

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

AUDIT REPORT

OF

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION

BARTHOLOMEW COUNTY, INDIANA

July 1, 2004 to June 30, 2006



FILED

06/28/2007

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|--|--|
| Treasurer | Dr. Vaughn Sylva | 07-01-04 to 06-30-07 |
| Superintendent of Schools | Dr. John Quick | 05-01-03 to 06-30-07 |
| President of the School Board | John Anderson Mindy Lewis Dr. Jay Howard | 07-01-04 to 06-30-05 07-01-05 to 06-30-06 07-01-06 to 06-30-07 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE BARTHOLOMEW CONSOLIDATED
SCHOOL CORPORATION, BARTHOLOMEW COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bartholomew Consolidated School Corporation (School Corporation), as of and for the years ended June 30, 2005 and 2006, which collectively comprise the School Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2005 and 2006, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated April 25, 2007, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

STATE BOARD OF ACCOUNTS

April 25, 2007



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE BARTHOLOMEW CONSOLIDATED
SCHOOL CORPORATION, BARTHOLOMEW COUNTY, INDIANA

We have audited the financial statements of the Bartholomew Consolidated School Corporation (School Corporation), as of and for the years ended June 30, 2005 and 2006, and have issued our report thereon dated April 25, 2007. The opinion to the financial statements was unqualified. 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.

Compliance

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have discussed with the management of the School Corporation on April 25, 2007. These immaterial instances of noncompliance were subsequently communicated to management in a separate letter.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 25, 2007

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF CASH AND INVESTMENTS
June 30, 2005

| <u>Assets</u> | <u>Governmental Activities</u> |
|-----------------------|------------------------------------|
| Current assets: | |
| Cash and investments | \$ 28,793,972 |
| Restricted assets: | |
| Cash and investments | <u>6,735,621</u> |
| Total assets | <u>\$ 35,529,593</u> |
| <u>Net Assets</u> | |
| Restricted for: | |
| Debt service | \$ 6,735,621 |
| Unrestricted | <u>28,793,972</u> |
| Total net assets | <u>\$ 35,529,593</u> |

The accompanying notes are an integral part of the financial statements.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF CASH AND INVESTMENTS
June 30, 2006

| <u>Assets</u> | <u>Governmental Activities</u> |
|-----------------------|------------------------------------|
| Current assets: | |
| Cash and investments | \$ 41,117,869 |
| Restricted assets: | |
| Cash and investments | <u>4,117,224</u> |
| Total assets | <u>\$ 45,235,093</u> |
| <u>Net Assets</u> | |
| Restricted for: | |
| Debt service | \$ 4,117,224 |
| Unrestricted | <u>41,117,869</u> |
| Total net assets | <u>\$ 45,235,093</u> |

The accompanying notes are an integral part of the financial statements.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2005

| Functions/Programs | Disbursements | Program Receipts | | Net Disbursements |
|--|----------------|----------------------|------------------------------------|-------------------|
| | | Charges for Services | Operating Grants and Contributions | Total |
| Governmental activities: | | | | |
| Instruction | \$ 37,484,788 | \$ - | \$ 610,187 | \$ (36,874,601) |
| Support services | 71,767,623 | 2,650,380 | 1,784,008 | (67,333,235) |
| Community services | 714,729 | - | - | (714,729) |
| Nonprogrammed charges | 14,396,873 | - | - | (14,396,873) |
| Debt service | 42,532,516 | - | - | (42,532,516) |
| Total governmental activities | \$ 166,896,529 | \$ 2,650,380 | \$ 2,394,195 | (161,851,954) |
| General receipts: | | | | |
| Property taxes | | | | 64,929,213 |
| Other local sources | | | | 12,232,373 |
| State aid | | | | 32,648,190 |
| Grants and contributions not restricted | | | | 8,204,901 |
| Bonds and loans | | | | 27,548,644 |
| Sale of property, adjustments, and refunds | | | | 11,082,459 |
| Investment earnings | | | | 547,144 |
| Transfers: | | | | |
| Intergovernmental | | | | 14,191,513 |
| Total general receipts and transfers | | | | 171,384,437 |
| Change in cash and investments | | | | 9,532,483 |
| Net assets - beginning | | | | 25,997,110 |
| Net assets - ending | | | | \$ 35,529,593 |

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2006

| Functions/Programs | Disbursements | Program Receipts | | Net Disbursements |
|--|----------------|----------------------|------------------------------------|-------------------|
| | | Charges for Services | Operating Grants and Contributions | Total |
| Governmental activities: | | | | |
| Instruction | \$ 37,125,286 | \$ - | \$ 456,423 | \$ (36,668,863) |
| Support services | 65,634,170 | 2,849,565 | 1,899,505 | (60,885,100) |
| Community services | 677,549 | - | - | (677,549) |
| Nonprogrammed charges | 17,555,614 | - | - | (17,555,614) |
| Debt service | 28,676,516 | - | - | (28,676,516) |
| Total governmental activities | \$ 149,669,135 | \$ 2,849,565 | \$ 2,355,928 | (144,463,642) |
| General receipts: | | | | |
| Property taxes | | | | 49,964,984 |
| Other local sources | | | | 10,934,481 |
| State aid | | | | 35,183,188 |
| Grants and contributions not restricted | | | | 9,165,874 |
| Bonds and loans | | | | 27,756,189 |
| Sale of property, adjustments, and refunds | | | | 3,185,486 |
| Investment earnings | | | | 1,462,215 |
| Transfers: | | | | |
| Intergovernmental | | | | 16,516,725 |
| Total general receipts and transfers | | | | 154,169,142 |
| Change in cash and investments | | | | 9,705,500 |
| Net assets - beginning | | | | 35,529,593 |
| Net assets - ending | | | | \$ 45,235,093 |

