investments - ending	\$ 2,305,256	\$ 567,732	\$ 66,315	\$ 951,083	\$ 909,292	\$ 24,842	\$ 104,000	\$ -	\$ 1,422,391	\$ 787,137

LAKELAND SCHOOL CORPORATION
 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	Levy Excess	Child Care Program	Educational License Plates	Alternative Education	Safe Haven CJI SRO 2013-2014	Secured School Safety Grant	Riddick Estate	Lilly Foundation New Tech	Monsanto Fund
Cash and investments - beginning	\$ (78,339)	\$ -	\$ 37,516	\$ 3,248	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -
Receipts:										
Local sources	74,351	-	11,332	-	-	-	-	-	-	-
Intermediate sources	-	-	-	150	-	-	-	-	-	-
State sources	93,886	-	-	-	6,685	8,050	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	235,959	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	404,196	-	11,332	150	6,685	8,050	-	-	-	-
Disbursements:										
Instruction	-	-	14,867	-	6,685	-	-	-	-	-
Support services	389,493	-	-	-	-	8,050	-	-	2,944	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	389,493	-	14,867	-	6,685	8,050	-	-	2,944	-
Excess (deficiency) of receipts over disbursements	14,703	-	(3,535)	150	-	-	-	-	(2,944)	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	63,636	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	63,636	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	78,339	-	(3,535)	150	-	-	-	-	(2,944)	-
Cash and investments - ending	\$ -	\$ -	\$ 33,981	\$ 3,398	\$ -	\$ -	\$ -	\$ 5,000	\$ (2,944)	\$ -

LAKELAND SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	ISDH Wellness Grant	Refunds - ISTA Section 125	High Ability 2012-2013	High Ability 2013-2014	High Ability 2014-2015	Teacher Quality Improvement Program	Non-English Speaking 2012-2013	Non-English Speaking 2013-2014	Non-English Speaking 2014-2015	School Technology
Cash and investments - beginning	\$ -	\$ 10,172	\$ 6,757	\$ -	\$ -	\$ 32,416	\$ 2,036	\$ -	\$ -	\$ 8,753
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	34,366	-	-	-	22,988	-	4,140
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	645	-	-	-	-	-	-	-	-
Total receipts	-	645	-	34,366	-	-	-	22,988	-	4,140
Disbursements:										
Instruction	-	-	6,757	20,563	-	-	2,036	18,690	-	-
Support services	-	-	-	-	-	21,586	-	-	-	2,686
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	6,757	20,563	-	21,586	2,036	18,690	-	2,686
Excess (deficiency) of receipts over disbursements	-	645	(6,757)	13,803	-	(21,586)	(2,036)	4,298	-	1,454
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	645	(6,757)	13,803	-	(21,586)	(2,036)	4,298	-	1,454
Cash and investments - ending	\$ -	\$ 10,817	\$ -	\$ 13,803	\$ -	\$ 10,830	\$ -	\$ 4,298	\$ -	\$ 10,207

LAKELAND SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Excellence in Performance Grant	Miscellaneous Programs	Wellness- Insurance Consort	Excess PTRC Distributions	Out of School Suspension	Title I 2012-2013	Title I 2013-2014	Title I 2014-2015	Universal Service Fund	Title II, Part A 2011-2012
Cash and investments - beginning	\$ -	\$ (3,480)	\$ 41,812	\$ 73	\$ 30,955	\$ (87,172)	\$ -	\$ -	\$ 6,146	\$ (1,437)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	128,947	477,360	-	-	4,313
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	128,947	477,360	-	-	4,313
Disbursements:										
Instruction	4,156	-	-	-	22,556	23,970	329,351	-	-	2,876
Support services	-	-	15,196	-	-	17,742	213,759	-	9,388	-
Noninstructional services	-	-	-	-	-	63	135	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	4,156	-	15,196	-	22,556	41,775	543,245	-	9,388	2,876
Excess (deficiency) of receipts over disbursements	(4,156)	-	(15,196)	-	(22,556)	87,172	(65,885)	-	(9,388)	1,437
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	16,332	-	-	-	-	-
Transfers in	-	3,480	-	-	-	-	-	-	3,242	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	3,480	-	-	16,332	-	-	-	3,242	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,156)	3,480	(15,196)	-	(6,224)	87,172	(65,885)	-	(6,146)	1,437
Cash and investments - ending	\$ (4,156)	\$ -	\$ 26,616	\$ 73	\$ 24,731	\$ -	\$ (65,885)	\$ -	\$ -	\$ -

