

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

LEBANON COMMUNITY SCHOOL CORPORATION
BOONE COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
04/18/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Melissa Moore	07-01-14 to 06-30-18
Superintendent of Schools	Dr. Robert L. Taylor	07-01-14 to 06-30-18
President of the School Board	Thomas Merritt Michael Burton Elizabeth Keith	07-01-14 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-18



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE LEBANON COMMUNITY SCHOOL
CORPORATION, BOONE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Lebanon Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, 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, 2014 to June 30, 2016.

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, 2014 to June 30, 2016, 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 March 27, 2018, 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 solely 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 effectiveness of the School Corporation's 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

March 27, 2018



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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 LEBANON COMMUNITY SCHOOL
CORPORATION, BOONE 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 Lebanon Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated March 27, 2018, 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.

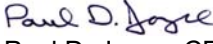
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

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

March 27, 2018

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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.

LEBANON COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-14	Receipts	Disbursements		06-30-15	Receipts	Disbursements		
General	\$ 1,847,581	\$ 23,545,517	\$ 23,977,178	\$ 25,450	\$ 1,441,370	\$ 23,641,132	\$ 22,874,651	\$ -	\$ 2,207,851
Debt Service	1,357,300	4,503,109	4,388,990	(62,920)	1,408,499	5,180,002	4,802,010	(102,966)	1,683,525
Retirement/Severance Bond Debt Service	44,861	337,905	308,338	2,178	76,606	339,296	304,949	-	110,953
Referendum Debt Exempt Capital	592,731	3,848,146	3,451,500	8,086	997,463	3,714,715	3,457,500	-	1,254,678
Capital Projects	477,288	3,173,920	2,858,614	25,200	817,794	3,115,645	3,327,339	32,246	638,346
School Transportation	108,452	1,909,758	1,799,043	10,029	229,196	2,133,138	1,791,748	(44,001)	526,585
School Bus Replacement	(75,571)	195,934	87,241	9,213	42,335	249,720	439,467	-	(147,412)
Rainy Day	3,580,350	-	555,465	-	3,024,885	-	565,889	50,000	2,508,996
Construction	395,592	15,565	213,646	-	197,511	190	165,256	-	32,445
G.O. Bond 2015	-	93	364,836	2,000,000	1,635,257	2,387	1,006,261	-	631,383
School Lunch	126,598	2,044,396	1,988,056	-	182,938	1,936,240	1,956,277	-	162,901
Textbook Rental	29,460	451,910	182,850	79,860	378,380	415,063	398,658	102,966	497,751
Levy Excess	69,336	-	-	(69,336)	-	5,999	-	(5,999)	-
Joint Services and Supply - Special Education Cooperative	215,642	1,211,777	1,317,148	75	110,346	1,300,000	1,304,259	-	106,087
JT Services Shared Services TA	-	7,293	7,293	-	-	-	-	-	-
OT PT JT Services	-	89,330	95,086	-	(5,756)	102,642	106,883	-	(9,997)
Early Intervention Grant	-	-	6,484	-	(6,484)	72,000	65,516	-	-
Building Trades	(95,427)	8,528	175,410	224,176	(38,133)	28	159,222	-	(197,327)
LEF Grants Spring 2013	1,770	-	863	(907)	-	-	-	-	-
LEF Grants Fall 2013	1,814	1	1,394	(421)	-	-	(200)	(200)	-
LEF November 2011 Grant Awards & Spring 2014	5,659	-	4,766	1	894	-	365	(529)	-
LEF Grants Fall 2014	-	4,928	2,730	1,948	4,146	-	3,326	(500)	320
LEF Grants Spring 2015	-	8,951	2,201	-	6,750	-	5,970	(704)	76
LEF Grants Fall 2015	-	-	-	-	-	9,448	5,825	(50)	3,573
LEF Grant October 2012	619	-	-	(619)	-	3,381	3,031	1,982	2,332
Go Build Indiana	(75)	-	9,213	-	(9,288)	32,222	29,851	-	(6,917)
Formative Assessment	-	-	-	-	-	32,071	-	(32,071)	-
Apple Computer Repair	4,875	11,011	10,001	1,935	7,820	6,409	10,742	-	3,487
Instructional Support Fund	34,072	117,817	93,604	153	58,438	85,199	95,382	(18,381)	29,874
LHS After School Program	1,152	3,000	2,725	-	1,427	3,000	2,090	-	2,337
Food Pantry Stokes	-	3,500	3,500	-	-	6,600	5,560	16,458	17,498
Read-up Program	627	4,500	3,843	54	1,338	5,000	3,956	-	2,382
Graduation Coach 2011-2012 & 2014-2015	20,717	37,000	52,852	4,542	9,407	500	7,286	(2,620)	1
Graduation Coach 2015-2016	-	-	-	-	-	61,252	55,703	3,620	9,169
Graduation Coach 2013-2014	13,637	-	9,095	(4,542)	-	12,063	-	-	12,063
LCSC Hosted Tech Training	3,326	14,889	18,215	-	-	30	200	1,000	830
Kat Program - Stokes	54	-	-	(54)	-	-	-	-	-
Educational Support - LCSC	1,635	17,774	18,885	34,920	35,444	21,965	3,641	-	53,768
Lost Library Books	40	1,305	295	-	1,050	1,497	562	-	1,985
Career and Technical Counselor	-	-	65	-	(65)	80,000	68,888	-	11,047
Computer Consortium/Ed Tech Advance	-	322,900	322,900	-	-	295,536	299,661	-	(4,125)
Medicaid Reimbursement	-	-	-	-	-	45,984	5,958	-	40,026

