

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

LAKELAND SCHOOL CORPORATION
LAGRANGE COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
05/07/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cathy J. Phillip	07-01-15 to 06-30-18
Superintendent of Schools	Risa J. Herber Eva G. Merkel (interim) Eva G. Merkel	07-01-15 to 03-28-16 03-29-16 to 06-30-16 07-01-16 to 06-30-18
President of the School Board	Robert Bond David M. Larimer	07-01-15 to 12-31-17 01-01-18 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Lakeland School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, 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, 2015 to June 30, 2017.

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, 2015 to June 30, 2017, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 10, 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

April 10, 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 LAKELAND SCHOOL CORPORATION, LAGRANGE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Lakeland School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated April 10, 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 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 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider to be a material weakness.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001.

Lakeland School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

April 10, 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.

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LAKELAND SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER
FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 2,481,887	\$ 14,724,211	\$ 15,088,325	\$ 97,980	\$ 2,215,753	\$ 13,579,585	\$ 13,338,585	\$ 74,174	\$ 2,530,927
Debt Service	203,508	1,087,075	1,067,641	(92,161)	130,781	1,187,892	1,070,635	(78,810)	169,228
Capital Projects	1,007,268	2,213,647	2,514,044	-	706,871	2,234,704	1,990,736	-	950,839
Transportation Operating	946,779	1,758,305	1,614,177	1,389	1,092,296	1,767,676	1,624,561	(394,545)	840,866
School Bus Replacement	52,743	262,656	363,375	-	(47,976)	317,262	269,254	(19,093)	(19,061)
Rainy Day	104,000	132,363	-	-	236,363	-	159,683	413,638	490,318
Construction Fund	532,119	-	419,984	-	112,135	-	112,135	-	-
School Lunch	667,488	1,088,160	1,160,769	(78,748)	516,131	1,045,445	1,277,832	(72,872)	210,872
Textbook Rental	-	734,170	826,331	92,161	-	209,107	237,297	77,508	49,318
Levy Excess	189	-	-	(189)	-	-	-	-	-
Latch Key Program	30,852	16,929	22,540	-	25,241	19,343	20,757	-	23,827
Educational License Plates	3,492	94	-	-	3,586	94	-	-	3,680
Alternative Education	-	13,797	13,797	-	-	8,448	8,448	-	-
Pence Safe Schools Grant 15-16	-	-	50,000	-	(50,000)	50,000	-	-	-
Early Intervention Grant 16-17	-	-	-	-	-	10,579	-	-	10,579
Lilly Counseling Grant	-	-	-	-	-	30,000	16,864	-	13,136
Riddick Estate	5,000	-	-	-	5,000	-	-	-	5,000
Dekko Grant LMS	-	-	-	-	-	50,000	-	-	50,000
ISDH Wellness Grant	686	-	-	-	686	-	-	-	686
Refunds - ISTA Section 125	14,424	-	-	-	14,424	-	-	-	14,424
Formative Assessment	-	-	-	-	-	26,339	21,170	-	5,169
High Ability 2014-2015	4,761	-	4,761	-	-	-	-	-	-
High Ability 2015-2016	-	34,718	24,832	-	9,886	-	9,886	-	-
High Ability 2016-2017	-	-	-	-	-	34,325	22,174	-	12,151
Talent Initiative Grant	5,788	-	5,788	-	-	-	-	-	-
Secured Schools Safety Grant	-	-	-	-	-	-	50,000	-	(50,000)
Non-English Speaking 2014-2015	6,350	-	6,350	-	-	-	-	-	-
Non-English Speaking 2015-2016	-	43,248	32,550	-	10,698	-	10,698	-	-
Non-English Speaking 2016-2017	-	-	-	-	-	40,529	32,112	-	8,417
Connectivity Funds	9,404	4,404	4,404	-	9,404	6,308	6,308	-	9,404
Career and Technical Performance Grant	-	-	-	-	-	29,929	21,226	-	8,703
Excellence in Performance Grant	(11,175)	11,175	-	-	-	3,499	3,499	-	-
Wellness-Insurance Consort	53,013	-	11,073	-	41,940	12,634	13,512	-	41,062
Excess PTRC Distributions	73	-	-	-	73	-	-	-	73
Out of School Suspension	18,283	-	23,324	17,697	12,656	-	23,602	17,597	6,651
Title I 2014-2015	(115,272)	149,954	34,682	-	-	-	-	-	-
Title I 2015-2016	-	372,218	422,067	-	(49,849)	111,189	61,340	-	-
Title I 2016-2017	-	-	-	-	-	370,251	414,303	-	(44,052)
School Improvement Title I	-	-	1,500	-	(1,500)	1,500	-	-	-
Title I 1003 (A) School Improvement Grant	-	-	-	-	-	1,365	10,960	-	(9,595)
Universal Service Fund	31,027	37,492	10,531	-	57,988	-	10,809	-	47,179
Title II, Part A 2014-2016	(17,435)	34,506	17,071	-	-	-	-	-	-
Title II, Part A 2015-2017	-	33,646	43,064	-	(9,418)	24,901	15,483	-	-
Title II, Part A 2016-2018	-	-	-	-	-	20,314	23,435	-	(3,121)
Title III 2014-2015	(10,274)	15,942	5,668	-	-	-	-	-	-
Title III 2015-2016	-	31,661	34,252	-	(2,591)	10,883	8,292	-	-
Title III 2016-2017	-	-	-	-	-	28,673	32,783	-	(4,110)
Prepaid Food	-	12,328	-	-	12,328	67	-	-	12,395
Clearing Account	107,420	3,485,482	3,499,304	-	93,598	3,425,128	3,454,257	-	64,468
Totals	\$ 6,132,398	\$ 26,298,180	\$ 27,322,204	\$ 38,129	\$ 5,146,503	\$ 24,657,969	\$ 24,372,636	\$ 17,597	\$ 5,449,433