LAKELAND SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Title II, Part A 2012-2014	Title II, Part A 2013-2015	Title II, Part A 2014-2016	Rural and Low-Income School Grant	Title III 2012-2013	Title III 2013-2014	Title III WIDA DEVL Grant	Title III 2014-2015	Clearing Account	Totals
Cash and investments - beginning	\$ (5,703)	\$ -	\$ -	\$ -	\$ (1,605)	\$ -	\$ -	\$ -	\$ 118,524	\$ 5,687,432
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	6,304,403
Intermediate sources	-	-	-	-	-	-	-	-	-	187
State sources	-	-	-	28,373	-	-	-	-	-	14,216,459
Federal sources	50,393	11,433	-	-	6,296	30,156	-	-	-	1,459,643
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	235,959
Other receipts	-	-	-	-	-	-	-	-	3,601,702	3,657,268
Total receipts	50,393	11,433	-	28,373	6,296	30,156	-	-	3,601,702	25,873,919
Disbursements:										
Instruction	21,750	5,096	-	38,133	4,691	34,300	-	-	-	9,848,793
Support services	27,962	11,930	-	-	-	-	-	-	-	8,134,724
Noninstructional services	-	-	-	-	-	-	-	-	-	1,167,235
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	2,114,341
Debt service	-	-	-	-	-	-	-	-	-	892,700
Nonprogrammed charges	-	-	-	-	-	-	-	-	3,605,051	3,605,051
Interfund loans	-	-	-	-	-	-	-	-	-	235,959
Total disbursements	49,712	17,026	-	38,133	4,691	34,300	-	-	3,605,051	25,998,803
Excess (deficiency) of receipts over disbursements	681	(5,593)	-	(9,760)	1,605	(4,144)	-	-	(3,349)	(124,884)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	1,720,555
Sale of capital assets	-	-	-	-	-	-	-	-	-	16,370
Transfers in	-	-	-	-	-	-	-	-	-	142,389
Transfers out	-	-	-	-	-	-	-	-	-	(142,389)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	1,736,925
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	681	(5,593)	-	(9,760)	1,605	(4,144)	-	-	(3,349)	1,612,041
Cash and investments - ending	\$ (5,022)	\$ (5,593)	\$ -	\$ (9,760)	\$ -	\$ (4,144)	\$ -	\$ -	\$ 115,175	\$ 7,299,473