LEBANON COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

Fund	Cash and	Receipts	Disbursements	Other	Cash and	Receipts	Disbursements	Other	Cash and
	Investments			Financing	Investments			Financing	Investments
	07-01-14			Sources (Uses)	06-30-15			Sources (Uses)	06-30-16
Secured Schools Safety Grant	-	54,181	50,976	-	3,205	11,742	39,976	-	(25,029)
Non-English Speaking Programs	-	-	-	-	-	11,258	7,827	-	3,431
Non-English Speaking 2013-2014	2,179	-	2,179	-	-	-	-	-	-
NESP 2014-2015 Grant	-	6,321	3,252	-	3,069	-	3,069	-	-
NESP 2012-2013 Grant	-	-	-	-	-	-	-	-	-
School Technology	10,222	6,801	-	-	17,023	6,564	-	-	23,587
Technology Grants [IC 20-40-15]	62,919	16,766	66,362	-	13,323	77,976	28,551	-	62,748
Performance Based Awards	(13,392)	13,392	-	-	-	-	-	-	-
Title I 2015-2016	-	-	-	-	-	293,339	334,653	-	(41,314)
Title I School Improvement Grant	-	2,000	5,246	-	(3,246)	19,000	15,754	-	-
Title I 2014-2015	-	283,430	314,307	-	(30,877)	84,272	53,394	-	1
Title I 2012-2013	-	-	-	-	-	-	-	-	-
Title I 2013-2014	(19,452)	97,736	78,284	-	-	-	-	-	-
Title I Subpart 2, IUMCH 14-15	-	16,423	33,274	-	(16,851)	18,254	1,403	-	-
Title I Part D, IUMCH 2015-2016	-	-	-	-	-	26,645	29,748	-	(3,103)
Title I Part D, IUMCH 2012-2013	-	-	-	-	-	-	-	-	-
Title I IUMCH 2013-2014	(4,495)	9,798	5,303	-	-	-	-	-	-
IDEA TA Grant 2013-2014	-	-	-	-	-	-	-	-	-
Flow Through IDEA 611 2015-2016	-	-	-	-	-	693,705	738,842	-	(45,137)
SP ED Flow Through 2014-2015	-	693,545	739,570	-	(46,025)	126,432	80,407	-	-
Flow Through Lebanon 2012-2013	(179)	179	-	-	-	-	-	-	-
IDEA 611 Lebanon 2013-2014	(48,765)	157,468	108,703	-	-	-	-	-	-
IDEA-611 Flow Thru Jt. Services/Co-Op	(468)	2,155,579	2,169,648	-	(14,537)	2,119,259	2,181,693	-	(76,971)
IDEA TA Grant 13-14	-	-	-	-	-	-	-	-	-
619 Federal Pre-School SP ED FY17	-	-	-	-	-	-	-	-	-
IDEA 619 Lebanon 2013-2014	(8,681)	13,739	5,058	-	-	25,755	25,755	-	-
FY15 619 Lebanon	-	25,774	25,774	-	-	-	-	-	-
619 Federal Pre-School SP ED	-	75,942	78,151	-	(2,209)	76,970	74,761	-	-
Medicaid Reimbursement - Federal	12,969	-	-	-	12,969	89,874	-	-	102,843
Improving Teacher Quality, No Child Left, Title II, Part A	-	-	-	-	-	2,500	2,500	-	-
Title IIA 2015-2017	-	-	-	-	-	-	44,941	-	(44,941)
Title IIA 2013-2015	(44,436)	83,041	52,646	-	(14,041)	14,096	55	-	-
Title IIA 2014-2016	-	-	78,086	-	(78,086)	86,514	18,736	-	(10,308)
Title IIA 2012-2014	-	-	-	-	-	-	-	-	-
Title IIA, Part A Tech Conference	-	-	-	-	-	-	-	-	-
Prepaid Food	125,916	905,919	989,468	-	42,368	896,787	916,439	-	22,716
Clearing	59,652	6,767,682	6,762,967	-	64,367	6,826,835	6,822,956	-	68,245
Totals	\$ 8,898,104	\$ 53,276,473	\$ 53,903,579	\$ 2,289,021	\$ 10,560,019	\$ 54,418,131	\$ 54,755,142	\$ 251	\$ 10,223,259

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

LEBANON COMMUNITY 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.

LEBANON COMMUNITY 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.

LEBANON COMMUNITY 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.

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 3. *Property Taxes*

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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. 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

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

B. Additional Pension Plan

The School Corporation also contributes to an additional pension plan unique to the School Corporation. Information regarding this plan may be obtained from the School Corporation.

Note 7. Negative Disbursement

The financial statement contains the LEF Grants Fall 2013 fund that has a negative disbursement value. This is a result of an adjustment being made to the incorrect fund.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursement for expenditures made by the School Corporation for federal reimbursable grants was not received by June 30, 2015 and 2016. Other funds with negative cash balances were due to disbursements exceeding receipts.

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Holding Corporation

The School Corporation has entered into a capital lease with the Lebanon Middle School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2015 and 2016 totaled \$7,515,000 and \$7,515,500, respectively.

Note 10. Subsequent Event

On February 21, 2017, the School Corporation issued General Obligation Bonds of 2017 in the amount of \$2,000,000.

Note 11. Other Postemployment Benefits

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

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://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 Indiana Gateway for Government Units 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.

LEBANON COMMUNITY 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	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	G.O. Bond 2015
Cash and investments - beginning	\$ 1,847,581	\$ 1,357,300	\$ 44,861	\$ 592,731	\$ 477,288	\$ 108,452	\$ (75,571)	\$ 3,580,350	\$ 395,592	\$ -
Receipts:										
Local sources	314,258	4,503,109	337,905	3,848,146	3,165,846	1,909,758	195,934	-	15,565	93
Intermediate sources	22	-	-	-	-	-	-	-	-	-
State sources	23,214,473	-	-	-	-	-	-	-	-	-
Federal sources	6,366	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	10,398	-	-	-	8,074	-	-	-	-	-
Total receipts	23,545,517	4,503,109	337,905	3,848,146	3,173,920	1,909,758	195,934	-	15,565	93
Disbursements:										
Instruction	15,527,749	-	-	-	-	-	-	-	-	-
Support services	7,811,224	-	-	-	2,021,045	1,795,919	87,241	444,474	-	-
Noninstructional services	504,388	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	837,569	3,124	-	-	213,646	364,836
Debt service	-	4,388,990	308,338	3,451,500	-	-	-	-	-	-
Nonprogrammed charges	133,817	-	-	-	-	-	-	110,991	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	23,977,178	4,388,990	308,338	3,451,500	2,858,614	1,799,043	87,241	555,465	213,646	364,836
Excess (deficiency) of receipts over disbursements	(431,661)	114,119	29,567	396,646	315,306	110,715	108,693	(555,465)	(198,081)	(364,743)
Other financing sources (uses):										
Proceeds of long-term debt	-	18,230	-	-	-	-	-	-	-	2,000,000
Sale of capital assets	-	-	-	-	3,029	-	6,501	-	-	-
Transfers in	25,450	24,160	2,178	8,086	22,171	10,029	2,712	-	-	-
Transfers out	-	(105,310)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	25,450	(62,920)	2,178	8,086	25,200	10,029	9,213	-	-	2,000,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(406,211)	51,199	31,745	404,732	340,506	120,744	117,906	(555,465)	(198,081)	1,635,257
Cash and investments - ending	\$ 1,441,370	\$ 1,408,499	\$ 76,606	\$ 997,463	\$ 817,794	\$ 229,196	\$ 42,335	\$ 3,024,885	\$ 197,511	\$ 1,635,257