The accompanying notes are an integral part of the financial statements.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2005

| | General | Transportation Operating | Debt Service | Capital Projects | School Bus Replacement | Columbus Repair and Renovation | Other | Totals |
|---|---------------------|-----------------------------|---------------------|---------------------|---------------------------|--------------------------------------|---------------------|----------------------|
| Receipts: | | | | | | | | |
| Local sources | \$ 38,355,711 | \$ 5,042,617 | \$ 10,675,779 | \$ 14,480,618 | \$ 1,372,021 | \$ 202,803 | \$ 8,820,956 | \$ 78,950,505 |
| Intermediate sources | - | - | - | - | - | - | 11,000 | 11,000 |
| State sources | 33,083,696 | - | - | - | - | - | 833,538 | 33,917,234 |
| Federal sources | 555,849 | - | - | - | - | - | 8,774,203 | 9,330,052 |
| Bonds and loans | 21,191,618 | 1,885,986 | 3,038,922 | 1,432,118 | - | - | - | 27,548,644 |
| Sale of property, adjustments and refunds | 54,106 | 4,384 | - | 39,011 | - | 10,300,000 | 50,309 | 10,447,810 |
| Intergovernmental transfers | 708,763 | 2,479 | - | 873,325 | - | - | 601,543 | 2,186,110 |
| Total receipts | 93,949,743 | 6,935,466 | 13,714,701 | 16,825,072 | 1,372,021 | 10,502,803 | 19,091,549 | 162,391,355 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 33,498,783 | - | - | - | - | - | 3,986,005 | 37,484,788 |
| Support services | 21,007,612 | 3,159,863 | 7,500 | 9,916,735 | 1,550,612 | 12,784,536 | 9,679,656 | 58,106,514 |
| Community services | 683,230 | - | - | - | - | - | 31,499 | 714,729 |
| Nonprogrammed charges | 9,211,621 | 1,091,171 | 458,595 | 307,745 | - | 940 | 3,276,801 | 14,346,873 |
| Debt services | 28,489,360 | 2,384,868 | 6,520,253 | 3,917,705 | - | - | 1,220,330 | 42,532,516 |
| Total disbursements | 92,890,606 | 6,635,902 | 6,986,348 | 14,142,185 | 1,550,612 | 12,785,476 | 18,194,291 | 153,185,420 |
| Excess (deficiency) of total receipts over (under) total disbursements | 1,059,137 | 299,564 | 6,728,353 | 2,682,887 | (178,591) | (2,282,673) | 897,258 | 9,205,935 |
| Cash and investments - beginning | 8,001,373 | 956,913 | - | 6,322,980 | 1,205,989 | 4,400,678 | 3,174,674 | 24,062,607 |
| Cash and investments - ending | <u>\$ 9,060,510</u> | <u>\$ 1,256,477</u> | <u>\$ 6,728,353</u> | <u>\$ 9,005,867</u> | <u>\$ 1,027,398</u> | <u>\$ 2,118,005</u> | <u>\$ 4,071,932</u> | <u>\$ 33,268,542</u> |

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF CASH ACTIVITIES

| | |
|---|---------------------|
| Net change in fund balances - total governmental funds | \$ 9,205,935 |
| Amounts reported for governmental activities in the statement of cash activities are different because: | |
| Internal service funds are not reported as a part of governmental funds. | <u>326,548</u> |
| Change in cash and investments of governmental activities. | <u>\$ 9,532,483</u> |

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006

| | General | Transportation Operating | Debt Service | Capital Projects | School Bus Replacement | Columbus Repair and Renovation | Other | Totals |
|---|-----------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|--------------------------------------|----------------------------|-----------------------------|
| Receipts: | | | | | | | | |
| Local sources | \$ 29,928,842 | \$ 4,347,729 | \$ 9,829,597 | \$ 12,603,194 | \$ 1,056,948 | \$ 113,578 | \$ 5,692,253 | \$ 63,572,141 |
| Intermediate sources | 2,143 | - | - | - | - | - | - | 2,143 |
| State sources | 35,470,081 | - | - | - | - | - | 996,201 | 36,466,282 |
| Federal sources | 767,721 | - | - | - | - | - | 9,470,987 | 10,238,708 |
| Bonds and loans | 21,876,189 | 1,460,000 | - | 4,420,000 | - | - | - | 27,756,189 |
| Sale of property, adjustments and refunds | 85,720 | 20,182 | - | 17,125 | - | 695 | 2,251,471 | 2,375,193 |
| Intergovernmental transfers | 232,941 | - | - | - | - | - | 4,855,020 | 5,087,961 |
| Total receipts | <u>88,363,637</u> | <u>5,827,911</u> | <u>9,829,597</u> | <u>17,040,319</u> | <u>1,056,948</u> | <u>114,273</u> | <u>23,265,932</u> | <u>145,498,617</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 32,719,663 | - | - | - | - | - | 4,405,623 | 37,125,286 |
| Support services | 20,393,899 | 2,944,075 | 112,372 | 13,438,502 | 277,090 | 1,392,544 | 12,019,080 | 50,577,562 |
| Community services | 622,192 | - | - | - | - | - | 55,357 | 677,549 |
| Nonprogrammed charges | 10,832,359 | 1,177,700 | 583,449 | 2,397,460 | 58,404 | 503,289 | 1,973,953 | 17,526,614 |
| Debt services | 12,968,050 | 1,295,383 | 11,760,535 | 1,432,118 | - | - | 1,220,430 | 28,676,516 |
| Total disbursements | <u>77,536,163</u> | <u>5,417,158</u> | <u>12,456,356</u> | <u>17,268,080</u> | <u>335,494</u> | <u>1,895,833</u> | <u>19,674,443</u> | <u>134,583,527</u> |
| Excess (deficiency) of total receipts over (under) total disbursements | 10,827,474 | 410,753 | (2,626,759) | (227,761) | 721,454 | (1,781,560) | 3,591,489 | 10,915,090 |
| Cash and investments - beginning | <u>9,060,510</u> | <u>1,256,477</u> | <u>6,728,353</u> | <u>9,005,867</u> | <u>1,027,398</u> | <u>2,118,005</u> | <u>4,071,932</u> | <u>33,268,542</u> |
| Cash and investments - ending | <u>\$ 19,887,984</u> | <u>\$ 1,667,230</u> | <u>\$ 4,101,594</u> | <u>\$ 8,778,106</u> | <u>\$ 1,748,852</u> | <u>\$ 336,445</u> | <u>\$ 7,663,421</u> | <u>\$ 44,183,632</u> |

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF CASH ACTIVITIES

| | |
|---|---------------------|
| Net change in fund balances - total governmental funds | \$ 10,915,090 |
| Amounts reported for governmental activities in the statement of cash activities are different because: | |
| Internal service funds are not reported as a part of governmental funds. | (1,209,590) |
| Change in cash and investments of governmental activities. | <u>\$ 9,705,500</u> |

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
PROPRIETARY FUND
For The Year Ended June 30, 2005

| | Internal Service Fund |
|---|-----------------------------|
| Receipts: | |
| Local sources | \$ 1,397,605 |
| Sale of property, adjustments and refunds | 634,649 |
| Transfers | 12,005,403 |
| Total receipts | 14,037,657 |
| Disbursements: | |
| Support services | 13,661,109 |
| Nonprogrammed charges | 50,000 |
| Total disbursements | 13,711,109 |
| Changes in cash and investments | 326,548 |
| Cash and investments - beginning | 1,934,503 |
| Cash and investments - ending | \$ 2,261,051 |

