

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

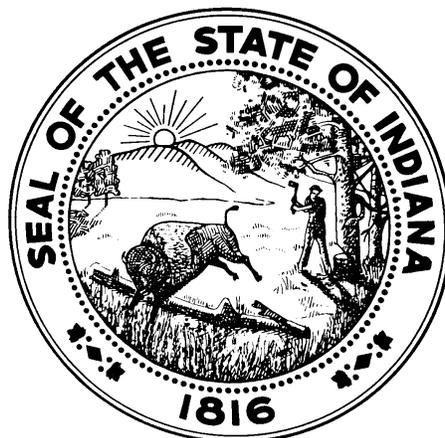
AUDIT REPORT

OF

BEECH GROVE CITY SCHOOLS

MARION COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

04/08/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Janice Whitman	07-01-06 to 06-30-09
Superintendent of Schools	Dr. Rex Sager Dr. Paul Kaiser	07-01-06 to 05-31-08 06-01-08 to 06-30-09
President of the School Board	Melody Stevens	07-01-06 to 06-30-09



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 BEECH GROVE CITY SCHOOLS, MARION COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Beech Grove City Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, 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, 2007 and 2008, 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 March 26, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

March 26, 2009



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE BEECH GROVE CITY SCHOOLS, MARION COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Beech Grove City Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated March 26, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management, School Board, 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

March 26, 2009

BEECH GROVE CITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 9,809,548	\$ -	\$ 181,970	\$ (9,627,578)
Support services	7,185,272	558,668	486,852	(6,139,752)
Community services	282,965	-	-	(282,965)
Nonprogrammed charges	1,114,103	-	-	(1,114,103)
Debt service	<u>5,123,196</u>	<u>-</u>	<u>-</u>	<u>(5,123,196)</u>
Total governmental activities	<u>\$ 23,515,084</u>	<u>\$ 558,668</u>	<u>\$ 668,822</u>	<u>(22,287,594)</u>
General receipts:				
Property taxes				5,847,956
Other local sources				1,194,289
State aid				10,444,076
Bonds and loans				5,054,147
Grants and contributions not restricted to specific programs				498,267
Sale of property, adjustments, and refunds				11,030
Investment earnings				<u>364,376</u>
Total general receipts				<u>23,414,141</u>
Change in net assets				1,126,547
Net assets - beginning				<u>4,914,846</u>
Net assets - ending				<u>\$ 6,041,393</u>
<u>Assets</u>				
Cash and investments				\$ 5,107,038
Restricted assets:				
Cash and investments				<u>934,355</u>
Total assets				<u>\$ 6,041,393</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 934,355
Unrestricted				<u>5,107,038</u>
Total net assets				<u>\$ 6,041,393</u>

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

BEECH GROVE CITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 10,109,677	\$ -	\$ 224,278	\$ (9,885,399)
Support services	7,965,759	540,302	590,005	(6,835,452)
Community services	272,024	-	-	(272,024)
Nonprogrammed charges	1,382,169	-	-	(1,382,169)
Debt service	<u>7,655,746</u>	<u>-</u>	<u>-</u>	<u>(7,655,746)</u>
Total governmental activities	<u>\$ 27,385,375</u>	<u>\$ 540,302</u>	<u>\$ 814,283</u>	<u>(26,030,789)</u>
General receipts:				
Property taxes				7,317,970
Other local sources				906,081
State aid				10,127,013
Bonds and loans				5,652,824
Grants and contributions not restricted to specific programs				683,000
Sale of property, adjustments, and refunds				39,841
Investment earnings				<u>234,137</u>
Total general receipts				<u>24,960,866</u>
Change in net assets				(1,069,924)
Net assets - beginning				<u>6,041,393</u>
Net assets - ending				<u>\$ 4,971,469</u>
<u>Assets</u>				
Cash and investments				\$ 4,497,592
Restricted assets:				
Cash and investments				<u>473,877</u>
Total assets				<u>\$ 4,971,469</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 473,877
Unrestricted				<u>4,497,592</u>
Total net assets				<u>\$ 4,971,469</u>