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Special Education Cooperative	JT Services Shared Services TA	OT PT JT Services	Early Intervention Grant	Building Trades	LEF Grants Spring 2013	LEF Grants Fall 2013
Cash and investments - beginning	\$ 126,598	\$ 29,460	\$ 69,336	\$ 215,642	\$ -	\$ -	\$ -	\$ (95,427)	\$ 1,770	\$ 1,814
Receipts:										
Local sources	1,058,943	333,170	-	1,211,777	7,293	89,330	-	8,528	-	1
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	20,509	118,740	-	-	-	-	-	-	-	-
Federal sources	964,433	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	511	-	-	-	-	-	-	-	-	-
Total receipts	2,044,396	451,910	-	1,211,777	7,293	89,330	-	8,528	-	1
Disbursements:										
Instruction	-	-	-	45,116	-	-	6,484	175,410	863	1,394
Support services	21,406	182,850	-	1,272,032	7,293	95,086	-	-	-	-
Noninstructional services	1,950,095	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	16,555	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,988,056	182,850	-	1,317,148	7,293	95,086	6,484	175,410	863	1,394
Excess (deficiency) of receipts over disbursements	56,340	269,060	-	(105,371)	-	(5,756)	(6,484)	(166,882)	(863)	(1,393)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	75	-	-	-	224,176	-	-
Transfers in	-	105,310	-	-	-	-	-	-	-	2
Transfers out	-	(25,450)	(69,336)	-	-	-	-	-	(907)	(423)
Total other financing sources (uses)	-	79,860	(69,336)	75	-	-	-	224,176	(907)	(421)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	56,340	348,920	(69,336)	(105,296)	-	(5,756)	(6,484)	57,294	(1,770)	(1,814)
Cash and investments - ending	\$ 182,938	\$ 378,380	\$ -	\$ 110,346	\$ -	\$ (5,756)	\$ (6,484)	\$ (38,133)	\$ -	\$ -

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	LEF November 2011 Grant Awards & Spring 2014	LEF Grants Fall 2014	LEF Grants Spring 2015	LEF Grants Fall 2015	LEF Grant October 2012	Go Build Indiana	Formative Assessment	Apple Computer Repair	Instructional Support Fund	LHS After School Program
Cash and investments - beginning	\$ 5,659	\$ -	\$ -	\$ -	\$ 619	\$ (75)	\$ -	\$ 4,875	\$ 34,072	\$ 1,152
Receipts:										
Local sources	-	4,928	8,951	-	-	-	-	11,011	117,066	3,000
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	751	-
Total receipts	-	4,928	8,951	-	-	-	-	11,011	117,817	3,000
Disbursements:										
Instruction	4,766	2,730	2,201	-	-	-	-	10,001	18,181	2,725
Support services	-	-	-	-	-	9,213	-	-	75,423	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	4,766	2,730	2,201	-	-	9,213	-	10,001	93,604	2,725
Excess (deficiency) of receipts over disbursements	(4,766)	2,198	6,750	-	-	(9,213)	-	1,010	24,213	275
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	1,935	153	-
Transfers in	2	1,948	-	-	-	-	-	-	-	-
Transfers out	(1)	-	-	-	(619)	-	-	-	-	-
Total other financing sources (uses)	1	1,948	-	-	(619)	-	-	1,935	153	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,765)	4,146	6,750	-	(619)	(9,213)	-	2,945	24,366	275
Cash and investments - ending	\$ 894	\$ 4,146	\$ 6,750	\$ -	\$ -	\$ (9,288)	\$ -	\$ 7,820	\$ 58,438	\$ 1,427

LEBANON COMMUNITY SCHOOL CORPORATION
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	Food Pantry Stokes	Read-up Program	Graduation Coach 2011-2012 & 2014-2015	Graduation Coach 2015-2016	Graduation Coach 2013-2014	LCSC Hosted Tech Training	Kat Program - Stokes	Educational Support - LCSC	Lost Library Books	Career and Technical Counselor
Cash and investments - beginning	\$ -	\$ 627	\$ 20,717	\$ -	\$ 13,637	\$ 3,326	\$ 54	\$ 1,635	\$ 40	\$ -
Receipts:										
Local sources	3,500	4,500	37,000	-	-	14,889	-	17,490	1,305	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	284	-	-
Total receipts	3,500	4,500	37,000	-	-	14,889	-	17,774	1,305	-
Disbursements:										
Instruction	-	3,843	52,852	-	9,095	-	-	-	295	65
Support services	3,500	-	-	-	-	18,215	-	18,885	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,500	3,843	52,852	-	9,095	18,215	-	18,885	295	65
Excess (deficiency) of receipts over disbursements	-	657	(15,852)	-	(9,095)	(3,326)	-	(1,111)	1,010	(65)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	34,920	-	-
Transfers in	-	54	4,542	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(4,542)	-	(54)	-	-	-
Total other financing sources (uses)	-	54	4,542	-	(4,542)	-	(54)	34,920	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	711	(11,310)	-	(13,637)	(3,326)	(54)	33,809	1,010	(65)
Cash and investments - ending	\$ -	\$ 1,338	\$ 9,407	\$ -	\$ -	\$ -	\$ -	\$ 35,444	\$ 1,050	\$ (65)

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 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	Computer Consortium/ Ed Tech Advance	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs	Non-English Speaking 2013-2014	NESP 2014-2015 Grant	NESP 2012-2013 Grant	School Technology	Technology Grants [IC 20-40-15]	Performance Based Awards
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 2,179	\$ -	\$ -	\$ 10,222	\$ 62,919	\$ (13,392)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	322,900	-	54,181	-	-	6,321	-	6,801	-	13,392
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	16,766	-
Total receipts	322,900	-	54,181	-	-	6,321	-	6,801	16,766	13,392
Disbursements:										
Instruction	-	-	-	-	2,179	3,252	-	-	225	-
Support services	322,900	-	50,976	-	-	-	-	-	66,137	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	322,900	-	50,976	-	2,179	3,252	-	-	66,362	-
Excess (deficiency) of receipts over disbursements	-	-	3,205	-	(2,179)	3,069	-	6,801	(49,596)	13,392
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	-	-	3,205	-	(2,179)	3,069	-	6,801	(49,596)	13,392
Cash and investments - ending	\$ -	\$ -	\$ 3,205	\$ -	\$ -	\$ 3,069	\$ -	\$ 17,023	\$ 13,323	\$ -