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

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

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

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

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

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

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

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

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

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.

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Other Financing Sources and Uses

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

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

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

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

Transfers out. Amounts paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were 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.

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursements for expenditures out of these funds by the School Corporation were not received by June 30, 2016 and 2017. The School Bus Replacement fund's deficit balance at June 30, 2016 and 2017, is due to an overdrawn cash balance.

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporation*

The School Corporation has entered into a capital lease with Lakeland High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2016 and 2017 totaled \$1,085,573 and \$1,067,290, respectively.

Note 9. *Subsequent Events*

On July 17, 2017, the School Corporation approved a Common School Technology Loan from the Indiana Department of Education for \$198,900.

On January 15, 2018, the School Corporation accepted a \$629,000 bid from Project Design and Piping, Inc. for the high school competition gym air conditioning and auditorium HVAC improvement project.

On February 5, 2018, the School Corporation approved the purchase of four new buses for \$306,270.

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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.

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

	General	Debt Service	Capital Projects	Transportation Operating	School Bus Replacement	Rainy Day	Construction Fund	School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ 2,481,887	\$ 203,508	\$ 1,007,268	\$ 946,779	\$ 52,743	\$ 104,000	\$ 532,119	\$ 667,488	\$ -	\$ 189
Receipts:										
Local sources	56,620	1,087,075	2,213,647	1,752,575	262,656	132,363	-	399,924	124,238	-
Intermediate sources	29	-	-	-	-	-	-	-	-	-
State sources	13,994,261	-	-	-	-	-	-	-	84,821	-
Federal sources	-	-	-	-	-	-	-	688,236	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	610,893	-	-	-	-	-	-	-	525,111	-
Other receipts	62,408	-	-	5,730	-	-	-	-	-	-
Total receipts	14,724,211	1,087,075	2,213,647	1,758,305	262,656	132,363	-	1,088,160	734,170	-
Disbursements:										
Instruction	9,388,252	-	-	-	-	-	-	-	-	-
Support services	5,103,446	-	908,001	1,614,177	363,375	-	-	-	215,438	-
Noninstructional services	-	-	-	-	-	-	-	1,154,710	-	-
Facilities acquisition and construction	50,751	-	1,606,043	-	-	-	419,984	-	-	-
Debt service	20,765	1,067,641	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	6,059	-	-
Interfund loans	525,111	-	-	-	-	-	-	-	610,893	-
Total disbursements	15,088,325	1,067,641	2,514,044	1,614,177	363,375	-	419,984	1,160,769	826,331	-
Excess (deficiency) of receipts over disbursements	(364,114)	19,434	(300,397)	144,128	(100,719)	132,363	(419,984)	(72,609)	(92,161)	-
Other financing sources (uses):										
Proceeds of long-term debt	19,232	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	1,200	-	-	-	-	-	-
Transfers in	81,990	-	-	189	-	-	-	-	92,161	-
Transfers out	(3,242)	(92,161)	-	-	-	-	-	(78,748)	-	(189)
Total other financing sources (uses)	97,980	(92,161)	-	1,389	-	-	-	(78,748)	92,161	(189)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(266,134)	(72,727)	(300,397)	145,517	(100,719)	132,363	(419,984)	(151,357)	-	(189)
Cash and investments - ending	\$ 2,215,753	\$ 130,781	\$ 706,871	\$ 1,092,296	\$ (47,976)	\$ 236,363	\$ 112,135	\$ 516,131	\$ -	\$ -