The accompanying notes are an integral part of the financial statements.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN CASH AND INVESTMENTS
 PROPRIETARY FUND
 For The Year Ended June 30, 2006

| | Internal Service Fund |
|---|-----------------------------|
| Receipts: | |
| Local sources | \$ 1,636,959 |
| Sale of property, adjustments and refunds | 810,295 |
| Transfers | 11,428,764 |
| Total receipts | 13,876,018 |
| Disbursements: | |
| Support services | 15,056,608 |
| Nonprogrammed charges | 29,000 |
| Total disbursements | 15,085,608 |
| Changes in cash and investments | (1,209,590) |
| Cash and investments - beginning | 2,261,051 |
| Cash and investments - ending | \$ 1,051,461 |

The accompanying notes are an integral part of the financial statements.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2005

| | Private-Purpose Trust Funds |
|--|--------------------------------|
| Additions: | |
| Local sources | \$ 255,578 |
| State sources | 1,500 |
| Sale of property, adjustments and refunds | 49,858 |
| Transfers | 32,564 |
| Total additions | 339,500 |
| Deductions: | |
| Instruction | 142,763 |
| Support services | 122,721 |
| Community services | 33,633 |
| Nonprogrammed charges | 27,616 |
| Total deductions | 326,733 |
| Excess of total additions over total deductions | 12,767 |
| Cash and investments - beginning | 171,894 |
| Cash and investments - ending | \$ 184,661 |

The accompanying notes are an integral part of the financial statements.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2006

| | Pension Trust Funds | Private-Purpose Trust Funds |
|--|------------------------|--------------------------------|
| Additions: | | |
| Local sources | \$ - | \$ 293,735 |
| Bonds and loans | 3,249,033 | - |
| Sale of property, adjustments and refunds | - | 38,703 |
| Transfers | - | 37,335 |
| | 3,249,033 | 369,773 |
| Total additions | | |
| | 3,249,033 | 369,773 |
| Deductions: | | |
| Instruction | - | 146,007 |
| Support services | 10,685 | 76,554 |
| Community services | - | 27,011 |
| Nonprogrammed charges | - | 75,952 |
| | 10,685 | 325,524 |
| Total deductions | | |
| | 10,685 | 325,524 |
| Excess of total additions over total deductions | 3,238,348 | 44,249 |
| Cash and investments - beginning | - | 184,661 |
| Cash and investments - ending | \$ 3,238,348 | \$ 228,910 |

The accompanying notes are an integral part of the financial statements.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF CASH AND INVESTMENTS
FIDUCIARY FUNDS
June 30, 2005

| <u>Assets</u> | <u>Private-Purpose Trust Funds</u> |
|--|--|
| Cash and investments | \$ <u>184,661</u> |
| <u>Net Assets</u> | |
| Held in trust for employee benefits and other purposes | \$ <u>184,661</u> |

The accompanying notes are an integral part of the financial statements.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
 STATEMENT OF CASH AND INVESTMENTS
 FIDUCIARY FUNDS
 June 30, 2006

| <u>Assets</u> | <u>Pension Trust Funds</u> | <u>Private-Purpose Trust Funds</u> |
|--|--------------------------------|--|
| Cash and investments | \$ 3,238,348 | \$ 228,910 |
| | <u> </u> | <u> </u> |
| <u>Net Assets</u> | | |
| Held in trust for employee benefits and other purposes | \$ 3,238,348 | \$ 228,910 |
| | <u> </u> | <u> </u> |

The accompanying notes are an integral part of the financial statements.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Bartholomew Consolidated School Corporation

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Cash and Investments and the Statement of Cash Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

The Columbus repair and renovation fund is used to account for a major repair and renovation project for several schools within the School Corporation. The receipts are largely from a holding corporation that was established for this purpose which purchased the school buildings being renovated.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for medical insurance benefits for employees, retirees and their dependents.

The pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay post-retirement or severance benefits held by the School Corporation in a trustee capacity.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the individuals, private organizations and other governments.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to other departments or agencies primarily within the government (internal service funds).

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Compensated Absences

a. Sick Leave

Nonteaching School Corporation employees earn sick leave at the rate of three to ten days per year. Unused sick leave may be accumulated to a maximum of 300 days, depending upon the employee classification. Accumulated sick leave is not paid to employees. However, employees receive payment of a portion of their accumulated sick leave upon retirement (25% of accumulated sick days, paid at a specified rate, which is currently set at \$50 per day).

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from fifteen days to twenty days per year based upon the number of years of service. Ten vacation days may be carried over to the next year, with supervisor's permission. Accumulated vacation leave is paid to employees through cash payments or paid time-off, upon termination or retirement.

c. Paid Time-Off Leave

Teaching or administrative School Corporation employees earn paid time off leave at the rate of eighteen days per year. Unused paid time off leave may be accumulated indefinitely. Accumulated paid time-off leave is not paid to employees.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Cash and Investments and the Statement of Cash Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Cash and Investments and the Statement of Cash Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Cash and Investments and the Statement of Cash Activities.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2005 and 2006, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as referenced State statute:

| Fund | 2005 | 2006 |
|----------------------------------|--------------|-----------|
| Central Middle School | \$ (838,763) | \$ - |
| Textbook Rental | (247,024) | (212,905) |
| Special Education Cooperative | (19,403) | - |
| Gifted & Talented 2006-07 SY | (98,357) | (27) |
| CEC - Joint Project | (24,323) | (40,220) |
| Towel/Laundry | (19,627) | - |
| Pre-K Program | (5,462) | - |
| Tech Prep 2006-07/Career Major | (12,252) | - |
| INA - Tech Prep/Career 03-05 | (3,330) | (578) |
| INA - Perkins Basic 2004-05 | (54,154) | - |
| Perkins Basic Vocational 05-06 | - | (46,199) |
| Tech Prep/Career Majors 05-06 | - | (714) |
| INA - Small Learn Comm Plan | (3,513) | - |
| INA - Other Federal Control | (3,172) | (8) |
| INA - T II Part A 04-5 SY 84.367 | (132,032) | - |

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

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

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2005 and 2006, were as follows:

| <u>Transfer From</u> | <u>Transfer To</u> | <u>2005</u> | <u>2006</u> |
|-----------------------|-----------------------|----------------------|----------------------|
| General Fund | Other governmental | \$ 29,642 | \$ 1,661,094 |
| | Internal Service | 9,056,412 | 8,681,345 |
| Transportation Fund | Other governmental | - | 198,337 |
| | Internal Service | 1,091,171 | 979,363 |
| Capital Projects Fund | Other governmental | - | 2,087,258 |
| | Internal Service | 307,744 | 310,201 |
| Debt Service Fund | Capital Projects Fund | 458,595 | - |
| | Other governmental | - | 583,449 |
| Other governmental | General Fund | 708,763 | 232,941 |
| | Capital Projects Fund | 414,730 | - |
| | Transportation Fund | 2,479 | - |
| | Internal Service | 1,550,076 | 1,457,855 |
| | All others | 604,465 | 362,217 |
| Totals | | <u>\$ 14,224,077</u> | <u>\$ 16,554,060</u> |

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

The School Corporation made transfers for employer share of medical insurance funds which had payroll expenditures, close dormant funds, correct posting errors and reprogram unused federal grant money from one project to another.