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	Title I 2015-2016	Title I School Improvement Grant	Title I 2014-2015	Title I 2012-2013	Title I 2013-2014	Title I Subpart 2, IUMCH 14-15	Title I Part D, IUMCH 2015-2016	Title I Part D, IUMCH 2012-2013	Title I IUMCH 2013-2014	IDEA TA Grant 2013-2014
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (19,452)	\$ -	\$ -	\$ -	\$ (4,495)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	2,000	283,430	-	97,736	16,423	-	-	9,798	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	2,000	283,430	-	97,736	16,423	-	-	9,798	-
Disbursements:										
Instruction	-	-	204,103	-	28,047	33,274	-	-	5,303	-
Support services	-	5,246	65,404	-	36,073	-	-	-	-	-
Noninstructional services	-	-	44,800	-	14,164	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	5,246	314,307	-	78,284	33,274	-	-	5,303	-
Excess (deficiency) of receipts over disbursements	-	(3,246)	(30,877)	-	19,452	(16,851)	-	-	4,495	-
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	-	(3,246)	(30,877)	-	19,452	(16,851)	-	-	4,495	-
Cash and investments - ending	\$ -	\$ (3,246)	\$ (30,877)	\$ -	\$ -	\$ (16,851)	\$ -	\$ -	\$ -	\$ -

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	Flow Through IDEA 611 2015-2016	SP ED Flow Through 2014-2015	Flow Through Lebanon 2012-2013	IDEA 611 Lebanon 2013-2014	IDEA-611 Flow Thru Jt. Services/ Co-Op	IDEA TA Grant 13-14	619 Federal Pre-School SP ED FY17	IDEA 619 Lebanon 2013-2014	FY15 619 Lebanon	619 Federal Pre-School SP ED
Cash and investments - beginning	\$ -	\$ -	\$ (179)	\$ (48,765)	\$ (468)	\$ -	\$ -	\$ (8,681)	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	693,545	179	157,468	2,155,579	-	-	13,739	25,774	75,942
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	693,545	179	157,468	2,155,579	-	-	13,739	25,774	75,942
Disbursements:										
Instruction	-	681,809	-	101,575	-	-	-	5,058	25,774	-
Support services	-	57,761	-	7,128	2,169,648	-	-	-	-	78,151
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	739,570	-	108,703	2,169,648	-	-	5,058	25,774	78,151
Excess (deficiency) of receipts over disbursements	-	(46,025)	179	48,765	(14,069)	-	-	8,681	-	(2,209)
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	-	(46,025)	179	48,765	(14,069)	-	-	8,681	-	(2,209)
Cash and investments - ending	\$ -	\$ (46,025)	\$ -	\$ -	\$ (14,537)	\$ -	\$ -	\$ -	\$ -	\$ (2,209)

LEBANON COMMUNITY SCHOOL CORPORATION
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	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title IIA 2015-2017	Title IIA 2013-2015	Title IIA 2014-2016	Title IIA 2012-2014	Title IIA, Part A Tech Conference	Prepaid Food	Clearing	Totals
Cash and investments - beginning	\$ 12,969	\$ -	\$ -	\$ (44,436)	\$ -	\$ -	\$ -	\$ 125,916	\$ 59,652	\$ 8,898,104
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	17,223,296
Intermediate sources	-	-	-	-	-	-	-	-	-	22
State sources	-	-	-	-	-	-	-	-	-	23,757,317
Federal sources	-	-	-	83,041	-	-	-	-	-	4,585,453
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	905,919	6,767,682	7,710,385
Total receipts	-	-	-	83,041	-	-	-	905,919	6,767,682	53,276,473
Disbursements:										
Instruction	-	-	-	47,307	61,335	-	-	-	-	17,063,011
Support services	-	-	-	5,339	16,751	-	-	-	-	16,745,320
Noninstructional services	-	-	-	-	-	-	-	-	-	2,513,447
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	1,435,730
Debt service	-	-	-	-	-	-	-	-	-	8,148,828
Nonprogrammed charges	-	-	-	-	-	-	-	989,468	6,762,967	7,997,243
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	52,646	78,086	-	-	989,468	6,762,967	53,903,579
Excess (deficiency) of receipts over disbursements	-	-	-	30,395	(78,086)	-	-	(83,549)	4,715	(627,106)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	2,018,230
Sale of capital assets	-	-	-	-	-	-	-	-	-	270,789
Transfers in	-	-	-	-	-	-	-	-	-	206,644
Transfers out	-	-	-	-	-	-	-	-	-	(206,644)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	2,289,021
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	30,395	(78,086)	-	-	(83,549)	4,715	1,661,915
Cash and investments - ending	\$ 12,969	\$ -	\$ -	\$ (14,041)	\$ (78,086)	\$ -	\$ -	\$ 42,368	\$ 64,367	\$ 10,560,019

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	General	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	G.O. Bond 2015
Cash and investments - beginning	\$ 1,441,370	\$ 1,408,499	\$ 76,606	\$ 997,463	\$ 817,794	\$ 229,196	\$ 42,335	\$ 3,024,885	\$ 197,511	\$ 1,635,257
Receipts:										
Local sources	269,400	5,180,002	339,296	3,714,715	3,106,157	2,124,934	249,720	-	190	2,387
Intermediate sources	24	-	-	-	-	-	-	-	-	-
State sources	23,371,708	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	9,488	8,204	-	-	-	-
Total receipts	<u>23,641,132</u>	<u>5,180,002</u>	<u>339,296</u>	<u>3,714,715</u>	<u>3,115,645</u>	<u>2,133,138</u>	<u>249,720</u>	<u>-</u>	<u>190</u>	<u>2,387</u>
Disbursements:										
Instruction	15,120,493	-	-	-	-	-	-	538,234	-	-
Support services	7,288,008	-	-	-	2,259,538	1,759,199	439,467	27,655	-	-
Noninstructional services	466,150	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	1,067,801	32,549	-	-	165,256	1,006,261
Debt service	-	4,802,010	304,949	3,457,500	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>22,874,651</u>	<u>4,802,010</u>	<u>304,949</u>	<u>3,457,500</u>	<u>3,327,339</u>	<u>1,791,748</u>	<u>439,467</u>	<u>565,889</u>	<u>165,256</u>	<u>1,006,261</u>
Excess (deficiency) of receipts over disbursements	<u>766,481</u>	<u>377,992</u>	<u>34,347</u>	<u>257,215</u>	<u>(211,694)</u>	<u>341,390</u>	<u>(189,747)</u>	<u>(565,889)</u>	<u>(165,066)</u>	<u>(1,003,874)</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	175	-	-	-	-	-
Transfers in	-	-	-	-	32,071	5,999	-	50,000	-	-
Transfers out	-	(102,966)	-	-	-	(50,000)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(102,966)</u>	<u>-</u>	<u>-</u>	<u>32,246</u>	<u>(44,001)</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>766,481</u>	<u>275,026</u>	<u>34,347</u>	<u>257,215</u>	<u>(179,448)</u>	<u>297,389</u>	<u>(189,747)</u>	<u>(515,889)</u>	<u>(165,066)</u>	<u>(1,003,874)</u>
Cash and investments - ending	<u>\$ 2,207,851</u>	<u>\$ 1,683,525</u>	<u>\$ 110,953</u>	<u>\$ 1,254,678</u>	<u>\$ 638,346</u>	<u>\$ 526,585</u>	<u>\$ (147,412)</u>	<u>\$ 2,508,996</u>	<u>\$ 32,445</u>	<u>\$ 631,383</u>