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

	Latch Key Program	Educational License Plates	Alternative Education	Pence Safe Schools Grant 15-16	Early Intervention Grant 16-17	Lilly Counseling Grant	Riddick Estate	Dekko Grant LMS	ISDH Wellness Grant	Refunds - ISTA Section 125
Cash and investments - beginning	\$ 30,852	\$ 3,492	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 686	\$ 14,424
Receipts:										
Local sources	16,929	-	-	-	-	-	-	-	-	-
Intermediate sources	-	94	-	-	-	-	-	-	-	-
State sources	-	-	13,797	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	16,929	94	13,797	-	-	-	-	-	-	-
Disbursements:										
Instruction	22,540	-	13,797	-	-	-	-	-	-	-
Support services	-	-	-	37,500	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	12,500	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	22,540	-	13,797	50,000	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(5,611)	94	-	(50,000)	-	-	-	-	-	-
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	(5,611)	94	-	(50,000)	-	-	-	-	-	-
Cash and investments - ending	\$ 25,241	\$ 3,586	\$ -	\$ (50,000)	\$ -	\$ -	\$ 5,000	\$ -	\$ 686	\$ 14,424

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

	Formative Assessment	High Ability 2014-2015	High Ability 2015-2016	High Ability 2016-2017	Talent Initiative Grant	Secured Schools Safety Grant	Non-English Speaking 2014-2015	Non-English Speaking 2015-2016	Non-English Speaking 2016-2017	Connectivity Funds
Cash and investments - beginning	\$ -	\$ 4,761	\$ -	\$ -	\$ 5,788	\$ -	\$ 6,350	\$ -	\$ -	\$ 9,404
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	34,718	-	-	-	-	43,248	-	4,404
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	34,718	-	-	-	-	43,248	-	4,404
Disbursements:										
Instruction	-	4,761	24,832	-	-	-	6,350	32,550	-	-
Support services	-	-	-	-	5,788	-	-	-	-	4,404
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	4,761	24,832	-	5,788	-	6,350	32,550	-	4,404
Excess (deficiency) of receipts over disbursements	-	(4,761)	9,886	-	(5,788)	-	(6,350)	10,698	-	-
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	-	(4,761)	9,886	-	(5,788)	-	(6,350)	10,698	-	-
Cash and investments - ending	\$ -	\$ -	\$ 9,886	\$ -	\$ -	\$ -	\$ -	\$ 10,698	\$ -	\$ 9,404