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

BEECH GROVE CITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 2,981,482	\$ 477,241	\$ 2,032,484	\$ 1,349,148	\$ 135,320	\$ 989,614	\$ 7,965,289
State sources	10,578,061	-	-	-	-	441,142	11,019,203
Federal sources	-	-	-	-	-	591,962	591,962
Bonds and loans	2,549,012	501,052	437,638	1,416,782	2,988	146,675	5,054,147
Sale of property, adjustments and refunds	-	-	-	-	-	11,030	11,030
Total receipts	16,108,555	978,293	2,470,122	2,765,930	138,308	2,180,423	24,641,631
Disbursements:							
Current:							
Instruction	9,551,493	-	-	-	-	258,055	9,809,548
Support services	3,382,044	672,702	-	1,852,031	20,041	1,258,454	7,185,272
Community services	282,965	-	-	-	-	-	282,965
Nonprogrammed charges	916,953	-	-	-	-	197,150	1,114,103
Debt services	1,091,043	253,898	2,710,819	654,742	73,108	339,586	5,123,196
Total disbursements	15,224,498	926,600	2,710,819	2,506,773	93,149	2,053,245	23,515,084
Excess (deficiency) of receipts over disbursements	884,057	51,693	(240,697)	259,157	45,159	127,178	1,126,547
Other financing sources (uses):							
Transfers in	52,993	-	-	-	-	26,101	79,094
Transfers out	-	-	(52,993)	-	-	(26,101)	(79,094)
Total other financing sources (uses)	52,993	-	(52,993)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	937,050	51,693	(293,690)	259,157	45,159	127,178	1,126,547
Cash and investments - beginning	1,715,368	223,729	1,012,754	673,184	2,267	1,287,544	4,914,846
Cash and investments - ending	\$ 2,652,418	\$ 275,422	\$ 719,064	\$ 932,341	\$ 47,426	\$ 1,414,722	\$ 6,041,393
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,652,418	\$ 275,422	\$ -	\$ 932,341	\$ 47,426	\$ 1,199,431	\$ 5,107,038
Restricted assets:							
Cash and investments	-	-	719,064	-	-	215,291	934,355
Total cash and investment assets - ending	\$ 2,652,418	\$ 275,422	\$ 719,064	\$ 932,341	\$ 47,426	\$ 1,414,722	\$ 6,041,393
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 719,064	\$ -	\$ -	\$ 215,291	\$ 934,355
Unrestricted	2,652,418	275,422	-	932,341	47,426	1,199,431	5,107,038
Total cash and investment fund balance - ending	\$ 2,652,418	\$ 275,422	\$ 719,064	\$ 932,341	\$ 47,426	\$ 1,414,722	\$ 6,041,393

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

BEECH GROVE CITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 3,507,973	\$ 517,610	\$ 2,225,340	\$ 1,782,306	\$ 72,228	\$ 893,669	\$ 8,999,126
State sources	10,280,094	-	-	-	-	680,573	10,960,667
Federal sources	-	-	-	-	-	662,993	662,993
Bonds and loans	2,534,745	531,456	1,101,714	1,294,336	-	190,573	5,652,824
Sale of property, adjustments and refunds	28,650	-	-	-	-	11,191	39,841
Total receipts	<u>16,351,462</u>	<u>1,049,066</u>	<u>3,327,054</u>	<u>3,076,642</u>	<u>72,228</u>	<u>2,438,999</u>	<u>26,315,451</u>
Disbursements:							
Current:							
Instruction	9,440,601	-	-	-	-	669,076	10,109,677
Support services	3,524,646	753,028	-	2,060,749	21,594	1,605,742	7,965,759
Community services	272,024	-	-	-	-	-	272,024
Nonprogrammed charges	1,041,752	-	-	-	-	340,417	1,382,169
Debt services	2,194,522	447,453	3,250,938	1,295,363	-	467,470	7,655,746
Total disbursements	<u>16,473,545</u>	<u>1,200,481</u>	<u>3,250,938</u>	<u>3,356,112</u>	<u>21,594</u>	<u>3,082,705</u>	<u>27,385,375</u>
Excess (deficiency) of receipts over disbursements	<u>(122,083)</u>	<u>(151,415)</u>	<u>76,116</u>	<u>(279,470)</u>	<u>50,634</u>	<u>(643,706)</u>	<u>(1,069,924)</u>
Other financing sources (uses):							
Transfers in	3,240	1,800	-	-	-	523,200	528,240
Transfers out	-	-	(500,000)	-	-	(28,240)	(528,240)
Total other financing sources (uses)	<u>3,240</u>	<u>1,800</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>494,960</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(118,843)</u>	<u>(149,615)</u>	<u>(423,884)</u>	<u>(279,470)</u>	<u>50,634</u>	<u>(148,746)</u>	<u>(1,069,924)</u>
Cash and investments - beginning	<u>2,652,418</u>	<u>275,422</u>	<u>719,064</u>	<u>932,341</u>	<u>47,426</u>	<u>1,414,722</u>	<u>6,041,393</u>
Cash and investments - ending	<u>\$ 2,533,575</u>	<u>\$ 125,807</u>	<u>\$ 295,180</u>	<u>\$ 652,871</u>	<u>\$ 98,060</u>	<u>\$ 1,265,976</u>	<u>\$ 4,971,469</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,533,575	\$ 125,807	\$ -	\$ 652,871	\$ 98,060	\$ 1,087,279	\$ 4,497,592
Restricted assets:							
Cash and investments	-	-	295,180	-	-	178,697	473,877
Total cash and investment assets - ending	<u>\$ 2,533,575</u>	<u>\$ 125,807</u>	<u>\$ 295,180</u>	<u>\$ 652,871</u>	<u>\$ 98,060</u>	<u>\$ 1,265,976</u>	<u>\$ 4,971,469</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	-	-	295,180	-	-	178,697	473,877
Unrestricted	2,533,575	125,807	-	652,871	98,060	1,087,279	4,497,592
Total cash and investment fund balance - ending	<u>\$ 2,533,575</u>	<u>\$ 125,807</u>	<u>\$ 295,180</u>	<u>\$ 652,871</u>	<u>\$ 98,060</u>	<u>\$ 1,265,976</u>	<u>\$ 4,971,469</u>