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	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Special Education Cooperative	JT Services Shared Services TA	OT PT JT Services	Early Intervention Grant	Building Trades	LEF Grants Spring 2013	LEF Grants Fall 2013
Cash and investments - beginning	\$ 182,938	\$ 378,380	\$ -	\$ 110,346	\$ -	\$ (5,756)	\$ (6,484)	\$ (38,133)	\$ -	\$ -
Receipts:										
Local sources	980,144	300,960	-	1,300,000	-	102,642	-	28	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	20,569	114,103	5,999	-	-	-	72,000	-	-	-
Federal sources	935,155	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	372	-	-	-	-	-	-	-	-	-
Total receipts	1,936,240	415,063	5,999	1,300,000	-	102,642	72,000	28	-	-
Disbursements:										
Instruction	-	-	-	22,500	-	-	-	159,222	-	(200)
Support services	27,316	398,658	-	1,281,759	-	106,883	65,516	-	-	-
Noninstructional services	1,912,192	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	16,769	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,956,277	398,658	-	1,304,259	-	106,883	65,516	159,222	-	(200)
Excess (deficiency) of receipts over disbursements	(20,037)	16,405	5,999	(4,259)	-	(4,241)	6,484	(159,194)	-	200
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	102,966	-	-	-	-	-	-	-	-
Transfers out	-	-	(5,999)	-	-	-	-	-	-	(200)
Total other financing sources (uses)	-	102,966	(5,999)	-	-	-	-	-	-	(200)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20,037)	119,371	-	(4,259)	-	(4,241)	6,484	(159,194)	-	-
Cash and investments - ending	\$ 162,901	\$ 497,751	\$ -	\$ 106,087	\$ -	\$ (9,997)	\$ -	\$ (197,327)	\$ -	\$ -

LEBANON COMMUNITY SCHOOL CORPORATION
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	LEF November 2011 Grant Awards & Spring 2014	LEF Grants Fall 2014	LEF Grants Spring 2015	LEF Grants Fall 2015	LEF Grant October 2012	Go Build Indiana	Formative Assessment	Apple Computer Repair	Instructional Support Fund	LHS After School Program
Cash and investments - beginning	\$ 894	\$ 4,146	\$ 6,750	\$ -	\$ -	\$ (9,288)	\$ -	\$ 7,820	\$ 58,438	\$ 1,427
Receipts:										
Local sources	-	-	-	9,448	3,381	-	-	6,409	85,199	3,000
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	32,222	32,071	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	9,448	3,381	32,222	32,071	6,409	85,199	3,000
Disbursements:										
Instruction	365	3,326	5,970	5,361	3,031	-	-	10,742	5,956	2,090
Support services	-	-	-	464	-	29,851	-	-	89,426	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	365	3,326	5,970	5,825	3,031	29,851	-	10,742	95,382	2,090
Excess (deficiency) of receipts over disbursements	(365)	(3,326)	(5,970)	3,623	350	2,371	32,071	(4,333)	(10,183)	910
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	77	-
Transfers in	-	-	-	-	1,982	-	-	-	-	-
Transfers out	(529)	(500)	(704)	(50)	-	-	(32,071)	-	(18,458)	-
Total other financing sources (uses)	(529)	(500)	(704)	(50)	1,982	-	(32,071)	-	(18,381)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(894)	(3,826)	(6,674)	3,573	2,332	2,371	-	(4,333)	(28,564)	910
Cash and investments - ending	\$ -	\$ 320	\$ 76	\$ 3,573	\$ 2,332	\$ (6,917)	\$ -	\$ 3,487	\$ 29,874	\$ 2,337

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	Food Pantry Stokes	Read-up Program	Graduation Coach 2011-2012 & 2014-2015	Graduation Coach 2015-2016	Graduation Coach 2013-2014	LCSC Hosted Tech Training	Kat Program - Stokes	Educational Support - LCSC	Lost Library Books	Career and Technical Counselor
Cash and investments - beginning	\$ -	\$ 1,338	\$ 9,407	\$ -	\$ -	\$ -	\$ -	\$ 35,444	\$ 1,050	\$ (65)
Receipts:										
Local sources	6,600	5,000	500	61,252	12,063	30	-	21,965	1,497	80,000
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>6,600</u>	<u>5,000</u>	<u>500</u>	<u>61,252</u>	<u>12,063</u>	<u>30</u>	<u>-</u>	<u>21,965</u>	<u>1,497</u>	<u>80,000</u>
Disbursements:										
Instruction	5,560	3,956	7,286	55,703	-	-	-	-	562	68,888
Support services	-	-	-	-	-	200	-	3,641	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>5,560</u>	<u>3,956</u>	<u>7,286</u>	<u>55,703</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>3,641</u>	<u>562</u>	<u>68,888</u>
Excess (deficiency) of receipts over disbursements	<u>1,040</u>	<u>1,044</u>	<u>(6,786)</u>	<u>5,549</u>	<u>12,063</u>	<u>(170)</u>	<u>-</u>	<u>18,324</u>	<u>935</u>	<u>11,112</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	16,458	-	-	3,620	-	1,000	-	-	-	-
Transfers out	-	-	(2,620)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>16,458</u>	<u>-</u>	<u>(2,620)</u>	<u>3,620</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>17,498</u>	<u>1,044</u>	<u>(9,406)</u>	<u>9,169</u>	<u>12,063</u>	<u>830</u>	<u>-</u>	<u>18,324</u>	<u>935</u>	<u>11,112</u>
Cash and investments - ending	<u>\$ 17,498</u>	<u>\$ 2,382</u>	<u>\$ 1</u>	<u>\$ 9,169</u>	<u>\$ 12,063</u>	<u>\$ 830</u>	<u>\$ -</u>	<u>\$ 53,768</u>	<u>\$ 1,985</u>	<u>\$ 11,047</u>