IV. Other Information

A. Risk Management

The School Corporation is 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 (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees and Dependents (excluding Post Employment Benefits)

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents (excluding postemployment benefits). The risk financing fund is accounted for in the Self-Insurance Fund – Dental; Self-Insurance Fund - Medical,

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

two internal service funds, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$150,000.00 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Holding Corporations

The School Corporation has entered into a capital lease with Columbus Four Star School 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 ending June 30, 2005 and June 30, 2006, totaled \$3,601,000 and \$3,599,000, respectively.

The School Corporation has entered into a capital lease with Columbus Multi-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 ending June 30, 2005 and June 30, 2006, totaled \$2,572,195 and \$2,570,470, respectively.

The School Corporation has entered into a capital lease with Columbus Repair and Renovation 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 ending June 30, 2005 and June 30, 2006, totaled \$864,500 and \$1,226,500, respectively.

C. Subsequent Events

The School Corporation issued Tax Anticipation Warrants on January 12, 2007. The debt incurred was \$21,200,000 in the General Fund, \$4,650,000 in the Capital Projects Fund, and \$1,565,000 in the Transportation Operating Fund.

D. Postemployment Benefits

In addition to the pension benefits described below (Note IV.E.), the School Corporation provides postemployment Health, Vision, Dental, and Life Insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 10 years of service. Currently, 6 retirees meet these eligibility requirements. The School Corporation and retirees provide 43.975% and 56.025%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2006, disbursements of \$38,240.72 were recognized for postemployment benefits.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

| | PERF |
|--|--------------|
| Annual required contribution | \$ 548,022 |
| Interest on net pension obligation | (18,063) |
| Adjustment to annual required contribution | 20,585 |
| Annual pension cost | 550,544 |
| Contributions made | 567,897 |
| Decrease in net pension obligation | (17,353) |
| Net pension obligation, beginning of year | (249,149) |
| Net pension obligation, end of year | \$ (266,502) |

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

| | PERF |
|------------------------------------|---|
| Contribution rates: | |
| School Corporation | 5.75% |
| Plan members | 3% |
| Actuarial valuation date | 07-01-05 |
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of projected payroll, closed |
| Amortization period | 40 years |
| Amortization period (from date) | 07-01-97 |
| Asset valuation method | 4 year smoothed market |

Actuarial Assumptions

| | |
|------------------------------------|-------|
| Investment rate of return | 7.25% |
| Projected future salary increases: | |
| Total | 5% |
| Attributed to inflation | 4% |
| Attributed to merit/seniority | 1% |
| Cost-of-living adjustments | 2% |

Three Year Trend Information

| | Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|------|----------------|---------------------------------|-------------------------------------|------------------------------|
| PERF | 06-30-03 | \$ 629,688 | 77% | \$ (216,048) |
| | 06-30-04 | 500,467 | 107% | (249,149) |
| | 06-30-05 | 550,544 | 113% | (266,502) |

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), 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 TRF 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 member's contributions, set by state statute at 3% 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.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

TRF 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:

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

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.

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2006, 2005, and 2004, were \$1,078,616, \$966,957, and \$900,219, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Excess of Assets Over (Unfunded) AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c) |
|--------------------------------|--|---|--|--------------------------|---------------------------|--|
| 07-01-03 | \$ 11,764,843 | \$ 11,648,934 | \$ 115,909 | 101% | \$ 10,371,069 | 1% |
| 07-01-04 | 11,883,707 | 12,154,203 | (270,496) | 98% | 10,570,205 | (3%) |
| 07-01-05 | 12,334,068 | 13,359,487 | (1,025,419) | 92% | 10,579,007 | (10%) |

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
OTHER REPORT

The audit report presented herein was prepared in addition to another official report prepared for the individual School Corporation office listed below:

Columbus North High School

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

AVERAGE DAILY MEMBERSHIP (ADM) - AMOUNT DUE THE
STATE OF INDIANA DUE TO CORRECTED ENROLLMENT FIGURES

A prior Report B16500 noted a difference between the student count reported for Average Daily Membership and the verified figures for the years 1997 through 2002. The Audit Report concluded that School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment the School Corporation has received or could receive in the future because of incorrect reporting.

The Department of Education notified the School Corporation by letter dated December 12, 2002, that they had recalculated the basic grant for the years 1997 through 2002 based on the State Board of Accounts Audit and subsequent corrected counts for Average Daily Membership. Based on that recalculation, the School Corporation was required to refund a total of \$6,067,166.63 to the State of Indiana. A settlement of \$3,000,000.00 was reached between the Indiana Department of Education and the School Corporation. The settlement was paid in one lump sum to the State of Indiana with check number 70367 on January 31, 2006, in the amount of \$3,000,000.00.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

COLLECTION OF AMOUNTS DUE

The School Corporation collected estimated tuition payments for the 2005-2006 school year. The School Corporation has not completed Form 515 which calculates cost of schooling per student. Therefore, the actual cash tuition amount due has not been communicated to the students and collected for 2005-2006.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TICKET SALES FORM SA-4 - INCORRECT USE (Applies to Smith Elementary)

Ticket Sales Form, SA-4, was in use during the 2005-2006 school year, but was not used correctly. The preparation of the form did not always contain the type of event for which the tickets were used. Additionally, none of the Ticket Sales Reports listed the beginning ticket number issued or the beginning number of the tickets that were returned unsold. The Extra-Curricular Treasurer is signing the Ticket Sales Reports, however, there is no signature present on any of the SA-4s to document the name of the preparer and/or collector of the funds. As a result, full accountability for all money received from admissions could not be determined. A similar comment appeared in prior Report B25828.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The Treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Tickets for each price group should be different colors and/or different in their series number. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

ECA PURCHASE OF EQUIPMENT (Applies to Smith Elementary)

A disbursement of \$12,500 was made from the PTO Fundraiser Fund on October 18, 2005, for the purchase of asphalt, paving, and excavating of a track. A review of the School Board minutes did not reveal authorization for the purchase.