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

BEECH GROVE CITY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Fund	Private-Purpose Trust Fund	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 5,168	
Total contributions	-	5,168	
Deductions:			
Benefits	298,700	-	
Administrative and general	-	4,740	
Total deductions	298,700	4,740	
Excess (deficiency) of total additions over total deductions	(298,700)	428	
Cash and investment fund balance - beginning	1,927,661	310	
Cash and investment fund balance - ending	\$ 1,628,961	\$ 738	\$ 121,031
Net assets:			
Cash and investments	\$ 1,628,961	\$ 738	
Total net assets - cash and investment basis held in trust	\$ 1,628,961	\$ 738	

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

BEECH GROVE CITY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Pension Trust Fund	Private-Purpose Trust Fund	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 5,780	
Total contributions	-	5,780	
Deductions:			
Benefits	372,764	-	
Administrative and general	-	5,500	
Total deductions	372,764	5,500	
Excess (deficiency) of total additions over total deductions	(372,764)	280	
Cash and investment fund balance - beginning	1,628,961	738	
Cash and investment fund balance - ending	\$ 1,256,197	\$ 1,018	\$ 125,364
Net assets:			
Cash and investments	\$ 1,256,197	\$ 1,018	
Total net assets - cash and investment basis held in trust	\$ 1,256,197	\$ 1,018	

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

BEECH GROVE CITY SCHOOLS
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.

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

Joint Ventures

The School Corporation is a participant with Center Grove Community School Corporation, Clark-Pleasant Community School Corporation, Franklin Community School Corporation, Franklin Township Community School Corporation, Greenwood Community School Corporation, Metropolitan School District (MSD) of Perry Township, and Nineveh-Hensley-Jackson United School Corporation in a joint venture to operate Central Nine Career Center (Center) which was created to provide for the vocational education needs of their students. The Center's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Center can be obtained at 1999 U.S. 31 South, Greenwood, IN, 46143.

The School Corporation is a participant with MSD Perry Township, MSD Decatur Township and Franklin Township Community School Corporation in a joint venture to operate the Relating Individualism to Special Education (RISE) Learning Center which was created to provide special education for handicapped children. The School Corporation is obligated to remit funding based upon participation levels annually to supplement the RISE Learning Center. Complete financial statements for RISE Learning Center can be obtained from MSD Perry Township at 6548 Orinoco Ave, Indianapolis, IN, 46227.

The School Corporation is a participant with several other School Corporations in a joint venture to operate the Central Indiana Educational Services Center (CIESC) which was created to provide certain programs and services for participating school districts. The CIESC's continued existence depends on continued funding by the School Corporations. In order to participate in the CIESC, each school district is billed an amount based on each school district's student population. Complete financial statements for the CIESC can be obtained at 6321 Lapas Trail, Indianapolis, IN, 46268.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental 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.

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.

Additionally, the School Corporation reports the following fund types:

The pension trust fund account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement 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 academic honors students.

The agency fund accounts for assets held by the primary government as an agent for the federal government, state government, and various employee insurance companies.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental 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. Receipts are recorded when received and disbursements are recorded when paid.

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.

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise 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).

3. Capital Assets

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

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental 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.

5. Equity Classification

Government-Wide Statements

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

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

- 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.

E. Program Receipts

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

F. Internal and Interfund Activities

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

Fund Financial Statements

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, if any, is eliminated or reclassified in the government-wide financial statements.

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

BEECH GROVE CITY SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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.

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. Disbursements in Excess of Appropriations

For the year ended December 31, 2007, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2007
Transportation Operating	\$ 8,966

These disbursements were funded by future revenues.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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. At June 30, 2008, the School Corporation's deposit balances in the amount of \$6,354,048 were entirely insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

As of June 30, 2008, the School Corporation did not have any investments.

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
Debt Service Fund	General Fund	\$ 52,993	\$ -
Debt Service Fund	Other governmental funds	-	500,000
Other governmental funds	General Fund	-	3,240
Other governmental funds	Transportation Operating Fund	-	1,800
Other governmental funds	Other governmental funds	<u>26,101</u>	<u>23,200</u>
Totals		<u>\$ 79,094</u>	<u>\$ 528,240</u>

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

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

During 1991, the School Corporation joined together with other governmental entities to form the Hoosier School Benefit Trust, a public entity risk pool currently operating as a common risk management and insurance program for five member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees, retirees and dependents. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per insured event.

B. Holding Corporation

The School Corporation has entered into capital leases with Beech Grove 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 year totaled \$2,404,100.

C. Subsequent Events

Central Nine Career Center School Building Corporation

On September 18, 2008, the School Board reapproved the establishment of the Central Nine Career Center School Building Corporation for the financing of renovating and equipping certain school facilities and leasing the same to this school corporation as one of the participating school corporations in the Central Nine Career Center and approved the issuance of bonds designated Central Nine Career Center School Building Corporation Mortgage Bonds, Series 2008 in the aggregate principal amount of \$5,430,000. The School Board also approved a new lease rental agreement with the Central Nine Career Center School Building Corporation providing for semi-annual lease payments of \$360,000 beginning when the buildings to be renovated and equipped are completed and ready for occupancy or December 31, 2010, whichever is later.