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

	Career and Technical Performance Grant	Excellence in Performance Grant	Wellness- Insurance Consort	Excess PTRC Distributions	Out of School Suspension	Title I 2014-2015	Title I 2015-2016	Title I 2016-2017	School Improvement Title I	Title I 1003 (A) School Improvement Title I
Cash and investments - beginning	\$ -	\$ (11,175)	\$ 53,013	\$ 73	\$ 18,283	\$ (115,272)	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	11,175	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	149,954	372,218	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	11,175	-	-	-	149,954	372,218	-	-	-
Disbursements:										
Instruction	-	-	-	-	23,324	7,964	214,796	-	-	-
Support services	-	-	11,073	-	-	26,718	207,221	-	1,500	-
Noninstructional services	-	-	-	-	-	-	50	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	11,073	-	23,324	34,682	422,067	-	1,500	-
Excess (deficiency) of receipts over disbursements	-	11,175	(11,073)	-	(23,324)	115,272	(49,849)	-	(1,500)	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	17,697	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	17,697	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	11,175	(11,073)	-	(5,627)	115,272	(49,849)	-	(1,500)	-
Cash and investments - ending	\$ -	\$ -	\$ 41,940	\$ 73	\$ 12,656	\$ -	\$ (49,849)	\$ -	\$ (1,500)	\$ -

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

	Universal Service Fund	Title II, Part A 2014-2016	Title II, Part A 2015-2017	Title II, Part A 2016-2018	Title III 2014-2015	Title III 2015-2016	Title III 2016-2017	Prepaid Food	Clearing Account	Totals
Cash and investments - beginning	\$ 31,027	\$ (17,435)	\$ -	\$ -	\$ (10,274)	\$ -	\$ -	\$ -	\$ 107,420	\$ 6,132,398
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	6,046,027
Intermediate sources	-	-	-	-	-	-	-	-	-	123
State sources	-	-	-	-	-	-	-	-	-	14,186,424
Federal sources	37,492	34,506	33,646	-	15,942	31,661	-	-	-	1,363,655
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	1,136,004
Other receipts	-	-	-	-	-	-	-	12,328	3,485,482	3,565,947
Total receipts	37,492	34,506	33,646	-	15,942	31,661	-	12,328	3,485,482	26,298,180
Disbursements:										
Instruction	-	3,407	12,562	-	5,668	34,252	-	-	-	9,795,055
Support services	10,531	13,664	30,502	-	-	-	-	-	-	8,553,338
Noninstructional services	-	-	-	-	-	-	-	-	-	1,154,760
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	2,089,278
Debt service	-	-	-	-	-	-	-	-	-	1,088,406
Nonprogrammed charges	-	-	-	-	-	-	-	-	3,499,304	3,505,363
Interfund loans	-	-	-	-	-	-	-	-	-	1,136,004
Total disbursements	10,531	17,071	43,064	-	5,668	34,252	-	-	3,499,304	27,322,204
Excess (deficiency) of receipts over disbursements	26,961	17,435	(9,418)	-	10,274	(2,591)	-	12,328	(13,822)	(1,024,024)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	19,232
Sale of capital assets	-	-	-	-	-	-	-	-	-	18,897
Transfers in	3,242	-	-	-	-	-	-	-	-	177,582
Transfers out	(3,242)	-	-	-	-	-	-	-	-	(177,582)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	38,129
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	26,961	17,435	(9,418)	-	10,274	(2,591)	-	12,328	(13,822)	(985,895)
Cash and investments - ending	\$ 57,988	\$ -	\$ (9,418)	\$ -	\$ -	\$ (2,591)	\$ -	\$ 12,328	\$ 93,598	\$ 5,146,503