Indiana Code 20-41-1-7 states in part: "The treasurer has charge of the custody and disbursement of any funds . . . incurred in conducting any athletic, social, or other school function (other than functions conducted solely by any organization of parents and teachers) . . ." Therefore, activities and organizations which are not extra-curricular in nature should be responsible for their own accounting and cash handling systems. The extra-curricular account should not collect, receipt, remit, or disburse outside the organizations monies. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

Indiana Code 20-26-5-4 states in part: "In carrying out the school purposes of each school corporation, its governing body acting on its behalf shall . . . acquire such personal property or any interest therein as the governing body deems necessary for school purposes . . ." Therefore, extra-curricular equipment purchases should be approved prior to purchase by the Board of School Trustees. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

SUPPORTING DOCUMENTATION (Applies to Smith Elementary)

Payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established. Checks were made payable to a teacher for an "after hours enrichment program". Fees were collected in the form of checks made payable to the School and then a check was written from the Extra-Curricular Fund payable to the teacher. Inquiry revealed that the money was supposed to be for the purchase of supplies and materials for the program. However, no documentation was presented to indicate that the money paid to the teacher was for anything other than payment for working the "after hours" program.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 11)

OVERDRAWN CASH BALANCES (Applies to Central Middle School)

The cash balances of the Cheerleading Fund (-\$1,552.71), Flower Fund (-\$62.20), Orchestra Fund (-\$50.77), Team - Endeavors Fund (-\$101.58), Team - Mavericks Fund (-\$307.52), and Reading Specialists Fund (-\$140.57) were overdrawn at June 30, 2006.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

TICKET SALE PROCEDURES (Applies to Central Middle School)

We noted Officials did not retain a portion of tickets sold for athletic events. Therefore the required procedures for ticket sales could not be completed.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Ticket sales conducted by any activity should be accounted for as follows:

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The Treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Tickets for each price group should be different colors and/or different in their series number. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

TRANSACTION RECORDING (Applies to Columbus North High School)

A Money Market account, titled Columbus North Athletic Department was opened on August 21, 2003, and has never been entered in the records of the Extra-Curricular Athletic Fund. Therefore, the balance of the account or any of the accounts transactions have not been subjected to the recordkeeping requirements for receipts and disbursements.

Indiana Code 20-41-1-9 concerning the Extra-Curricular Treasurer states in part: "The treasurer shall deposit all receipts in one (1) bank account. The receipts shall be deposited without unreasonable delay. The account is known as the school extracurricular account. The records of each organization, class, or activity shall be kept separate so that the balance in each fund may be known at all times."

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

INTERNAL CONTROLS (Applies to Columbus North High School)

The controls over the receipting, disbursing, recording, and accounting for the sale of athletic tickets were insufficient. Tickets are maintained by the Athletic Department, sold by the Athletic Department, stubs retained by the Athletic Department, and Form SA-4, Ticket Sales Report, is prepared by the Athletic Department. There is no segregation of duties whereby the tickets are maintained by an outside party (the ECA Treasurer); tickets sold and returned unsold are verified by an outside party (the ECA Treasurer), and the Form SA-4, Ticket Sale Report is certified for accuracy by someone other than the ticket seller/SA-4 preparer. There are few controls maintained over the sale of season passes or all-sports passes sold. Lists of season and all-sport passes sold are maintained, but receipts are not issued by the Athletic Department to the purchasers.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Ticket Sales, Report Form SA-4, is not used accurately. The ticket sales forms presented for audit are prepared by and approved by the same person. Two signatures are required on the form; the signature of the preparer and the signature of the verifier. Review of the Ticket Sale Reports (SA-4) revealed that 43% in 2004-2005 and 67% in 2005-2006, respectively, had at least one departure from the prescribed procedures.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The Treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Tickets for each price group should be different colors and/or different in their series number. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

TICKET SALE PROCEDURES (Applies to Columbus East High School)

Ticket Sales Reports, (SA-4), and ticket stubs for the 2004-2005 school year were not presented for audit. Some Ticket Sales Reports tested did not have the correct ticket series and did not match the number of ticket stubs presented for audit.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Ticket sales conducted by any activity should be accounted for as follows:

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The Treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Tickets for each price group should be different colors and/or different in their series number. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE BARTHOLOMEW CONSOLIDATED
SCHOOL CORPORATION, BARTHOLOMEW COUNTY, INDIANA

Compliance

We have audited the compliance of the Bartholomew Consolidated School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2005 and 2006. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2005 and 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements 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 2006-1 and 2006-2.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the School Corporation's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2006-1 and 2006-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2006-1 and 2006-2 to be material weakness.

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 25, 2007

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2005 and 2006

| Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended 06-30-05 | Total Federal Awards Expended 06-30-06 |
|---|---------------------------|--|---|---|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| Pass-Through Indiana Department of Education | | | | |
| Child Nutrition Cluster | | | | |
| School Breakfast Program | 10.553 | | | |
| 2004-2005 School Year | | None | \$ 339,410 | \$ - |
| 2005-2006 School Year | | None | - | 403,379 |
| Total for program | | | <u>339,410</u> | <u>403,379</u> |
| National School Lunch Program | 10.555 | | | |
| 2004-2005 School Year | | None | 1,185,838 | - |
| 2005-2006 School Year | | None | - | 1,354,825 |
| Total for program | | | <u>1,185,838</u> | <u>1,354,825</u> |
| Summer Food Service Program for Children | 10.559 | | | |
| 2004-2005 School Year | | None | 44,926 | - |
| 2005-2006 School Year | | None | - | 21,107 |
| Total for program | | | <u>44,926</u> | <u>21,107</u> |
| Total for federal grantor agency | | | <u>1,570,174</u> | <u>1,779,311</u> |
| U.S. DEPARTMENT OF LABOR | | | | |
| Pass-Through Indiana Department of Workforce Development | | | | |
| WIA Cluster | | | | |
| WIA Adult Program | 17.258 | | | |
| Youth Innovative Programs | | YIP-A-38 | 445 | - |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| Pass-Through Indiana Department of Education | | | | |
| Special Education Cluster | | | | |
| Special Education - Grants to States | 84.027 | | | |
| Part B of P.L. 105-17, IDEA | | 14203-003-PY02 | 10,162 | - |
| Part B of P.L. 105-17, IDEA | | 14204-003-PN01 | 202,885 | - |
| Part B of P.L. 105-17, IDEA | | 14204-003-SN01 | 25,394 | - |
| Part B of P.L. 105-17, IDEA | | 14205-003-DY01 | - | 48,794 |
| Part B of P.L. 105-17, IDEA | | 14205-003SN01 | 30,305 | 34,088 |
| Part B of P.L. 105-17, IDEA | | 14206-018DY03 | 1,608 | - |
| Part B of P.L. 108-446, IDEA | | 14204-003-DY01 | 104,081 | 45,919 |
| Part B of P.L. 108-446, IDEA | | 14204-003-PY02 | 128,348 | 1,550 |
| Part B of P.L. 108-446, IDEA | | 14205-003-PN01 | 3,752,439 | 382,184 |
| Part B of P.L. 108-446, IDEA | | 14205-003-PY02 | - | 37,927 |
| Part B of P.L. 108-446, IDEA | | 14205-071-DY02 | - | 112,867 |
| Part B of P.L. 108-446, IDEA | | 14206-003-PN01 | - | 3,570,826 |
| Part B of P.L. 108-446, IDEA | | 14203-003-DY08 | 15,671 | - |
| Total for program | | | <u>4,270,893</u> | <u>4,234,155</u> |
| Special Education - Preschool Grants | 84.173 | | | |
| P.L. 108-446, Individuals with Disabilities | | 45704-003-PN01 | 1,868 | - |
| P.L. 108-446, Individuals with Disabilities | | 45705-003-PN01 | 188,598 | 15,155 |
| P.L. 108-446, Individuals with Disabilities | | 45706-003-PN01 | - | 164,841 |
| Total for program | | | <u>190,466</u> | <u>179,996</u> |
| Total for cluster | | | <u>4,461,359</u> | <u>4,414,151</u> |
| Direct Grant | | | | |
| Impact Aid | 84.041 | | | |
| S041Z2002-6513 | | None | 29,887 | - |
| S041A-2003-6513 | | None | 354,691 | 87,524 |
| S041A-2004-6513 | | None | - | 363,059 |
| S041A-2005-6512 | | None | 171,271 | 127,368 |
| S041A-2006-6513 | | None | - | 189,770 |
| Total for program | | | <u>555,849</u> | <u>767,721</u> |
| Direct Grant | | | | |
| Fund for the Improvement of Education | 84.215 | | | |
| S041Z026513 | | None | 6,135 | 9,887 |
| V215L042215-04 | | None | 26,100 | 60,607 |
| Total for program | | | <u>32,235</u> | <u>70,494</u> |