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Corporation Office	Construction Fund	School Lunch
Cash and investments - beginning	\$ 2,305,256	\$ 567,732	\$ 66,315	\$ 951,083	\$ 909,292	\$ 24,842	\$ 104,000	\$ -	\$ 1,422,391	\$ 787,137
Receipts:										
Local sources	47,842	1,169,931	46,695	2,230,585	1,714,198	285,165	-	-	-	428,396
Intermediate sources	27	-	-	-	-	-	-	-	-	-
State sources	14,127,659	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	755,223
Interfund loans	305,602	-	-	-	-	-	-	-	-	-
Other receipts	14,394	2,750	-	145,961	17,306	-	-	-	-	-
Total receipts	14,495,524	1,172,681	46,695	2,376,546	1,731,504	285,165	-	-	-	1,183,619
Disbursements:										
Instruction	9,330,272	-	-	-	-	-	-	-	-	-
Support services	4,790,046	-	-	835,185	1,695,559	257,264	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	1,224,979
Facilities acquisition and construction	153,553	-	-	1,485,176	-	-	-	-	890,272	-
Debt service	-	1,456,612	114,172	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	304,242	-	-	-	-	-	-	-	-	-
Total disbursements	14,578,113	1,456,612	114,172	2,320,361	1,695,559	257,264	-	-	890,272	1,224,979
Excess (deficiency) of receipts over disbursements	(82,589)	(283,931)	(67,477)	56,185	35,945	27,901	-	-	(890,272)	(41,360)
Other financing sources (uses):										
Proceeds of long-term debt	74,400	-	-	-	-	-	-	-	-	-
Sale of capital assets	104,451	-	-	-	1,542	-	-	-	-	-
Transfers in	81,531	-	1,162	-	-	-	-	-	-	-
Transfers out	(1,162)	(80,293)	-	-	-	-	-	-	-	(78,289)
Total other financing sources (uses)	259,220	(80,293)	1,162	-	1,542	-	-	-	-	(78,289)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	176,631	(364,224)	(66,315)	56,185	37,487	27,901	-	-	(890,272)	(119,649)
Cash and investments - ending	\$ 2,481,887	\$ 203,508	\$ -	\$ 1,007,268	\$ 946,779	\$ 52,743	\$ 104,000	\$ -	\$ 532,119	\$ 667,488

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

	Textbook Rental	Levy Excess	Child Care Program	Educational License Plates	Alternative Education	Safe Haven CJI SRO 2013-2014	Secured School Safety Grant	Riddick Estate	Lilly Foundation New Tech	Monsanto Fund
Cash and investments - beginning	\$ -	\$ -	\$ 33,981	\$ 3,398	\$ -	\$ -	\$ -	\$ 5,000	\$ (2,944)	\$ -
Receipts:										
Local sources	125,122	189	11,417	-	-	-	-	-	6,185	25,000
Intermediate sources	-	-	-	94	-	-	-	-	-	-
State sources	95,409	-	-	-	8,878	-	50,000	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	304,242	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	524,773	189	11,417	94	8,878	-	50,000	-	6,185	25,000
Disbursements:										
Instruction	-	-	14,546	-	8,878	-	-	-	-	-
Support services	299,464	-	-	-	-	-	-	-	3,241	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	50,000	-	-	25,000
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	305,602	-	-	-	-	-	-	-	-	-
Total disbursements	605,066	-	14,546	-	8,878	-	50,000	-	3,241	25,000
Excess (deficiency) of receipts over disbursements	(80,293)	189	(3,129)	94	-	-	-	-	2,944	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	80,293	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	80,293	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	189	(3,129)	94	-	-	-	-	2,944	-
Cash and investments - ending	\$ -	\$ 189	\$ 30,852	\$ 3,492	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -

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

	ISDH Wellness Grant	Refunds - ISTA Section 125	High Ability 2012-2013	High Ability 2013-2014	High Ability 2014-2015	Teacher Quality Improvement Program	Non-English Speaking 2012-2013	Non-English Speaking 2013-2014	Non-English Speaking 2014-2015	School Technology
Cash and investments - beginning	\$ -	\$ 10,817	\$ -	\$ 13,803	\$ -	\$ 10,830	\$ -	\$ 4,298	\$ -	\$ 10,207
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	34,175	-	-	-	25,376	4,192
Federal sources	1,200	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	3,607	-	-	-	-	-	-	-	-
Total receipts	1,200	3,607	-	-	34,175	-	-	-	25,376	4,192
Disbursements:										
Instruction	-	-	-	13,803	29,414	-	-	4,298	19,026	-
Support services	514	-	-	-	-	5,042	-	-	-	4,995
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	514	-	-	13,803	29,414	5,042	-	4,298	19,026	4,995
Excess (deficiency) of receipts over disbursements	686	3,607	-	(13,803)	4,761	(5,042)	-	(4,298)	6,350	(803)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	686	3,607	-	(13,803)	4,761	(5,042)	-	(4,298)	6,350	(803)
Cash and investments - ending	\$ 686	\$ 14,424	\$ -	\$ -	\$ 4,761	\$ 5,788	\$ -	\$ -	\$ 6,350	\$ 9,404