LAKELAND SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	General	Debt Service	Capital Projects	Transportation Operating	School Bus Replacement	Rainy Day	Construction Fund	School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ 2,215,753	\$ 130,781	\$ 706,871	\$ 1,092,296	\$ (47,976)	\$ 236,363	\$ 112,135	\$ 516,131	\$ -	\$ -
Receipts:										
Local sources	111,469	1,187,892	2,233,305	1,767,522	317,262	-	-	384,770	124,548	-
Intermediate sources	48	-	-	-	-	-	-	-	-	-
State sources	13,334,951	-	-	-	-	-	-	-	84,559	-
Federal sources	-	-	-	-	-	-	-	660,675	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	147,515	-	-	-	-	-	-	-	-	-
Other receipts	(14,398)	-	1,399	154	-	-	-	-	-	-
Total receipts	13,579,585	1,187,892	2,234,704	1,767,676	317,262	-	-	1,045,445	209,107	-
Disbursements:										
Instruction	8,755,933	-	-	-	-	159,683	-	-	-	-
Support services	4,582,652	-	981,180	1,624,561	269,254	-	-	-	89,782	-
Noninstructional services	-	-	-	-	-	-	-	1,277,832	-	-
Facilities acquisition and construction	-	-	1,009,556	-	-	-	112,135	-	-	-
Debt service	-	1,070,635	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	147,515	-
Total disbursements	13,338,585	1,070,635	1,990,736	1,624,561	269,254	159,683	112,135	1,277,832	237,297	-
Excess (deficiency) of receipts over disbursements	241,000	117,257	243,968	143,115	48,008	(159,683)	(112,135)	(232,387)	(28,190)	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	74,174	-	-	-	-	413,638	-	-	78,810	-
Transfers out	-	(78,810)	-	(394,545)	(19,093)	-	-	(72,872)	(1,302)	-
Total other financing sources (uses)	74,174	(78,810)	-	(394,545)	(19,093)	413,638	-	(72,872)	77,508	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	315,174	38,447	243,968	(251,430)	28,915	253,955	(112,135)	(305,259)	49,318	-
Cash and investments - ending	\$ 2,530,927	\$ 169,228	\$ 950,839	\$ 840,866	\$ (19,061)	\$ 490,318	\$ -	\$ 210,872	\$ 49,318	\$ -

LAKELAND SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Latch Key Program	Educational License Plates	Alternative Education	Pence Safe Schools Grant 15-16	Early Intervention Grant 16-17	Lilly Counseling Grant	Riddick Estate	Dekko Grant LMS	ISDH Wellness Grant	Refunds - ISTA Section 125
Cash and investments - beginning	\$ 25,241	\$ 3,586	\$ -	\$ (50,000)	\$ -	\$ -	\$ 5,000	\$ -	\$ 686	\$ 14,424
Receipts:										
Local sources	19,343	-	-	-	-	30,000	-	-	-	-
Intermediate sources	-	94	-	-	-	-	-	-	-	-
State sources	-	-	8,448	50,000	10,579	-	-	50,000	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	19,343	94	8,448	50,000	10,579	30,000	-	50,000	-	-
Disbursements:										
Instruction	20,757	-	8,448	-	-	-	-	-	-	-
Support services	-	-	-	-	-	16,864	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	20,757	-	8,448	-	-	16,864	-	-	-	-
Excess (deficiency) of receipts over disbursements	(1,414)	94	-	50,000	10,579	13,136	-	50,000	-	-
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	(1,414)	94	-	50,000	10,579	13,136	-	50,000	-	-
Cash and investments - ending	\$ 23,827	\$ 3,680	\$ -	\$ -	\$ 10,579	\$ 13,136	\$ 5,000	\$ 50,000	\$ 686	\$ 14,424

LAKELAND SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Formative Assessment	High Ability 2014-2015	High Ability 2015-2016	High Ability 2016-2017	Talent Initiative Grant	Secured Schools Safety Grant	Non-English Speaking 2014-2015	Non-English Speaking 2015-2016	Non-English Speaking 2016-2017	Connectivity Funds
Cash and investments - beginning	\$ -	\$ -	\$ 9,886	\$ -	\$ -	\$ -	\$ -	\$ 10,698	\$ -	\$ 9,404
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	26,339	-	-	34,325	-	-	-	-	40,529	6,308
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	26,339	-	-	34,325	-	-	-	-	40,529	6,308
Disbursements:										
Instruction	-	-	9,886	22,174	-	-	-	10,698	32,112	-
Support services	21,170	-	-	-	-	37,500	-	-	-	6,308
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	12,500	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	21,170	-	9,886	22,174	-	50,000	-	10,698	32,112	6,308
Excess (deficiency) of receipts over disbursements	5,169	-	(9,886)	12,151	-	(50,000)	-	(10,698)	8,417	-
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	5,169	-	(9,886)	12,151	-	(50,000)	-	(10,698)	8,417	-
Cash and investments - ending	\$ 5,169	\$ -	\$ -	\$ 12,151	\$ -	\$ (50,000)	\$ -	\$ -	\$ 8,417	\$ 9,404