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	Computer Consortium/ Ed Tech Advance	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs	Non-English Speaking 2013-2014	NESP 2014-2015 Grant	NESP 2012-2013 Grant	School Technology	Technology Grants [IC 20-40-15]	Performance Based Awards
Cash and investments - beginning	\$ -	\$ -	\$ 3,205	\$ -	\$ -	\$ 3,069	\$ -	\$ 17,023	\$ 13,323	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	295,536	45,984	11,742	11,258	-	-	-	6,564	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	77,976	-
Total receipts	295,536	45,984	11,742	11,258	-	-	-	6,564	77,976	-
Disbursements:										
Instruction	-	5,958	-	7,827	-	3,069	-	-	1,300	-
Support services	299,661	-	39,976	-	-	-	-	-	27,251	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	299,661	5,958	39,976	7,827	-	3,069	-	-	28,551	-
Excess (deficiency) of receipts over disbursements	(4,125)	40,026	(28,234)	3,431	-	(3,069)	-	6,564	49,425	-
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	(4,125)	40,026	(28,234)	3,431	-	(3,069)	-	6,564	49,425	-
Cash and investments - ending	\$ (4,125)	\$ 40,026	\$ (25,029)	\$ 3,431	\$ -	\$ -	\$ -	\$ 23,587	\$ 62,748	\$ -

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	Title I 2015-2016	Title I School Improvement Grant	Title I 2014-2015	Title I 2012-2013	Title I 2013-2014	Title I Subpart 2, IUMCH 14-15	Title I Part D, IUMCH 2015-2016	Title I Part D, IUMCH 2012-2013	Title I IUMCH 2013-2014	IDEA TA Grant 2013-2014
Cash and investments - beginning	\$ -	\$ (3,246)	\$ (30,877)	\$ -	\$ -	\$ (16,851)	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	293,339	19,000	84,272	-	-	18,254	26,645	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>293,339</u>	<u>19,000</u>	<u>84,272</u>	<u>-</u>	<u>-</u>	<u>18,254</u>	<u>26,645</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:										
Instruction	199,753	-	30,883	-	-	1,403	26,582	-	-	-
Support services	63,225	15,754	11,005	-	-	-	3,166	-	-	-
Noninstructional services	71,675	-	11,506	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>334,653</u>	<u>15,754</u>	<u>53,394</u>	<u>-</u>	<u>-</u>	<u>1,403</u>	<u>29,748</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(41,314)</u>	<u>3,246</u>	<u>30,878</u>	<u>-</u>	<u>-</u>	<u>16,851</u>	<u>(3,103)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(41,314)</u>	<u>3,246</u>	<u>30,878</u>	<u>-</u>	<u>-</u>	<u>16,851</u>	<u>(3,103)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ (41,314)</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,103)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Flow Through IDEA 611 2015-2016	SP ED Flow Through 2014-2015	Flow Through Lebanon 2012-2013	IDEA 611 Lebanon 2013-2014	IDEA-611 Flow Thru Jt. Services/ Co-Op	IDEA TA Grant 13-14	619 Federal Pre-School SP ED FY17	IDEA 619 Lebanon 2013-2014	FY15 619 Lebanon	619 Federal Pre-School SP ED
Cash and investments - beginning	\$ -	\$ (46,025)	\$ -	\$ -	\$ (14,537)	\$ -	\$ -	\$ -	\$ -	\$ (2,209)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	693,705	126,432	-	-	2,119,259	-	25,755	-	76,970	
Temporary loans	-	-	-	-	-	-	-	-	-	
Interfund loans	-	-	-	-	-	-	-	-	-	
Other receipts	-	-	-	-	-	-	-	-	-	
Total receipts	693,705	126,432	-	-	2,119,259	-	25,755	-	76,970	
Disbursements:										
Instruction	681,705	80,407	-	-	-	-	25,755	-	-	
Support services	57,137	-	-	-	2,181,693	-	-	-	74,761	
Noninstructional services	-	-	-	-	-	-	-	-	-	
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	
Debt service	-	-	-	-	-	-	-	-	-	
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	
Interfund loans	-	-	-	-	-	-	-	-	-	
Total disbursements	738,842	80,407	-	-	2,181,693	-	25,755	-	74,761	
Excess (deficiency) of receipts over disbursements	(45,137)	46,025	-	-	(62,434)	-	-	-	2,209	
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	(45,137)	46,025	-	-	(62,434)	-	-	-	2,209	
Cash and investments - ending	\$ (45,137)	\$ -	\$ -	\$ -	\$ (76,971)	\$ -	\$ -	\$ -	\$ -	

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title IIA 2015-2017	Title IIA 2013-2015	Title IIA 2014-2016	Title IIA 2012-2014	Title IIA, Part A Tech Conference	Prepaid Food	Clearing	Totals
Cash and investments - beginning	\$ 12,969	\$ -	\$ -	\$ (14,041)	\$ (78,086)	\$ -	\$ -	\$ 42,368	\$ 64,367	\$ 10,560,019
Receipts:										
Local sources	-	-	-	55	-	-	-	-	-	17,966,974
Intermediate sources	-	-	-	-	-	-	-	-	-	24
State sources	-	-	-	-	-	-	-	-	-	24,019,756
Federal sources	89,874	2,500	-	14,041	86,514	-	-	-	-	4,611,715
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	896,787	6,826,835	7,819,662
Total receipts	89,874	2,500	-	14,096	86,514	-	-	896,787	6,826,835	54,418,131
Disbursements:										
Instruction	-	2,500	39,495	55	16,608	-	-	-	-	17,142,345
Support services	-	-	5,446	-	2,128	-	-	-	-	16,558,784
Noninstructional services	-	-	-	-	-	-	-	-	-	2,461,523
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	2,288,636
Debt service	-	-	-	-	-	-	-	-	-	8,564,459
Nonprogrammed charges	-	-	-	-	-	-	-	916,439	6,822,956	7,739,395
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	2,500	44,941	55	18,736	-	-	916,439	6,822,956	54,755,142
Excess (deficiency) of receipts over disbursements	89,874	-	(44,941)	14,041	67,778	-	-	(19,652)	3,879	(337,011)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	252
Transfers in	-	-	-	-	-	-	-	-	-	214,096
Transfers out	-	-	-	-	-	-	-	-	-	(214,097)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	251
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	89,874	-	(44,941)	14,041	67,778	-	-	(19,652)	3,879	(336,760)
Cash and investments - ending	\$ 102,843	\$ -	\$ (44,941)	\$ -	\$ (10,308)	\$ -	\$ -	\$ 22,716	\$ 68,245	\$ 10,223,259