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

	Excellence in Performance Grant	Miscellaneous Programs	Wellness- Insurance Consort	Excess PTRC Distributions	Out of School Suspension	Title I 2012-2013	Title I 2013-2014	Title I 2014-2015	Universal Service Fund	Title II, Part A 2011-2012
Cash and investments - beginning	\$ (4,156)	\$ -	\$ 26,616	\$ 73	\$ 24,731	\$ -	\$ (65,885)	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	39,459	-	-	-	-	-	-	-
State sources	4,156	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	129,412	376,138	35,502	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	4,156	-	39,459	-	-	129,412	376,138	35,502	-	-
Disbursements:										
Instruction	11,175	-	-	-	23,358	-	10,327	286,404	-	-
Support services	-	-	13,062	-	-	-	48,480	204,154	1,233	-
Noninstructional services	-	-	-	-	-	-	4,720	852	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	11,175	-	13,062	-	23,358	-	63,527	491,410	1,233	-
Excess (deficiency) of receipts over disbursements	(7,019)	-	26,397	-	(23,358)	-	65,885	(115,272)	34,269	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	16,910	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(3,242)	-
Total other financing sources (uses)	-	-	-	-	16,910	-	-	-	(3,242)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,019)	-	26,397	-	(6,448)	-	65,885	(115,272)	31,027	-
Cash and investments - ending	\$ (11,175)	\$ -	\$ 53,013	\$ 73	\$ 18,283	\$ -	\$ -	\$ (115,272)	\$ 31,027	\$ -

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

	Title II, Part A 2012-2014	Title II, Part A 2013-2015	Title II, Part A 2014-2016	Rural and Low-Income School Grant	Title III 2012-2013	Title III 2013-2014	Title III WIDA DEVL Grant	Title III 2014-2015	Clearing Account	Totals
Cash and investments - beginning	\$ (5,022)	\$ (5,593)	\$ -	\$ (9,760)	\$ -	\$ (4,144)	\$ -	\$ -	\$ 115,175	\$ 7,299,473
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	6,090,725
Intermediate sources	-	-	-	-	-	-	-	-	-	39,580
State sources	-	-	-	15,309	-	-	-	-	-	14,365,154
Federal sources	5,022	44,079	22,983	-	-	9,540	936	32,509	-	1,412,544
Interfund loans	-	-	-	-	-	-	-	-	-	609,844
Other receipts	-	-	-	-	-	-	-	-	3,418,615	3,602,633
Total receipts	5,022	44,079	22,983	15,309	-	9,540	936	32,509	3,418,615	26,120,480
Disbursements:										
Instruction	-	13,654	14,593	5,549	-	5,396	936	42,783	-	9,834,412
Support services	-	24,832	25,825	-	-	-	-	-	-	8,208,896
Noninstructional services	-	-	-	-	-	-	-	-	-	1,230,551
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	2,604,001
Debt service	-	-	-	-	-	-	-	-	-	1,570,784
Nonprogrammed charges	-	-	-	-	-	-	-	-	3,426,370	3,426,370
Interfund loans	-	-	-	-	-	-	-	-	-	609,844
Total disbursements	-	38,486	40,418	5,549	-	5,396	936	42,783	3,426,370	27,484,858
Excess (deficiency) of receipts over disbursements	5,022	5,593	(17,435)	9,760	-	4,144	-	(10,274)	(7,755)	(1,364,378)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	74,400
Sale of capital assets	-	-	-	-	-	-	-	-	-	122,903
Transfers in	-	-	-	-	-	-	-	-	-	162,986
Transfers out	-	-	-	-	-	-	-	-	-	(162,986)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	197,303
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,022	5,593	(17,435)	9,760	-	4,144	-	(10,274)	(7,755)	(1,167,075)
Cash and investments - ending	\$ -	\$ -	\$ (17,435)	\$ -	\$ -	\$ -	\$ -	\$ (10,274)	\$ 107,420	\$ 6,132,398