Capital Purchases

On November 17, 2008, the School Board approved the purchase of classroom computers in the amount of \$350,000 and the purchase of Plato software for 60 site licenses in the amount of \$53,326.

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Tax Anticipation Warrants

As of June 30, 2008, the School Corporation had outstanding tax anticipation warrants of \$6,193,427. The School Corporation issued additional tax anticipation warrants of \$1,354,730 in October 2008 and \$2,566,684 in January 2009. The School Corporation has repaid \$3,448,995 reducing the outstanding balance to \$6,665,846 as of the report date.

D. Pension Plans

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

a. 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.

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 88,796
Interest on net pension obligation	(19,182)
Adjustment to annual required contribution	21,859
Annual pension cost	91,473
Contributions made	79,054
Increase in net pension obligation	12,419
Net pension obligation, beginning of year	(264,579)
Net pension obligation, end of year	\$ (252,160)
Contribution rates:	
School Corporation	4.25%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

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	06-30-05	\$ 47,594	135%	\$ (257,456)
	06-30-06	56,891	113%	(264,579)
	06-30-07	91,473	86%	(252,160)

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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, 2008, 2007, and 2006, were \$362,446, \$317,594, and \$293,008, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

BEECH GROVE CITY SCHOOLS
 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)
07-01-05	\$ 1,372,519	\$ 1,227,479	\$ 145,040	112%	\$ 1,331,283	11%
07-01-06	1,203,051	1,214,273	(11,222)	99%	1,402,274	(1%)
07-01-07	1,140,930	1,097,831	43,099	104%	1,407,256	3%

BEECH GROVE CITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Alternative Education Grant	Safe Haven Grant
Receipts:						
Local sources	\$ 8,954	\$ -	\$ 441,244	\$ 218,302	\$ -	\$ -
State sources	63,688	-	9,513	50,972	6,456	10,456
Federal sources	-	-	426,368	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	1,031	-	-	-
Total receipts	<u>72,642</u>	<u>-</u>	<u>878,156</u>	<u>269,274</u>	<u>6,456</u>	<u>10,456</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	5,609
Support services	-	87,732	714,749	171,204	2,869	-
Nonprogrammed charges	79,152	5,867	112,131	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>79,152</u>	<u>93,599</u>	<u>826,880</u>	<u>171,204</u>	<u>2,869</u>	<u>5,609</u>
Excess (deficiency) of receipts over disbursements	<u>(6,510)</u>	<u>(93,599)</u>	<u>51,276</u>	<u>98,070</u>	<u>3,587</u>	<u>4,847</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(6,510)</u>	<u>(93,599)</u>	<u>51,276</u>	<u>98,070</u>	<u>3,587</u>	<u>4,847</u>
Cash and investments - beginning	<u>14,859</u>	<u>368,340</u>	<u>368,187</u>	<u>100,391</u>	<u>9,918</u>	<u>2,274</u>
Cash and investments - ending	<u>\$ 8,349</u>	<u>\$ 274,741</u>	<u>\$ 419,463</u>	<u>\$ 198,461</u>	<u>\$ 13,505</u>	<u>\$ 7,121</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 8,349	\$ 274,741	\$ 419,463	\$ 198,461	\$ 13,505	\$ 7,121
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 8,349</u>	<u>\$ 274,741</u>	<u>\$ 419,463</u>	<u>\$ 198,461</u>	<u>\$ 13,505</u>	<u>\$ 7,121</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>8,349</u>	<u>274,741</u>	<u>419,463</u>	<u>198,461</u>	<u>13,505</u>	<u>7,121</u>
Total cash and investment fund balance - ending	<u>\$ 8,349</u>	<u>\$ 274,741</u>	<u>\$ 419,463</u>	<u>\$ 198,461</u>	<u>\$ 13,505</u>	<u>\$ 7,121</u>

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

BEECH GROVE CITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	High School Library Foundation Grant	Mentor/ Professional Standards Board	Gifted and Talented	Chamber of Commerce Grant	Computer Consortium	Non-English Speaking Program
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	2,046	14,635	-	252,072	410
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	2,046	14,635	-	252,072	410
Disbursements:						
Current:						
Instruction	-	2,400	14,635	-	-	410
Support services	882	-	-	-	252,072	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	882	2,400	14,635	-	252,072	410
Excess (deficiency) of receipts over disbursements	(882)	(354)	-	-	-	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(882)	(354)	-	-	-	-
Cash and investments - beginning	1,023	1,944	-	-	73	-
Cash and investments - ending	<u>\$ 141</u>	<u>\$ 1,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 141	\$ 1,590	\$ -	\$ -	\$ 73	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 141	\$ 1,590	\$ -	\$ -	\$ 73	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	141	1,590	-	-	73	-
Total cash and investment fund balance - ending	\$ 141	\$ 1,590	\$ -	\$ -	\$ 73	\$ -