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

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2005 and 2006
(Continued)

| Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended 06-30-05 | Total Federal Awards Expended 06-30-06 |
|---|---------------------------|--|---|---|
| U.S. DEPARTMENT OF EDUCATION (continued) | | | | |
| Pass-Through Indiana Department of Education | | | | |
| Adult Education - State Grant Program | 84.002 | | | |
| Adult Education Outreach Program | | FY 2004-8120 | 3,907 | - |
| Adult Education Outreach Program | | FY 2005-8120 | 25,950 | 2,259 |
| Adult Education Outreach Program | | FY 2006-8120 | - | 24,263 |
| Comprehensive Adult Education Program | | FY 2004-8002 | 24,011 | 100 |
| Comprehensive Adult Education Program | | FY 2005-8002 | 143,396 | 27,574 |
| Comprehensive Adult Education Program | | FY 2006-8002 | - | 177,885 |
| Total for program | | | <u>197,264</u> | <u>232,081</u> |
| Title I Grants to Local Educational Agencies | 84.010 | | | |
| 2003-2004 Title I | | 04-0365 | 100,867 | - |
| 2004-2005 Title I | | 05-0365 | 1,115,481 | 144,335 |
| 2005-2006 Title I | | 06-0365 | - | 1,233,870 |
| 2006-2007 Title I | | 07-0365 | - | 22 |
| Total for program | | | <u>1,216,348</u> | <u>1,378,227</u> |
| Migrant Education - State Grant Program | 84.011 | | | |
| Title I Part C, Migrant Education | | FY03-04/RM27 | 8,248 | - |
| Title I Part C, Migrant Education | | FY05-06/RM-23 | - | 23,789 |
| Title I Part C, Migrant Education | | FY06-07/SM-9 | - | 881 |
| Total for program | | | <u>8,248</u> | <u>24,670</u> |
| Title I Program for Neglected and Delinquent Children | 84.013 | | | |
| Title I Part D, Subpart 2 SY 03-04 | | 04-0365 | 3,050 | - |
| Title I Part D, Subpart 2 SY 04-05 | | 05-0365 | 18,795 | 3,540 |
| Title I Part D, Subpart 2 SY 05-06 | | 06-0365 | - | 17,348 |
| Total for program | | | <u>21,845</u> | <u>20,888</u> |
| Vocational Education - Basic Grants to States | 84.048 | | | |
| Carl D. Perkins Vocational and Applied Technology Basic FY04 Secondary Area Vocational District Grant | | 04-4700-0365 | 50,321 | - |
| Carl D. Perkins Vocational and Applied Technology Basic FY05 Secondary Area Vocational District Grant | | 05-4700-0365 | 292,619 | 25,100 |
| Carl D. Perkins Vocational and Applied Technology Basic FY06 Secondary Area Vocational District Grant | | 06-4700-0365 | - | 273,038 |
| Pass-Through Indiana Association of Area Vocational Districts, Inc. | | | | |
| IDWD/IAAVD School Improvement grant | | None | 10,036 | - |
| Total for program | | | <u>352,976</u> | <u>298,138</u> |
| Pass-Through Indiana Department of Education | | | | |
| Safe and Drug Free Schools and Communities - State Grants | 84.186 | | | |
| Title IV, Part A, SY99-00 | | None | 976 | - |
| Title IV, Part A, SY01-02 | | None | 1,204 | - |
| Title IV, Part A, SY02-03 | | None | 8,878 | - |
| Title IV, Part A, SY03-04 | | 03-087 | 21,250 | 4,491 |
| Title IV, Part A, SY03-04 | | 04-122 | 12,918 | 28,285 |
| Title IV, Part A, SY03-05 | | 05-125 | - | 1,177 |
| Total for program | | | <u>45,226</u> | <u>33,953</u> |
| Education for Homeless Children and Youth | 84.196 | | | |
| FY 2003-2004 | | None | 17,600 | - |
| FY 2004-2005 | | None | 17,044 | 14,713 |
| FY 2005-2006 | | None | - | 20,797 |
| Total for program | | | <u>34,644</u> | <u>35,510</u> |
| Pass-Through Indiana Department of Workforce Development | | | | |
| Tech-Prep Education | 84.243 | | | |
| 2003-2005 | | TP-3-38 | 85,041 | 106,356 |
| 2006-2008 | | TP-5-38 | - | 16,280 |
| Total for program | | | <u>85,041</u> | <u>122,636</u> |
| Pass-Through Indiana Department of Education | | | | |
| State Grants for Innovative Programs | 84.298 | | | |
| Title V, Part A Innovative Programs | | 02-240 | 13,546 | - |
| Title V, Part A Innovative Programs | | 03-167 | 300 | 17,293 |
| Total for program | | | <u>13,846</u> | <u>17,293</u> |