LAKELAND SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Career and Technical Performance Grant	Excellence in Performance Grant	Wellness- Insurance Consort	Excess PTRC Distributions	Out of School Suspension	Title I 2014-2015	Title I 2015-2016	Title I 2016-2017	School Improvement Title I	Title I 1003 (A) School Improvement Title I
Cash and investments - beginning	\$ -	\$ -	\$ 41,940	\$ 73	\$ 12,656	\$ -	\$ (49,849)	\$ -	\$ (1,500)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	12,634	-	-	-	-	-	-	-
State sources	29,929	3,499	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	111,189	370,251	1,500	1,365	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	29,929	3,499	12,634	-	-	111,189	370,251	1,500	1,365	-
Disbursements:										
Instruction	21,226	3,499	-	-	23,602	-	37,671	204,544	-	10,960
Support services	-	-	13,512	-	-	-	23,669	209,410	-	-
Noninstructional services	-	-	-	-	-	-	-	349	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	21,226	3,499	13,512	-	23,602	-	61,340	414,303	-	10,960
Excess (deficiency) of receipts over disbursements	8,703	-	(878)	-	(23,602)	-	49,849	(44,052)	1,500	(9,595)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	17,597	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	17,597	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,703	-	(878)	-	(6,005)	-	49,849	(44,052)	1,500	(9,595)
Cash and investments - ending	\$ 8,703	\$ -	\$ 41,062	\$ 73	\$ 6,651	\$ -	\$ -	\$ (44,052)	\$ -	\$ (9,595)

LAKELAND SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Universal Service Fund	Title II, Part A 2014-2016	Title II, Part A 2015-2017	Title II, Part A 2016-2018	Title III 2014-2015	Title III 2015-2016	Title III 2016-2017	Prepaid Food	Clearing Account	Totals
Cash and investments - beginning	\$ 57,988	\$ -	\$ (9,418)	\$ -	\$ -	\$ (2,591)	\$ -	\$ 12,328	\$ 93,598	\$ 5,146,503
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	6,176,111
Intermediate sources	-	-	-	-	-	-	-	-	-	12,776
State sources	-	-	-	-	-	-	-	-	-	13,679,466
Federal sources	-	-	24,901	20,314	-	10,883	28,673	-	-	1,229,751
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	147,515
Other receipts	-	-	-	-	-	-	-	67	3,425,128	3,412,350
Total receipts	-	-	24,901	20,314	-	10,883	28,673	67	3,425,128	24,657,969
Disbursements:										
Instruction	-	-	3,938	10,173	-	8,292	32,783	-	-	9,376,379
Support services	10,809	-	11,545	13,262	-	-	-	-	-	7,911,478
Noninstructional services	-	-	-	-	-	-	-	-	-	1,278,181
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	1,134,191
Debt service	-	-	-	-	-	-	-	-	-	1,070,635
Nonprogrammed charges	-	-	-	-	-	-	-	-	3,454,257	3,454,257
Interfund loans	-	-	-	-	-	-	-	-	-	147,515
Total disbursements	10,809	-	15,483	23,435	-	8,292	32,783	-	3,454,257	24,372,636
Excess (deficiency) of receipts over disbursements	(10,809)	-	9,418	(3,121)	-	2,591	(4,110)	67	(29,129)	285,333
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	17,597
Transfers in	-	-	-	-	-	-	-	-	-	566,622
Transfers out	-	-	-	-	-	-	-	-	-	(566,622)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	17,597
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,809)	-	9,418	(3,121)	-	2,591	(4,110)	67	(29,129)	302,930
Cash and investments - ending	\$ 47,179	\$ -	\$ -	\$ (3,121)	\$ -	\$ -	\$ (4,110)	\$ 12,395	\$ 64,468	\$ 5,449,433

LAKELAND SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2017

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 2,649,114</u>	<u>\$ 77,124</u>