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

BEECH GROVE CITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Professional Development	Beech Grove Buddies	Corporation Grant	High School Grant	2005 Lilly Grant
Receipts:					
Local sources	\$ -	\$ 2,568	\$ -	\$ -	\$ 758
State sources	30,894	-	-	-	-
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	9,999	-
Total receipts	<u>30,894</u>	<u>2,568</u>	<u>-</u>	<u>9,999</u>	<u>758</u>
Disbursements:					
Current:					
Instruction	-	-	6,759	9,712	68,945
Support services	28,946	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>28,946</u>	<u>-</u>	<u>6,759</u>	<u>9,712</u>	<u>68,945</u>
Excess (deficiency) of receipts over disbursements	<u>1,948</u>	<u>2,568</u>	<u>(6,759)</u>	<u>287</u>	<u>(68,187)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,948</u>	<u>2,568</u>	<u>(6,759)</u>	<u>287</u>	<u>(68,187)</u>
Cash and investments - beginning	<u>25,616</u>	<u>-</u>	<u>9,314</u>	<u>1,286</u>	<u>184,114</u>
Cash and investments - ending	<u>\$ 27,564</u>	<u>\$ 2,568</u>	<u>\$ 2,555</u>	<u>\$ 1,573</u>	<u>\$ 115,927</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 27,564	\$ 2,568	\$ 2,555	\$ 1,573	\$ 115,927
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 27,564</u>	<u>\$ 2,568</u>	<u>\$ 2,555</u>	<u>\$ 1,573</u>	<u>\$ 115,927</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>27,564</u>	<u>2,568</u>	<u>2,555</u>	<u>1,573</u>	<u>115,927</u>
Total cash and investment fund balance - ending	<u>\$ 27,564</u>	<u>\$ 2,568</u>	<u>\$ 2,555</u>	<u>\$ 1,573</u>	<u>\$ 115,927</u>

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

BEECH GROVE CITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title I Grant	Indianapolis Public Schools Title I Grant	Title V Grant	Title IV Grant	Wellness Grant
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 80,000
State sources	-	-	-	-	-
Federal sources	72,935	12,363	4,200	5,163	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	<u>72,935</u>	<u>12,363</u>	<u>4,200</u>	<u>5,163</u>	<u>80,000</u>
Disbursements:					
Current:					
Instruction	83,904	2,062	28,152	4,407	9,768
Support services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>83,904</u>	<u>2,062</u>	<u>28,152</u>	<u>4,407</u>	<u>9,768</u>
Excess (deficiency) of receipts over disbursements	<u>(10,969)</u>	<u>10,301</u>	<u>(23,952)</u>	<u>756</u>	<u>70,232</u>
Other financing sources (uses):					
Transfers in	10,301	-	15,800	-	-
Transfers out	-	(10,301)	-	-	-
Total other financing sources (uses)	<u>10,301</u>	<u>(10,301)</u>	<u>15,800</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(668)	-	(8,152)	756	70,232
Cash and investments - beginning	7,364	-	8,553	575	-
Cash and investments - ending	<u>\$ 6,696</u>	<u>\$ -</u>	<u>\$ 401</u>	<u>\$ 1,331</u>	<u>\$ 70,232</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 6,696	\$ -	\$ 401	\$ 1,331	\$ 70,232
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 6,696</u>	<u>\$ -</u>	<u>\$ 401</u>	<u>\$ 1,331</u>	<u>\$ 70,232</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	6,696	-	401	1,331	70,232
Total cash and investment fund balance - ending	<u>\$ 6,696</u>	<u>\$ -</u>	<u>\$ 401</u>	<u>\$ 1,331</u>	<u>\$ 70,232</u>

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

BEECH GROVE CITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title II, Part A Grant	Title II, Part D Grant	Teacher Fellowship Grant	Retirement/ Severance Bond Debt Service	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 237,788	\$ 989,614
State sources	-	-	-	-	441,142
Federal sources	55,933	-	15,000	-	591,962
Bonds and loans	-	-	-	146,675	146,675
Sale of property, adjustments and refunds	-	-	-	-	11,030
Total receipts	<u>55,933</u>	<u>-</u>	<u>15,000</u>	<u>384,463</u>	<u>2,180,423</u>
Disbursements:					
Current:					
Instruction	10,535	258	10,499	-	258,055
Support services	-	-	-	-	1,258,454
Nonprogrammed charges	-	-	-	-	197,150
Debt services	-	-	-	339,586	339,586
Total disbursements	<u>10,535</u>	<u>258</u>	<u>10,499</u>	<u>339,586</u>	<u>2,053,245</u>
Excess (deficiency) of receipts over disbursements	<u>45,398</u>	<u>(258)</u>	<u>4,501</u>	<u>44,877</u>	<u>127,178</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	26,101
Transfers out	(15,800)	-	-	-	(26,101)
Total other financing sources (uses)	<u>(15,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>29,598</u>	<u>(258)</u>	<u>4,501</u>	<u>44,877</u>	<u>127,178</u>
Cash and investments - beginning	14,000	258	(959)	170,414	1,287,544
Cash and investments - ending	<u>\$ 43,598</u>	<u>\$ -</u>	<u>\$ 3,542</u>	<u>\$ 215,291</u>	<u>\$ 1,414,722</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 43,598	\$ -	\$ 3,542	\$ -	\$ 1,199,431
Restricted assets:					
Cash and investments	-	-	-	215,291	215,291
Total cash and investment assets - ending	<u>\$ 43,598</u>	<u>\$ -</u>	<u>\$ 3,542</u>	<u>\$ 215,291</u>	<u>\$ 1,414,722</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 215,291	\$ 215,291
Unrestricted	43,598	-	3,542	-	1,199,431
Total cash and investment fund balance - ending	<u>\$ 43,598</u>	<u>\$ -</u>	<u>\$ 3,542</u>	<u>\$ 215,291</u>	<u>\$ 1,414,722</u>