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

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2005 and 2006
(Continued)

| Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended 06-30-05 | Total Federal Awards Expended 06-30-06 |
|---|---------------------------|--|---|---|
| <u>U.S. DEPARTMENT OF EDUCATION (continued)</u> | | | | |
| Pass-Through Indiana Department of Education (continued) | | | | |
| English Language Acquisition Grants | 84.365 | | | |
| Title III Part A | | 2003-2004 | 6,156 | 5,514 |
| Title III Part A | | 2004-2005 | 44,256 | 3,562 |
| Title III Part A | | 2005-2006 | - | 68,283 |
| Total for program | | | <u>50,412</u> | <u>77,359</u> |
| Improving Teacher Quality State Grants | 84.367 | | | |
| Title II Part A | | 02-243 | 131,488 | 110 |
| Title II Part A | | 03-287 | 290,840 | 85,749 |
| Title II Part A | | 04-333 | - | 322,704 |
| Title II Part A | | None | 30,272 | 358,385 |
| Title II Part D | | 2003-2004 | 18,398 | 9,099 |
| Title II Part D | | 2004-2005 | - | 30,080 |
| Total for program | | | <u>470,998</u> | <u>806,127</u> |
| Hurricane Katrina Temporary Relief-Impact Aid 2005-2006 | 84.938 | None | - | 1,000 |
| Total for federal grantor agency | | | <u>7,546,291</u> | <u>8,300,248</u> |
| <u>U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u> | | | | |
| Pass-Through Indiana Department of Education | | | | |
| Learn and Serve America - School and Community Based Programs | 94.004 | | | |
| 101-610 | | None | 5,389 | 5,444 |
| C-4 Learn and Serve | | None | - | 4,852 |
| 2005-06 Mt. Healthy | | 2005-2006 | - | 1,045 |
| Total for federal grantor agency | | | <u>5,389</u> | <u>11,341</u> |
| Total federal awards expended | | | <u>\$ 9,122,299</u> | <u>\$ 10,090,900</u> |

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

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Bartholomew Consolidated School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 the Indiana Code (IC 5-11-1 et seq.), audits of School Corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the year ending June 30, 2005. This noncash assistance is also included in the federal expenditures presented in the schedule.

| Program Title | Federal CFDA Number | 2005 | 2006 |
|-------------------------------|---------------------------|-----------|-----------|
| School Breakfast Program | 10.553 | \$ 22,323 | \$ 29,895 |
| National School Lunch Program | 10.555 | 70,722 | 97,353 |

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

| | |
|---|---------------|
| Material weaknesses identified? | no |
| Reportable conditions identified that are not considered to be material weaknesses? | none reported |

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

| | |
|---|---------------|
| Material weaknesses identified? | yes |
| Reportable conditions identified that are not considered to be material weaknesses? | none reported |

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

| CFDA Number | Name of Federal Program or Cluster |
|----------------|---|
| | Child Nutrition Cluster |
| | Special Education Cluster |
| 84.010 | Title I Grants to Local Educational Agencies |
| 84.041 | Impact Aid |
| 84.048 | Vocational Education – Basic Grants to States |
| 84.367 | Improving Teacher Quality State Grants |

Dollar threshold used to distinguish between Type A and Type B programs: \$576,396

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2006-1, CASH MANAGEMENT – SPECIAL EDUCATION CLUSTER

Federal Agency: U.S. Department of Education
Federal Program: Special Education Cluster – Special Education – Preschool Grants
CFDA Number: 84.173
Federal Award Number: N/A
Pass-Through Entity: Indiana Department of Education

The School Corporation maintained cash balances in excess of current needs for several of the months reviewed during the grant periods.

34 CFR 84.20(b)(7) states in part: "Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and sub-grantees must be followed whenever advance payment procedures are used . . . Grantees must monitor cash draw downs by their sub-grantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

The Cash Request Form states: "As pursuant to the Cash Management Improvement Act of 1990, we hereby certify that procedures have been put into place, which minimize the time elapsing between receipt of funds requested above and their subsequent disbursement."

Failure to adhere to the cash management requirements could cause the School Corporation to be deemed ineligible to receive federal awards in the future.

We recommended that the School Corporation design and properly monitor procedures that would ensure that federal funds be disbursed in a timely manner.

FINDING 2006-2, CASH MANAGEMENT – IMPROVING TEACHER GRANTS

Federal Agency: U.S. Department of Education
Federal Program: Improving Teacher Quality State Grants, Title II, Part D
CFDA Number: 84.367
Federal Award Number: N/A
Pass-Through Entity: Indiana Department of Education

The School Corporation maintained cash balances in excess of current needs for several of the months reviewed during the grant periods.

34 CFR 80.20(b)(7) states in part: "Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and sub-grantees must be followed whenever advance payment procedures are used . . . Grantees must monitor cash draw downs by their sub-grantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

The Cash Request Form states: "As pursuant to the Cash Management Improvement Act of 1990, we hereby certify that procedures have been put into place, which minimize the time elapsing between receipt of funds requested above and their subsequent disbursement."

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We recommended that the School Corporation design and properly monitor procedures that would ensure that federal funds be disbursed in a timely manner.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION

ADMINISTRATION BUILDING
1200 CENTRAL AVENUE
COLUMBUS, INDIANA 47201

DR. LINDA DeCLUE
ASSISTANT SUPERINTENDENT FOR
HUMAN RESOURCES

PHONE: 812-376-4472
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BOARD OF SCHOOL TRUSTEES
JOHN C. ANDERSON
STEPHEN P. CHAMPION
DUANE HILYCORD
JAY HOWARD
PIA O'CONNOR
JILL SHEDD
GINGER B. STAWICKI

May 17, 2007

To: Indiana State Board of Accounts

Re: Audit Report

Fiscal Year: 7/01/04 to 6/30/06

Fund: Improving Teacher Quality State Grant (Fund 684)
Enhancing Education Through Technology (Fund 683)
Enhancing Education Through Technology (Fund 686)

Finding: Cash balances exceeded allowed amounts (10% of total grant).

Corrective Action: Funds will be monitored on a monthly basis to ensure that funds are used in a timely manner.