LAKELAND SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Lakeland High School Building Corporation	New Tech High School Renovations - Series 2010	\$ 162,000	07-15-10	01-15-30
Lakeland High School Building Corporation	High School Renovations - Series 2011 (QZAB)	165,000	07-15-11	01-15-21
Lakeland High School Building Corporation	Various renovations and improvements - Series 2013	<u>619,000</u>	06-30-14	01-15-29
Total of annual lease payments		<u>\$ 946,000</u>		

LAKELAND SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2017

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	\$ 1,086,550
Infrastructure	289,499
Buildings	39,768,436
Improvements other than buildings	1,661,124
Machinery, equipment, and vehicles	5,067,202
Books and other	<u>870,300</u>
Total capital assets	<u>\$ 48,743,111</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the Lakeland School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017.

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

Report on Internal Control over Compliance

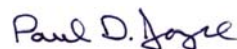
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002, that we consider to be a material weakness.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

April 10, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

LAKELAND SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2016 and 2017

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	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster School Breakfast Program	Indiana Department of Education	10.553	FY 2016	\$ -	\$ 121,837	\$ -	\$ -
			FY 2017	-	-	-	125,217
Total - School Breakfast Program				-	121,837	-	125,217
National School Lunch Program	Indiana Department of Education	10.555	FY 2016	-	553,988	-	-
			FY 2017	-	-	-	522,818
National School Lunch Program - Commodities			FY 2016	-	84,807	-	-
National School Lunch Program - Commodities			FY 2017	-	-	-	97,907
Total - National School Lunch Program				-	638,795	-	620,725
Total - Child Nutrition Cluster				-	760,632	-	745,942
Total - Department of Agriculture				-	760,632	-	745,942
<u>Department of Education</u>							
Special Education Cluster (IDEA) Special Education _Grants to States	Indiana Department of Education	84.027	99914-46-TA01	-	32	-	-
			14215-046-PN01	-	109,700	-	-
			14216-046-PN01	-	391,443	-	85,353
			14217-046-PN01	-	-	-	424,978
Total - Special Education _Grants to States				-	501,175	-	510,331

LAKELAND SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2016 and 2017

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	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Special Education_Preschool Grants	Indiana Department of Education	84.173	45716-044-PN01	-	16,659	-	-
			45717-044-PN01	-	-	-	17,339
Total - Special Education_Preschool Grants				-	16,659	-	17,339
Total - Special Education Cluster (IDEA)				-	517,834	-	527,670
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	15-4535	-	228,651	-	-
			16-4535	-	293,521	-	193,528
			17-4535	-	-	-	290,778
Total - Title I Grants to Local Educational Agencies				-	522,172	-	484,306
English Language Acquisition State Grants	Indiana Department of Education	84.365	14-4535	-	14,944	-	-
			15-4535	-	31,661	-	10,883
			16-4535	-	-	-	28,673
Total - English Language Acquisition State Grants				-	46,605	-	39,556
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367	14-4535	-	35,504	-	-
			15-4535	-	33,646	-	24,901
			16-4535	-	-	-	20,314
Total - Supporting Effective Instruction State Grants				-	69,150	-	45,215
Total - Department of Education				-	1,155,761	-	1,096,747
Total federal awards expended				\$ -	\$ 1,916,393	\$ -	\$ 1,842,689

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

LAKELAND SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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 the Uniform Guidance, 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. *Special Education Cooperative*

The School Corporation is a member of the Northeast Indiana Special Education Cooperative (Cooperative) which operates the Special Education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

LAKELAND SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
	Child Nutrition Cluster	Unmodified
	Special Education Cluster (IDEA)	Unmodified
84.010	Title I	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

FINDING 2017-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

Context

The SEFA contained the following errors:

1. The Special Education Cluster (IDEA) was omitted. This resulted in an understatement of federal expenditures of \$517,834 for fiscal year 2016 and \$527,670 for fiscal year 2017.

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

2. The Child Nutrition Cluster was understated by \$72,396 for fiscal year 2016 and overstated by \$6,252 for fiscal year 2017.
3. The English Language Acquisition State Grants were overstated by \$998 for fiscal year 2016.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

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

- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-002

Subject: Child Nutrition Cluster - Reporting and Special Tests and Provisions -
Verification of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016, FY 2017

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-003.