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

BEECH GROVE CITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Alternative Education Grant	Safe Haven Grant
Receipts:						
Local sources	\$ 9,197	\$ -	\$ 407,424	\$ 200,645	\$ -	\$ -
State sources	54,547	-	8,765	93,890	-	5,099
Federal sources	-	-	487,350	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	1,291	-	-	-
Total receipts	63,744	-	904,830	294,535	-	5,099
Disbursements:						
Current:						
Instruction	-	320,363	-	-	3,566	6,515
Support services	-	66,766	755,563	312,145	415	-
Nonprogrammed charges	72,003	-	268,414	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	72,003	387,129	1,023,977	312,145	3,981	6,515
Excess (deficiency) of receipts over disbursements	(8,259)	(387,129)	(119,147)	(17,610)	(3,981)	(1,416)
Other financing sources (uses):						
Transfers in	-	500,000	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	500,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,259)	112,871	(119,147)	(17,610)	(3,981)	(1,416)
Cash and investments - beginning	8,349	274,741	419,463	198,461	13,505	7,121
Cash and investments - ending	<u>\$ 90</u>	<u>\$ 387,612</u>	<u>\$ 300,316</u>	<u>\$ 180,851</u>	<u>\$ 9,524</u>	<u>\$ 5,705</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 90	\$ 387,612	\$ 300,316	\$ 180,851	\$ 9,524	\$ 5,705
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 90</u>	<u>\$ 387,612</u>	<u>\$ 300,316</u>	<u>\$ 180,851</u>	<u>\$ 9,524</u>	<u>\$ 5,705</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	90	387,612	300,316	180,851	9,524	5,705
Total cash and investment fund balance - ending	<u>\$ 90</u>	<u>\$ 387,612</u>	<u>\$ 300,316</u>	<u>\$ 180,851</u>	<u>\$ 9,524</u>	<u>\$ 5,705</u>

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

BEECH GROVE CITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	High School Library Foundation Grant	Mentor/ Professional Standards Board	Gifted and Talented	Chamber of Commerce Grant	Computer Consortium
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 35,464	\$ -
State sources	-	-	35,571	-	447,711
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	-	-	35,571	35,464	447,711
Disbursements:					
Current:					
Instruction	-	1,590	35,571	13,861	-
Support services	141	-	-	-	447,784
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	141	1,590	35,571	13,861	447,784
Excess (deficiency) of receipts over disbursements	(141)	(1,590)	-	21,603	(73)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(7,240)	-
Total other financing sources (uses)	-	-	-	(7,240)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(141)	(1,590)	-	14,363	(73)
Cash and investments - beginning	141	1,590	-	-	73
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,363</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ 14,363	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,363</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	14,363	-
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,363</u>	<u>\$ -</u>

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

BEECH GROVE CITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Non-English Speaking Program	Professional Development	Beech Grove Buddies	Corporation Grant	High School Grant
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	4,542	30,448	-	-	-
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	9,900
Total receipts	4,542	30,448	-	-	9,900
Disbursements:					
Current:					
Instruction	4,542	-	2,568	2,555	10,171
Support services	-	22,885	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	4,542	22,885	2,568	2,555	10,171
Excess (deficiency) of receipts over disbursements	-	7,563	(2,568)	(2,555)	(271)
Other financing sources (uses):					
Transfers in	-	-	-	-	2,200
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	2,200
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	7,563	(2,568)	(2,555)	1,929
Cash and investments - beginning	-	27,564	2,568	2,555	1,573
Cash and investments - ending	<u>\$ -</u>	<u>\$ 35,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,502</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 35,127	\$ -	\$ -	\$ 3,502
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 35,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,502</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	35,127	-	-	3,502
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 35,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,502</u>