LAKELAND SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2015

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities:				
Lakeland High School Building Corporation	New Tech (High School) Renovations - Series 2010	\$ 163,000	07-15-10	01-15-30
Lakeland High School Building Corporation	High School renovations - Series 2011 (QZAB)	156,000	07-15-11	01-15-21
Lakeland High School Building Corporation	High School renovations - Series 2012 (QZAB)	451,000	07-15-13	01-15-16
Lakeland High School Building Corporation	Various renovations and improvements - Series 2013	<u>530,000</u>	06-30-14	01-15-29
Total of annual lease payments		<u>\$ 1,137,000</u>		

LAKELAND SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2015

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

	Ending Balance
Governmental activities:	
Land	\$ 1,086,550
Infrastructure	209,543
Buildings	37,723,694
Improvements other than buildings	1,322,567
Machinery, equipment, and vehicles	4,703,501
Books and other	870,300
 Total capital assets	 \$ 45,916,155

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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

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

TO: THE OFFICIALS OF THE LAKELAND SCHOOL CORPORATION, LAGRANGE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Lakeland School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2015-002 and 2015-004 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with its Child Nutrition Cluster regarding Program Income and Eligibility. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of the Child Nutrition Cluster regarding Program Income and Eligibility, described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2013 to June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2013 to June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-005. 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 a 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

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

not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-002, 2015-003, 2015-004, and 2015-005 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

May 31, 2017

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.

LAKELAND SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
			FY 2014	\$ -	\$ 150,499	\$ -	\$ -
			FY 2015	-	-	-	144,675
				-	150,499	-	144,675
Total - School Breakfast Program				-	150,499	-	144,675
National School Lunch Program	Indiana Department of Education	10.555					
			FY 2014	-	574,656	-	-
			FY 2015	-	-	-	598,722
National School Lunch Program - Commodities				-	85,671	-	82,922
Total - National School Lunch Program				-	660,327	-	681,644
Summer Food Service Program for Children	Indiana Department of Education	10.559					
			FY 2014	-	14,362	-	-
Total - Child Nutrition Cluster				-	825,188	-	826,319
Total - Department of Agriculture				-	825,188	-	826,319
<u>Department of Education</u>							
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
			13-4535	-	223,025	-	-
			14-4535	-	383,282	-	205,727
			15-4535	-	-	-	299,823
Total - Title I Grants to Local Educational Agencies				-	606,307	-	505,550
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
			99914-46-TA01	-	4,916	-	6,670
			14213-046-PN01	-	190,052	-	128
			14214-046-PN01	-	326,340	-	127,499
			14215-046-PN01	-	-	-	380,454
Total - Special Education_Grants to States				-	521,307	-	514,752

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

LAKELAND SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Education (continued)</u>							
Special Education Cluster (IDEA) (continued)							
Special Education_Preschool Grants	Indiana Department of Education	84.173					
			45714-046-PN01	-	16,542	-	-
			45715-046-PN01	-	-	-	16,832
Total - Special Education_Preschool Grants				-	16,542	-	16,832
Total - Special Education Cluster (IDEA)				-	537,849	-	531,584
Rural Education	Indiana Department of Education	84.358					
Rural and Low Income School Program			#7000S358B120014	-	28,373	-	15,309
English Language Acquisition State Grants	Indiana Department of Education	84.365					
			FY 12-13	-	6,296	-	936
			FY 13-14	-	30,156	-	9,540
			FY 14-15	-	-	-	33,507
Total - English Language Acquisition State Grants				-	36,452	-	43,983
Improving Teacher Quality State Grants	Indiana Department of Education	84.367					
			FY 2011	-	4,313	-	-
			FY 2012	-	50,393	-	5,022
			FY 2013	-	11,433	-	44,079
			FY 2014	-	-	-	21,985
Total - Improving Teacher Quality State Grants				-	66,139	-	71,086
Total - Department of Education				-	1,275,120	-	1,167,512
<u>Department of Health and Human Services</u>							
Assistance Programs for Chronic Disease Prevention and Control	Indiana Department of Health						
		93.945	#40093945SCHD214	-	-	-	1,200
Total Department of Health and Human Services				-	-	-	1,200
Total federal awards expended				\$ -	\$ 2,100,308	\$ -	\$ 1,995,031