Linda DeClue
Assistant Superintendent for Human Resources
812-376-4472



STRIVING FOR EXCELLENCE

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION

**1200 Central Avenue
Columbus, IN 47201
(812) 376-4223**

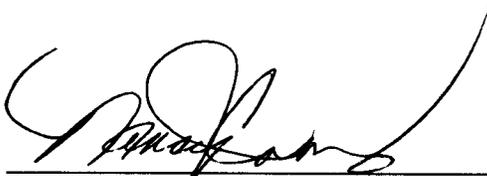
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Original State Board of Accounts Audit Report No. **BA25828**
Fiscal Year: 7/1/02 – 6/30/04
Auditee Contact Person: Nancy Coons
Title of Contact Person: Director of Accounting/Deputy Treasurer
Phone Number: 812-376-4223

Finding No. 2004-1 Cash Management
Federal Agency: N/A
Pass-Through Agency: N/A
Federal Program:

Status of Finding:

Corrective action has been taken.



April 25, 2007

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION

ADMINISTRATION BUILDING
1200 CENTRAL AVENUE
COLUMBUS, INDIANA 47201

DR. GEORGE VAN HORN
DIRECTOR OF
SPECIAL EDUCATION

PHONE: 812-376-4460
FAX: 812-373-2188

BOARD OF SCHOOL TRUSTEES
JOHN C. ANDERSON
STEPHEN P. CHAMPION
DUANE HILYCORD
JAY HOWARD
PIA O'CONNOR
JILL SHEDD
GINGER B. STAWICKI

"CORRECTIVE ACTION PLAN"

Original State Board of Accounts Audit Report No.
Fiscal Year: 7/1/04 to 6/30/06
Auditee Contact Person: Dr. George van Horn
Title of Contact Person: Director of Special Education
Phone Number: 812 376-4460

Finding No. 2006-1, Cash Management – Special Education Cluster
Federal Agency: U. S. Department of Education
Pass-Through Agency: Indiana Department of Education
Federal Program: Part B-Individuals with Disabilities Education Act
CFDA No.: 84.173A
Federal Award No.: 45705-003-PN01

From this point on, Bartholomew Consolidated School Corporation will review last year's monthly expenditures of the Special Education Grants and base the cash requests upon what was spent the previous year. BCSC will look at the cash on hand around the 5th of each month and if the cash balance is more than 10% of the previous month's expenditures, a "revised" cash request will be submitted to the Department of Education before the 10th of the month.

The cooperative school corporations submit expenses three times a year. In the past BCSC has requested funds in advanced to be able to pay each corporation's expenses when the invoice arrives. In the future, the BCSC will request the funds from the state after the coop invoices have been received.

The numbers of pays for each month will be checked before the first cash request is submitted. Some of the payroll benefits are paid monthly and some quarterly. The money for these expenses will not be requested until after they are paid.



Dr. George Van Horn, Director

4/17/07

Date

PRESCHOOL – FUND 521



STRIVING FOR EXCELLENCE

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report relating to Smith Elementary were discussed on February 28, 2007, with Dr. Vaughn Sylva, Assistant Superintendent of Business Finance; Nancy Coons, Director of Accounting; Christopher Smith, Smith Elementary Principal; and Michelle Roberts, Smith Elementary Extra-Curricular Treasurer.

The contents of this report relating to Columbus East High School were discussed on March 13, 2007, with Dr. Vaughn Sylva, Assistant Superintendent of Business Finance; Nancy Coons, Director of Accounting; and Carol Pennington, Columbus East High School Extra-Curricular Treasurer. The officials concurred with our audit findings.

The contents of this report relating to Columbus Central Middle School were discussed on March 13, 2007, with Dr. Vaughn Sylva, Assistant Superintendent of Business Finance; Nancy Coons, Director of Accounting; Randy Gratz, Columbus Central Middle School Principal; Chad Phillips, Columbus Central Middle School Assistant Principal; and Shari Christman, Columbus Central Middle School Extra-Curricular Treasurer. The officials concurred with our audit findings.

The contents of this report relating to Columbus North High School were discussed on March 13, 2007, with Dr. Vaughn Sylva, Assistant Superintendent of Business Finance; Nancy Coons, Director of Accounting; David D. Clark, Columbus North High School Principal; John Green, Columbus North High School Assistant Principal; Deborah K. DeBusk, Columbus North High School Extra-Curricular Treasurer; Hedy E. George, Columbus North High School Athletic Director; and Cynthia McCoy, Columbus North High School Athletic Department Administrative Assistant. The official response has been made a part of this report and may be found on page 50.

The contents of this report were discussed on April 25, 2007, with Dr. Jay Howard, President of the School Board; Pia O'Connor, Vice-President of the School Board; Dr. John Quick, Superintendent of Schools; Dr. Vaughn Sylva, Assistant Superintendent of Business Finance; Nancy Coons, Director of Accounting; and Pam Boles, Business Services Office Manager. The official response has been made a part of this report and may be found on page 51.

Columbus North High School

To: Indiana State Board of Accounts – Exit Conference
From: John W. Green, Asst. Principal (Representing CNHS Administration)
Date: Tuesday, March 13, 2007
RE: OFFICIAL RESPONSE – Audit Period 7/1/2004 to 6/30/2006

The Columbus North High School Administration would like to respond to the Indiana State Board of Accounts Exit Conference Audit Results and Comments.

INTERNAL CONTROLS (Applies to Columbus North High School)

Columbus North High School Staff will use the Ticket Sales Form SA-4 and the controls recommended by the audit. We have been working closely with BCSC central office staff on improvement of internal controls particularly with ticket sales. North currently follows strict internal control of athletic ticket sales.

TRANSACTION RECORDING (Applies to Columbus North High School)

Money Market account #23277692 has been closed and entered into the Columbus North High School Extra-Curricular Fund for internal control. A new account has been developed and all account transactions will be susceptible to the requirements of receipts and disbursements. (Please note that these monies were placed in a Money Market account #23277692 on August 21, 2003, only after the same monies were in a bank CD for decades.)

Columbus North High School requests that this response be included in the report by the State Board of Accounts. We would also like to thank the field examiners for the professional manner the audit was conducted and presented to our staff.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION

**1200 Central Avenue
Columbus, IN 47201
(812) 376-4223**

May 4, 2007

State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765

Dear State Board of Accounts Examiners:

Please include this letter with the 7/01/04 – 6/30/06 written audit report currently being prepared by your offices as an explanation for the situation described under "Collection of Amounts Due" within the audit section titled "Audit Results and Comments." We understand that it is not a requirement for B.C.S.C. to reply to this comment but wish to thank the auditors for bringing this shortcoming to our attention.

As of this writing, the Form 515's have been completed and sent to the appropriate school corporations and families for the 2005-2006 school year previously overlooked. Looking at the history of the Bartholomew Consolidated School Corporation's compliance and correctness with transfer tuition billings this is the only instance in history that has shown a lapse and know also that it has been rectified.

Sincerely,



Dr. Vaughn Sylva
Assistant Supt. Financial Services