LEBANON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Apple Lease	Laptop Purchases	\$ 413,944	5/16/2013	11/16/2016
Lebanon Middle School Building Corporation	Building Construction/Remodeling	3,457,500	1/10/2012	1/10/2024
Lebanon Middle School Building Corporation	Building Construction/Remodeling	2,134,000	7/10/2007	1/10/2021
Lebanon Middle School Building Corporation	Building Construction/Remodeling	<u>1,926,000</u>	7/5/1998	1/5/2018
Total governmental activities		<u>7,931,444</u>		
Total of annual lease payments		<u>\$ 7,931,444</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Pension Bond - Indiana Bond Bank	\$ 955,000	\$ 310,563
General obligation bonds	Building and property maintenance/repairs	1,785,000	1,850,175
Notes and loans payable	Common School Loan Technology	161,450	162,257
Notes and loans payable	Common School Loan Technology	<u>295,536</u>	<u>299,060</u>
Total governmental activities		<u>3,196,986</u>	<u>2,622,055</u>
Totals		<u>\$ 3,196,986</u>	<u>\$ 2,622,055</u>

LEBANON COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2016

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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,150,000
Infrastructure	1,145,879
Buildings	84,867,834
Improvements other than buildings	1,145,879
Machinery, equipment, and vehicles	9,627,770
Books and other	<u>1,250,000</u>
Total governmental activities	<u>99,187,362</u>
Total capital assets	<u>\$ 99,187,362</u>

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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 LEBANON COMMUNITY SCHOOL
CORPORATION, BOONE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Lebanon Community 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, 2014 to June 30, 2016. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on the Child Nutrition Cluster

As described in item 2016-004 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on the Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2014 to June 30, 2016.

Unmodified Opinion on Title I Grants to Local Educational Agencies

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2014 to June 30, 2016.

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 2016-001, 2016-002, and 2016-003. 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.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 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 2016-001, 2016-002, 2016-003, and 2016-004 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

March 27, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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LEBANON COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2015 and 2016

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 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Department of Agriculture							
Child Nutrition Cluster	Indiana Department of Education						
School Breakfast Program		10.553	FY15/FY16	\$ -	\$ 214,561	\$ -	\$ 220,388
National School Lunch Program		10.555	FY15/FY16	-	723,220	-	700,474
School Lunch Commodities				-	113,141	-	97,152
Total - National School Lunch Program				-	836,361	-	797,626
Total - Child Nutrition Cluster				-	1,050,922	-	1,018,014
Total - Department of Agriculture				-	1,050,922	-	1,018,014
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY 2014 Federal Part B 611			14214-099-PN01	-	157,468	-	-
FY 2015 Federal Part B 611			14215-099-PN01	-	693,545	-	126,432
FY 2016 Federal Part B 611			14216-099-PN01	-	-	-	693,705
Total - Special Education Grants to States				-	851,013	-	820,137
Special Education_Preschool Grants	Indiana Department of Education	84.173					
FY 2014 Federal Part B 619 Grant			45714-099-PN01	-	13,739	-	25,755
FY 2015 Federal Part B 619 Grant			45715-099-PN01	-	25,774	-	-
Total - Special Education_Preschool Grants				-	39,513	-	25,755
Total - Special Education Cluster (IDEA)				-	890,526	-	845,892
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Delinquent Grant 2013-2014			FY 2014	-	9,798	-	-
Title I Delinquent Grant 2014-2015			FY 2015	-	16,423	-	18,254
Title I Delinquent Grant 2015-2016			FY 2016	-	-	-	26,645
Title I 2013-2014			14-0665	-	97,736	-	-
Title I 2014-2015			15-0665	-	283,430	-	84,272
Title I 2015-2016			16-0665	-	-	-	293,339
Title I School Improvement Grant			FY 2015	-	2,000	-	19,000
Total - Title I Grants to Local Educational Agencies				-	409,387	-	441,510
Supporting Effective Instruction State Grant	Indiana Department of Education	84.367					
Title IIA 2013-2015			13-0665	-	83,041	-	14,041
Title IIA 2014-2016			14-0665	-	-	-	86,514
Total - Supporting Effective Instruction State Grant				-	83,041	-	100,555
Total - Department of Education				-	1,382,954	-	1,387,957
Department of Homeland Security							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	385PA4173000000	-	6,366	-	-
Total - Department of Homeland Security				-	6,366	-	-
Total federal awards expended				\$ -	\$ 2,440,242	\$ -	\$ 2,405,971

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

LEBANON COMMUNITY 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, 2015 and 2016. 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.

LEBANON COMMUNITY 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 deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified for Title I Grants to Local Educational Agencies; Qualified for Child Nutrition Cluster
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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies

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.

LEBANON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-001

Subject: Child Nutrition Cluster - 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): FY15/FY16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Other Matters

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. Procedures established to ensure that the School Corporation's calculation of program income for the National School Lunch Program were not effective.

The School Corporation did not have proper oversight and monitoring of the daily deposits for the School Lunch fund. The program income calculation for fiscal year 2016 included amounts received for prepaid meals, which caused an overstatement in the income reported for the National School Lunch Program for fiscal year 2016.

Context

The School Corporation's lack of properly designed and implemented controls and failure to properly calculate program income were systemic problems 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 210.14(c) states:

"*Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 220.13(i) states in part: "Each State agency . . . shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their nonprofit school food service. . . ."

LEBANON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.302(b)(3) states:

"Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that would have ensured the proper calculation of program income.

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Program Income compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Program Income 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 2016-002

Subject: Child Nutrition Cluster - Reporting
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): FY15/FY16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

LEBANON COMMUNITY 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 Reporting compliance requirement. Procedures established to ensure that the School Corporation's preparation and reporting of the Annual Financial Report (AFR) and the School Food Authority (SFA) Verification Collection Report for the School Breakfast Program and National School Lunch Program were not effective.

The School Corporation did not have proper oversight and monitoring of the preparation and reporting of the AFR and School Food Authority (SFA) Verification Collection Report for the School Lunch fund. For fiscal year 2015, the School Food Authority (SFA) Verification Collection Report did not have supporting documentation. For fiscal year 2016, the AFR and School Food Authority (SFA) Verification Collection Report were not supported by the School Corporation's records.