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

BEECH GROVE CITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	2005 Lilly Grant	Title I Grant	Indianapolis Public Schools Title I Grant	Title V Grant	Title IV Grant
Receipts:					
Local sources	\$ -	\$ 636	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	90,047	9,243	4,040	5,033
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	<u>-</u>	<u>90,683</u>	<u>9,243</u>	<u>4,040</u>	<u>5,033</u>
Disbursements:					
Current:					
Instruction	30,792	94,055	9,243	17,220	3,890
Support services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>30,792</u>	<u>94,055</u>	<u>9,243</u>	<u>17,220</u>	<u>3,890</u>
Excess (deficiency) of receipts over disbursements	<u>(30,792)</u>	<u>(3,372)</u>	<u>-</u>	<u>(13,180)</u>	<u>1,143</u>
Other financing sources (uses):					
Transfers in	-	-	-	21,000	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(30,792)</u>	<u>(3,372)</u>	<u>-</u>	<u>7,820</u>	<u>1,143</u>
Cash and investments - beginning	<u>115,927</u>	<u>6,696</u>	<u>-</u>	<u>401</u>	<u>1,331</u>
Cash and investments - ending	<u>\$ 85,135</u>	<u>\$ 3,324</u>	<u>\$ -</u>	<u>\$ 8,221</u>	<u>\$ 2,474</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 85,135	\$ 3,324	\$ -	\$ 8,221	\$ 2,474
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 85,135</u>	<u>\$ 3,324</u>	<u>\$ -</u>	<u>\$ 8,221</u>	<u>\$ 2,474</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>85,135</u>	<u>3,324</u>	<u>-</u>	<u>8,221</u>	<u>2,474</u>
Total cash and investment fund balance - ending	<u>\$ 85,135</u>	<u>\$ 3,324</u>	<u>\$ -</u>	<u>\$ 8,221</u>	<u>\$ 2,474</u>

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

BEECH GROVE CITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Wellness Grant	Title II, Part A Grant	Teacher Fellowship Grant	Retirement/ Severance Bond Debt Service	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 240,303	\$ 893,669
State sources	-	-	-	-	680,573
Federal sources	-	57,280	10,000	-	662,993
Bonds and loans	-	-	-	190,573	190,573
Sale of property, adjustments and refunds	-	-	-	-	11,191
Total receipts	-	57,280	10,000	430,876	2,438,999
Disbursements:					
Current:					
Instruction	28,617	74,868	9,089	-	669,076
Support services	-	-	43	-	1,605,742
Nonprogrammed charges	-	-	-	-	340,417
Debt services	-	-	-	467,470	467,470
Total disbursements	28,617	74,868	9,132	467,470	3,082,705
Excess (deficiency) of receipts over disbursements	(28,617)	(17,588)	868	(36,594)	(643,706)
Other financing sources (uses):					
Transfers in	-	-	-	-	523,200
Transfers out	-	(21,000)	-	-	(28,240)
Total other financing sources (uses)	-	(21,000)	-	-	494,960
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(28,617)	(38,588)	868	(36,594)	(148,746)
Cash and investments - beginning	70,232	43,598	3,542	215,291	1,414,722
Cash and investments - ending	<u>\$ 41,615</u>	<u>\$ 5,010</u>	<u>\$ 4,410</u>	<u>\$ 178,697</u>	<u>\$ 1,265,976</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 41,615	\$ 5,010	\$ 4,410	\$ -	\$ 1,087,279
Restricted assets:					
Cash and investments	-	-	-	178,697	178,697
Total cash and investment assets - ending	<u>\$ 41,615</u>	<u>\$ 5,010</u>	<u>\$ 4,410</u>	<u>\$ 178,697</u>	<u>\$ 1,265,976</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 178,697	\$ 178,697
Unrestricted	41,615	5,010	4,410	-	1,087,279
Total cash and investment fund balance - ending	<u>\$ 41,615</u>	<u>\$ 5,010</u>	<u>\$ 4,410</u>	<u>\$ 178,697</u>	<u>\$ 1,265,976</u>

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

BEECH GROVE CITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following long-term debt:

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Beech Grove Multi-School Building Corporation		
High School, Series 1996	\$ 12,685,000	\$ 1,243,000
Hornet Park, Series 2001	10,158,757	490,000
Middle School/South Grove Intermediate, Series 2005 Refinance	<u>8,360,000</u>	<u>758,000</u>
Total - capital leases	<u>31,203,757</u>	<u>2,491,000</u>
Notes and loans payable:		
Common School Loans:		
A1022	65,785	44,405
A1062	65,785	44,405
A1115	153,837	45,382
A1200	198,093	45,892
A1222	220,100	46,977
Amtrack 1999	33,861	35,682
Amtrack 2000	97,367	49,958
Relating Individualism to Special Education (RISE)		
Learning Center Interlocal	<u>24,341</u>	<u>24,728</u>
Total - notes and loans payable	<u>859,169</u>	<u>337,429</u>
Bonds payable:		
General obligation bonds:		
Kindergarten Center, Series 2006	355,000	104,720
Pension, Series 2004	<u>5,340,000</u>	<u>355,194</u>
Total - bonds payable	<u>5,695,000</u>	<u>459,914</u>
Total governmental activities long-term debt	<u>\$ 37,757,926</u>	<u>\$ 3,288,343</u>

BEECH GROVE CITY SCHOOLS
AUDIT RESULTS AND COMMENTS

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

Our audit of the enrollment figures on Form 30A, Report of Average Daily Membership (ADM) for State Support, determined a .5 variance for the school year ending June 30, 2007.