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

Condition

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

Reporting

The Food Service Director prepared and submitted the School Food Authority (SFA) Verification Collection Reports; however, there was no control in place to determine whether the reports were correct.

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

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

Context

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

Criteria

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

"Eligibility changes. Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. The local educational agency must notify the household of any change. Households must be notified of any reduction in benefits in accordance with paragraph (j) of this section. Households with reduced benefits or that are longer eligible for free or reduced price meals must be notified of their right to reapply at any time with documentation of income or participation in one of the eligible programs in paragraph (a)(1) of this section."

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 segregated key functions.

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

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 DOCUMENTS

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



Lakeland School Corporation

0825 E 075 N • LaGrange, Indiana 46761 • Phone (260) 499-2400 • Fax (260) 463-4800

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Crystal Leu and Jenny Landez

Contact Phone Number: 260-499-2400, option 6

Status of Audit Finding: **Corrective action plan is in place**

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

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

Anticipated Completion Date: April 13, 2017

FINDING 2015-002

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Cathy Phillip and Tammy Fennell

Contact Phone Number: 260-499-2400, option 6

Status of Audit Finding: **Corrective action plan is in place**

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

David Larimer, President
Robert Murphy, Vice President
Carey McKibben, Secretary

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

Robert Bond, Member
Kathy Fuller, Member
Sue Keenan, Member

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

Anticipated Completion Date: April 13, 2017

FINDING 2015-003

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Cathy Phillip and Tammy Fennell

Contact Phone Number: 260-499-2400, option 6

Status of Audit Finding: **Corrective action plan is in place**

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

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

Anticipated Completion Date: October 1, 2017

FINDING 2015-004

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Tammy Fennell

Contact Phone Number: 260-499-2400, option 6

Status of Audit Finding: **Corrective action plan is in place**

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

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

Anticipated Completion Date: April 13, 2017

FINDING 2015-005

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Phillip and Eva Merkel
Contact Phone Number: 260-499-2400, option 6


Status of Audit Finding: Corrective action plan is in place

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

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

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

Anticipated Completion Date: August 15, 2017



(Signature)
Bus. Mgr. / TREAS.

(Title)
2/9/18

(Date)

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



Lakeland School Corporation

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CORRECTIVE ACTION PLAN

FINDING 2017-001

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

Views of Responsible Official: Lakeland School Corporation has agreed to the listing of corrections noted in the "Schedule of findings" to correct the items noted in the SEFA report for 15-16 and 16-17 due to oversight and omission of the amounts noted during the audit.

Description of Corrective Action Plan: Cathy Phillip has noted the need to add the Special Education financial information in future SEFA reports as well as verifying the amounts reported in all other funds.

Anticipated Completion Date: August, 2018 with the submission of the next SEFA report.

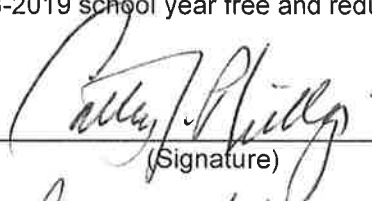
FINDING 2017-002

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

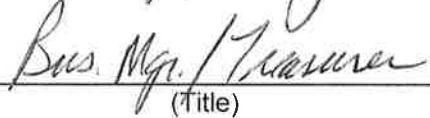
Views of Responsible Official: Failure to provide written verification of free and reduced price applications.

Description of Corrective Action Plan: Tammy Fennell, Food Service Director, will continue to process all applications as they are received, Cathy Phillip, Treasurer will be responsible to review and sign that the review has occurred. The accounts payable clerk will complete the verification portion of the selected applications and the receptionist will then be asked to review the verification and sign that the review has occurred. With this change, we will have four (4) different persons completing the processing, review, and verification of each application.


Anticipated Completion Date: August, 2018 with the start of the 2018-2019 school year free and reduced applications.



(Signature)



(Title)



(Date)

David Larimer, President
Robert Murphy, Vice President
Carey McKibben, Secretary

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

Robert Bond, Member
Kathy Fuller, Member
Sue Keenan, Member

OTHER REPORTS

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