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

LAKELAND SCHOOL CORPORATION
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 under programs of the federal government for the years ended June 30, 2014 and 2015. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

LAKELAND SCHOOL CORPORATION
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 weakness identified?	no
Significant deficiency 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 for all programs, except Child Nutrition Cluster, which was Qualified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)

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.

LAKELAND SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-001 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 13-4535, 14-4535, 15-4535
Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The School Corporation had not implemented adequate controls to ensure that Semi-Annual Certifications were prepared and retained for audit.

Context

All employees paid from Title I funds worked 100 percent on Title I services, but Semi-Annual Certifications were not retained and presented for audit.

Criteria

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. . . ."

OMB Circular A-87, Attachment B, section 8h states in part:

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

LAKELAND SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-002 - PROGRAM INCOME

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, FY 2015

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Program Income compliance requirement. There were no procedures established to ensure that the receipts of the Child Nutrition Cluster were handled properly in accordance with the Program Income compliance requirement.

The School Corporation established a single fund, the School Lunch fund, for all activity of the food service programs.

The School Corporation also maintained prepaid accounts for students. When prepaid funds were received, they were receipted with the program income into the School Lunch fund as revenue, with no distinction between the prepaid accounts and the program income generated from the food service programs.

Context

The School Corporation's procedures for recording revenues in the School Lunch fund prevented the ability to determine whether the School Corporation was in compliance with the Program Income requirements.

LAKELAND SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

7 CFR 3016.20(b)(2) states:

"*Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

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. . . ."

Cause

Management had not developed a system of internal controls that would have ensured that prepaid receipts and program income receipts were segregated and available for audit.

Effect

The failure to establish a system of internal controls that would have ensured that prepaid receipts and program income receipts were segregated and available for audit prevented the determination of the School Corporation's compliance with the Program Income requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and procedures to ensure that prepaid receipts and program income receipts were segregated and available for audit.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

***FINDING 2015-003 - REPORTING AND SPECIAL TESTS AND PROVISIONS -
VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS (NSLP)***

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, FY 2015

Pass-Through Entity: Indiana Department of Education

LAKELAND SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

Reporting

The Food Service Director prepared and submitted the Verification Summary Reports; however, there was no control in place to determine whether the reports were correct.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

The Food Service Director performed the verifications; however, there was no control in place to determine whether the verifications performed were correct.

Context

Internal control issues were systemic, occurring throughout the audit period.

Criteria

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. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

LAKELAND SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-004 - ELIGIBILITY

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, FY 2015

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement.

The School Corporation had not established an effective control over the notification of households of the children's eligibility. There was no audit evidence available to test whether households who submitted Free and Reduced Price School Meals Applications were notified of the eligibility of their children.

Context

Internal control issues were systemic, occurring throughout the audit period.

Criteria

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

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

7 CFR 3016.42 states in part:

"(a) *Applicability.*

(1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:

(i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or

(ii) Otherwise reasonably considered as pertinent to the program regulations or the grant agreement. . . .

(b) *Length of retention period.*

(1) Except as otherwise provided, records must be retained for three years . . ."

LAKELAND SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not maintained a system of internal controls that segregated key functions.