Context

The lack of properly designed and implemented controls was a systemic problem, which occurred throughout the audit period.

The School Corporation's failure to provide proper oversight for the reporting of the Annual Financial Report and School Food Authority (SFA) Verification Collection Report was a systemic problem throughout the audit period.

The lack of supporting documentation for the required reports was an isolated incident for the required reports listed above.

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 3016.20(b) states in part:

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

(1) *Financial Reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

LEBANON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.302(b)(2) states in part: "Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Reporting compliance requirement. We also recommended that the School Corporation keep all supporting documentation for required reports.

Views of Responsible Officials

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

FINDING 2016-003

Subject: Child Nutrition Cluster - Special Tests and Provisions - Paid Lunch Equity
Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY15/FY16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity
Audit Findings: Material Weakness, Other Matters

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 Special Tests and Provisions - Paid Lunch Equity compliance requirement. Procedures established to ensure that the School Corporation's preparation and reporting of the Paid Lunch Equity calculation for the National School Lunch Program were not effective.

LEBANON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation did not have policies or procedures in place to ensure Special Tests and Provisions - Paid Lunch Equity requirements were properly calculated and considered. The School Corporation did not retain its Paid Lunch Equity calculation documentation for the 2014-2015 school year; therefore, the School Corporation was not in compliance with the Special Tests and Provisions - Paid Lunch Equity requirement.

Context

The lack of properly designed and implemented controls was a systemic problem, which occurred throughout the audit period. The issue of Paid Lunch Equity calculations not being completed was an isolated incident to the 2014-2015 school year.

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 210.15(b) states in part:

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

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

7 CFR 210.14(e) states in part:

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

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

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

LEBANON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

Cause

Management had not developed a system of internal controls that segregated key functions or that ensured the maintenance of proper supporting documentation.

Effect

The failure to establish an effective internal control system enabled noncompliance with the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement. We also recommended that the School Corporation complete the required calculations for Paid Lunch Equity.

Views of Responsible Officials

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

FINDING 2016-004

Subject: Child Nutrition Cluster - 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

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY15/FY16

Pass-Through Entity: Indiana Department of Education

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

Audit Findings: Material Weakness, Modified Opinion

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

LEBANON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

It could not be determined if the School Corporation complied with the requirements of the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP). Audit evidence was not available as requested for school year 2014-2015. Due to this lack of maintaining of records, the requirements for the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) could not be verified.

Context

The lack of controls was a systemic problem throughout the audit period. Records were not available to determine compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) requirements for the 2014-2015 school year.

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

Cause

The School Corporation had not developed a system of internal controls to ensure that documentation was maintained and made available for audit relating to the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement compliance requirement.

Effect

The failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

LEBANON COMMUNITY 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 to ensure that documentation is maintained and made available for audit relating to the Special Tests and Provisions - Verification of Free and Reduced Applications (NSLP) compliance requirement.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENT

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



**Administration Center
Office of the Superintendent**
1810 North Grant Street
Lebanon, IN 46052
Phone: 765-482-0380
Fax: 765-483-3053
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CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Jennifer Rice, Food Service Director
Contact Phone Number: 765-482-0380

Views of Responsible Official: Administration Concurs with finding.

Description of Corrective Action Plan:

Calculation of Program Income no longer includes amounts received for prepaid meals. Separate funds have been identified and receipts have been recorded accordingly.

Internal controls have been implemented: This procedure will be reviewed by both the Director of Food Service and the Corporation Treasurer.

Anticipated Completion Date: This procedure was implemented 01/01/2017

Charles L. Tait
(Signature)
ASST. Supt.
(Title)
3-27-2018
(Date)

Dr. Robert L. Taylor
Superintendent

Charles L. Tait
Assistant Superintendent

Diane Lee Scott
Director of Curriculum

Kari K. Ottinger
Director of Assessment

Chad Martin
Director of Technology



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CORRECTIVE ACTION PLAN

FINDING 2016-002

Contact Person Responsible for Corrective Action: Jennifer Rice, Food Service Director
Contact Phone Number: 765-482-0380

Views of Responsible Official: Administration concurs with this finding.

Description of Corrective Action Plan: Internal controls have been implemented so that the preparation and reporting of the Annual Financial Report and the Verification Summary for School Breakfast Program and National School Lunch Program are created by Director of Food Service and reviewed by the Assistant Superintendent.

Anticipated Completion Date: 03/22/2018

Charles L. Tait
(Signature)
ASST. SUPT.
(Title)
3-27-2018

Dr. Robert L. Taylor
Superintendent

Charles L. Tait
Assistant Superintendent

Diane Lee Scott
Director of Curriculum

Kari K. Ottinger
Director of Assessment

Chad Martin
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CORRECTIVE ACTION PLAN

FINDING 2016-003

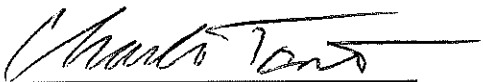
Contact Person Responsible for Corrective Action: Jennifer Rice, Food Service Director
Contact Phone Number: 765-482-0380

Views of Responsible Official: Administration concurs with this finding.

Description of Corrective Action Plan: Documents are stored in secure place and only destroyed according the law – records retention.

Internal Controls for the calculation paid lunch equity has been implemented.
Primary responsibility: Food Service Director
Secondary responsibility: Assistant Superintendent

Anticipated Completion Date: 3/22/2018



(Signature)

ASST. Supt.

(Title)

3-27-2018

Dr. Robert L. Taylor
Superintendent

Charles L. Tait
Assistant Superintendent

Diane Lee Scott
Director of Curriculum

Kari K. Ottinger
Director of Assessment

Chad Martin
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CORRECTIVE ACTION PLAN

FINDING 2016-004

Contact Person Responsible for Corrective Action: Jennifer Rice, Food Service Director
Contact Phone Number: 765-482-0380

Views of Responsible Official: Administration concurs with the finding.

Description of Corrective Action Plan:

Documents are stored in secure place and only destroyed according the law – records retention.

Internal Controls for the verification of Free and Reduced Price applications has been implemented.

Primary responsibility: Food Service Director

Secondary responsibility: Assistant Superintendent

Anticipated Completion Date: 3/22/2018

(Signature)

(Title)

Dr. Robert L. Taylor
Superintendent

Charles L. Tait
Assistant Superintendent

Diane Lee Scott
Director of Curriculum

Kari K. Ottinger
Director of Assessment

Chad Martin
Director of Technology

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/>.