The enrollment count date for the school year 2006-2007 was September 30, 2006. The difference between the count reported on the ADM and the verified figures is shown below:

<u>School Year</u>	<u>Grade</u>	<u>Count as Reported on Form Number 30A</u>	<u>Actual Enrollment Count</u>	<u>Difference</u>
2006-2007	Kindergarten	96	95.5	.5

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed.

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting.

LATE PAYMENTS, PENALTIES, INTEREST, AND OTHER CHARGES

February 2007 state withholdings in the amount of \$17,456 plus penalties and interest in the amount of \$2,279 were paid to the Indiana Department of Revenue on June 17, 2008.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

STUDENT FEES

The School Corporation, at the time of charging and collecting textbook rental fees, requires other fees to be paid including, but not limited to, classroom supplies and activities for kindergarten to 8th grade and general instructional supplies for kindergarten to 8th grade. The High School also charges a base

BEECH GROVE CITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

fee. The School Corporation Officials could not provide documentation to verify students received consumable goods or services equal to the fee charged. A similar comment appeared in prior Report B29380.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TRANSFER TUITION

The School Corporation is charging more than the calculated transfer tuition using the formula established. At the end of the school year, the Transfer Tuition Statement (Form 515) was not recalculated using fiscal year actual costs and the assessed students issued a refund or additionally charged based on the actual costs.

IC 20-26-11-6 states in part: "(b) A transfer may not be accepted unless the requesting parents or student pays transfer tuition in an amount determined under the formula established . . ."

EXTRA-CURRICULAR DISBURSEMENTS (Applies to Beech Grove High School)

Disbursements paid from the extra-curricular account lacked proper documentation such as signatures for gift cards, movie tickets, and workers' time.

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)

FUNDRAISERS (Applies to Beech Grove High School)

The High School volleyball and softball teams conducted a fund raising event. The School Corporation Board minutes presented for audit did not indicate approval of the event nor did the minutes contain designation of control procedures and the responsible officials or employees.

Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

FUND SOURCES AND USES (Applies to Beech Grove High School)

Monies received from the public at athletic and other social events were receipted to the Athletic Department and Vending Funds. These funds were also used for faculty and staff activities.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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Web Site: www.in.gov/sboa

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 BEECH GROVE CITY SCHOOLS, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of the Beech Grove City Schools (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, 2007 and 2008. 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 of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. 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, 2007 and 2008.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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)

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, School Board, 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

March 26, 2009

BEECH GROVE CITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2007 and 2008

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 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 90,347	\$ -
FY2007			-	-
FY2008			-	107,311
National School Lunch Program	10.555		382,448	-
FY2007			-	-
FY2008			-	424,269
Total for Cluster			<u>472,795</u>	<u>531,580</u>
Total for Federal Grantor Agency			<u>472,795</u>	<u>531,580</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I Grants to Local Educational Agencies	84.010			
		06-5380	13,382	-
		07-5380	70,522	6,696
		08-5380	-	87,359
Pass-Through Indianapolis Public Schools Title I Grants to Local Educational Agencies	84.010			
		07-5380	12,363	-
		08-5380	-	9,243
Total for Program			<u>96,267</u>	<u>103,298</u>
Pass-Through Indiana Department of Education Safe and Drug Free Schools and Communities - State Grants	84.186			
		05-077	575	-
		5380-06	3,832	1,331
		5380-07	-	2,559
Total for Program			<u>4,407</u>	<u>3,890</u>
State Grants for Innovative Programs	84.298			
		05-081	8,553	-
		06-5380	19,599	401
		07-5380	-	16,819
Total for Program			<u>28,152</u>	<u>17,220</u>
Education Technology State Grants	84.318			
FY2005-07		S318X050014	10,757	3,542
FY07/08		S318X050014	-	5,590
Total for Program			<u>10,757</u>	<u>9,132</u>
Improving Teacher Quality State Grants	84.367			
		05-5380	10,535	3,465
		06-5380	-	40,133
		07-5380	-	31,270
Total for Program			<u>10,535</u>	<u>74,868</u>
Total for Federal Grantor Agency			<u>150,118</u>	<u>208,408</u>
Total Federal Awards Expended			<u>\$ 622,913</u>	<u>\$ 739,988</u>

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

BEECH GROVE CITY SCHOOLS
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 Beech Grove City Schools (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 years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
School Breakfast Program	10.553	\$ 8,872	\$ 8,929
National School Lunch Program	10.555	37,556	35,301

BEECH GROVE CITY SCHOOLS
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?	no
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?	no
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Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee?	yes
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

BEECH GROVE CITY SCHOOLS
SUMMARY OF PRIOR AUDIT FINDINGS

No matters are reportable.

BEECH GROVE CITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on March 26, 2009, with Janice Whitman, Treasurer; Dr. Paul Kaiser, Superintendent of Schools; Thomas Keeley, Director of Business and Personnel; and Melody Stevens, President of the School Board.