Effect

The failure to maintain supporting documentation prevented the ability to identify if the School Corporation was in compliance with the Eligibility requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and implement procedures to ensure that supporting documentation for the Eligibility compliance requirement would be maintained and available for audit.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-005 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: United States Department of Education

Federal Programs: Special Education - Grants to States (IDEA, Part B),
Special Education - Preschool Grants (IDEA Preschool)

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-046-PN01, 14214-046-PN01,
99914-046-TA01, 14215-046-PN01,
45715-046-PN01, 45714-046-PN01

Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation was a member of the Northeast Indiana Special Education Cooperative (Cooperative). The grant agreements for the federal programs were between the Indiana Department of Education (IDOE) and each member school of the Cooperative. The member schools of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative. The fiscal agent of the Cooperative spent the federal money on behalf of the School Corporation and other member schools and was responsible for following the compliance requirements related to Allowable Costs/Cost Principles.

An effective internal control system was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Because the grant agreements are between the IDOE and each member of the Cooperative, each member school is ultimately responsible for ensuring compliance with the requirements. The fiscal agent had not implemented adequate controls to ensure that Semi-Annual Certifications prepared were properly signed by the Special Education Director.

LAKELAND SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The Semi-Annual Certifications were not all properly signed by the Special Education Director.

Criteria

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. . . ."

OMB Circular A-87, Attachment B, section 8h states in part:

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. . . ."

Cause

Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation management establish controls, including segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENTS

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



Lakeland School Corporation

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-002

Fiscal year in which the finding initially occurred: 2013

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Cathy J. Phillip

Contact Phone Number: 260-499-2400

Status of Audit Finding:

Immediately upon completion of the fiscal year 2013 audit changes were implemented to our payroll control procedures. The person, (HR/Payroll) inputting payroll prepares the trial journal and the trial journal is then given to the business manager for review and signature.

In the fall of 2015 a HR generalist/payroll clerk was hired and now they input and prepare the payroll and the trial journal is then reviewed and signed off on by the HR Director prior to the payroll being issued and uploaded to the bank.

FINDING 2013-003

Fiscal year in which the finding initially occurred: 2013

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Cathy J. Phillip

Contact Phone Number: 260-499-2400

Status of Audit Finding:

Immediately upon completion of the fiscal year 2013 audit changes were implemented to our payroll control procedures. The person, (HR/Payroll) inputting payroll prepares the trial journal and the trial journal is then given to the business manager for review and signature.

In the fall of 2015 a HR generalist/payroll clerk was hired and now they input and prepare the payroll and the trial journal is then reviewed and signed off on by the HR Director prior to the payroll being issued and uploaded to the bank.

FINDING 2013-004

Fiscal year in which the finding initially occurred: 2013

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Cathy J. Phillip
Contact Phone Number: 260-499-2400

Status of Audit Finding:

Immediately upon completion of the fiscal year 2013 audit changes were implement to our review of applications for textbook assistance/free and reduced meals applications. The food service director continued to input applications, they are then collected and a minimum of 25% of those inputted in a month are then reviewed by the business manager and checked for reasonableness on the application data used to input into the system. All applications that are reviewed are signed off on.

In the fall of 2015 a Nutritionist/Assistant was hired in the food service department and she now performs the application review in place of the business manager using the same procedures described above.

FINDING 2013-005

Fiscal year in which the finding initially occurred: 2013

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Cathy J. Phillip

Contact Phone Number: 260-499-2400

Status of Audit Finding:

Immediately upon completion of the fiscal year 2013 audit changes were implement to review the monthly food service claims for reimbursement. Each month the complete daily and monthly recap of all food service reports are given to the business manager who reviews them, checks them against the claim submitted and signs off.

Likewise, immediately upon completion of the fiscal year 2013 audit all annual financial reports for the food service department are given to the business manager for review and signature prior to submission.



(Signature)

BUSINESS MANAGER / TREASURER

(Title)

3-23-17

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



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CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Crystal Leu and Jennifer Landez
Contact Phone Number: 260-499-2400, option 6

Views of Responsible Official: Lakeland School Corporation has been completing the annual semi-annual certifications since we became aware of that requirement and will continue to do so on an on-going basis.

Description of Corrective Action Plan: Crystal Leu, Curriculum Director, will be responsible for completing the semi-annual certifications on a timely basis and when complete they will be reviewed by Jennifer Landez, Human Resources Director. Jennifer will sign each report to indicate she has made the review. The originals will be kept in a file by grant period and made available for audit purposes.

Anticipated Completion Date: April 13, 2017

FINDING 2015-002

Contact Person Responsible for Corrective Action: Cathy Phillip and Tammy Fennell
Contact Phone Number: 260-499-2400, option 6

Views of Responsible Official: Accounting for pre-paid lunch money was establish in August, 2015.

Description of Corrective Action Plan: Tammy Fennell, Food Service Director, pulls a pre-paid on account report from the NUTRI KIDS software at the end of each month. The report summarizes the amount per school and is accompanied by a detailed report by individual showing each person's prepaid amount. Cathy Phillip, Treasurer, reviews the report and passes the information on to Debra Simon, AP/AR Clerk and the required corresponding entries are made in the accounting system prior to monthly closing.

Anticipated Completion Date: April 13, 2017

FINDING 2015-003

Contact Person Responsible for Corrective Action: Cathy Phillip and Tammy Fennell
Contact Phone Number: 260-499-2400, option 6

Views of Responsible Official: Failure to provide written proof of the Verification Summary report was a management oversight. Review procedure is in place for the meal applications as they are received.

Description of Corrective Action Plan: Tammy Fennell, Food Service Director, will continue to prepare all Verification Summary Reports and Cathy Phillip, Treasurer will be responsible to review and sign that the review has occurred. Applications for Free and Reduced Price meals are reviewed and counter signed per the internal controls in place since November 25, 2013. The control calls for a minimum of 20% of all applications received in a week to be reviewed.

Anticipated Completion Date: April 13, 2017


FINDING 2015-004

Contact Person Responsible for Corrective Action: Tammy Fennell
Contact Phone Number: 260-499-2400, option 6


Views of Responsible Official: Since this audit period new software is in place that includes a verification of the notification sent to the family.

Description of Corrective Action Plan: Tammy Fennell can produce a report from within the NUTRI KIDS software program that will verify the context of the letter and the date the letter was issued to each family.

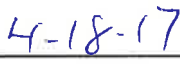
Anticipated Completion Date: April 13, 2017



(Signature)



(Title)



(Date)



Lakeland School Corporation

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CORRECTIVE ACTION PLAN

FINDING 2015-005

Contact Person Responsible for Corrective Action: Cathy Phillip and Eva Merkel
Contact Phone Number: 260-499-2400

Views of Responsible Official: Lakeland will due its appropriate share of assuring that the school and the cooperative are compliant.

Description of Corrective Action Plan: Lakeland will internally comply with the Semi-Annual Certification requirement for all employees who's wages, benefits and related expenses are paid for by any portion of federally provided special education funding. Cathy and Eva will work with our special education director Ben Morgan to assure compliance. Appropriate records will be maintained at Lakeland School Corporation in the Human Resources office.

Further, as Eva sits on the board of the Northeast Indiana Special Education Cooperative, as do all superintendents, she will follow through at the board's monthly meetings to assure herself and other board members that the Cooperative is compliant with this requirement.

Anticipated Completion Date: August 15, 2017

Cathy Phillip
(Signature)

BUSINESS MGR / TREASURER
(Title)

5-31-17
(Date)

Robert Bond, President
David Larimer, Vice President
Kathy Fuller, Secretary

Eva G. Merkel, Superintendent
Crystal A. Leu, Director of Curriculum
Cathy J. Phillip, Business Manager

Sue Keenan, Member
Carey McKibben, Member
Robert Murphy, Member

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/>.