

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

EXAMINATION REPORT
OF

CHARLES A. BEARD MEMORIAL
SCHOOL CORPORATION
HENRY COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

10/30/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Judy K. Barnes Michelle Swift	07-01-06 to 06-30-07 07-01-07 to 06-30-10
Superintendent of Schools	Dr. David McQuire Dr. Ray Pavy (Interim) Gary L. Storie	07-01-06 to 06-30-07 07-01-07 to 06-30-08 07-01-08 to 06-30-11
President of the School Board	Michael L. Fruth Kevin Knott	07-01-06 to 06-30-08 07-01-08 to 06-30-10
Business Manager	Amanda Zurwell David Bundy	09-05-06 to 01-19-07 02-09-07 to 04-17-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CHARLES A. BEARD MEMORIAL
SCHOOL CORPORATION, HENRY COUNTY, INDIANA

We have examined the financial information presented herein of the Charles A. Beard Memorial School Corporation (School Corporation), for the period of July 1, 2006 to June 30, 2008. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

Our examination was conducted in for the purpose of forming opinions on the financial information that collectively comprise the School Corporation's basic financial statements. The Schedule of Funding Progress, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 24, 2009

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts			<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:					
Instruction	\$ 6,344,764	\$ -	\$ 56,211	\$ -	\$ (6,288,553)
Support services	4,846,118	262,768	201,260	-	(4,382,090)
Community services	127,874	-	-	-	(127,874)
Nonprogrammed charges	555,063	-	-	-	(555,063)
Debt service	<u>1,613,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,613,869)</u>
Total governmental activities	<u>\$ 13,487,688</u>	<u>\$ 262,768</u>	<u>\$ 257,471</u>	<u>\$ -</u>	<u>(12,967,449)</u>
General receipts:					
Property taxes					3,793,579
Other local sources					870,020
State aid					5,670,105
Tax anticipation warrants received					884,375
Grants and contributions not restricted to specific programs					256,603
Sale of property, adjustments, and refunds					170,433
Investment earnings					<u>44,360</u>
Total general receipts					<u>11,689,475</u>
Change in net assets					(1,277,974)
Net assets - beginning					<u>2,202,790</u>
Net assets - ending					<u>\$ 924,816</u>
<u>Assets</u>					
Cash and investments					\$ 576,418
Restricted assets:					
Cash and investments					<u>348,398</u>
Total assets					<u>\$ 924,816</u>
<u>Net Assets</u>					
Restricted for:					
Debt service					\$ 348,398
Unrestricted					<u>576,418</u>
Total net assets					<u>\$ 924,816</u>

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

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
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>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 5,219,493	\$ -	\$ 76,411	\$ -	\$ (5,143,082)
Support services	4,949,290	305,353	183,802	-	(4,460,135)
Community services	226,801	-	-	-	(226,801)
Nonprogrammed charges	567,294	-	-	-	(567,294)
Debt service	2,074,496	-	-	-	(2,074,496)
Total governmental activities	\$ 13,037,374	\$ 305,353	\$ 260,213	\$ -	(12,471,808)
General receipts:					
Property taxes					5,419,740
Other local sources					952,983
State aid					6,015,416
Tax anticipation warrants received					1,500,000
Tax anticipation warrants paid					(884,375)
Grants and contributions not restricted to specific programs					374,436
Sale of property, adjustments, and refunds					77,404
Investment earnings					55,695
Total general receipts					13,511,299
Change in net assets					1,039,491
Net assets - beginning					924,816
Net assets - ending					\$ 1,964,307
<u>Assets</u>					
Cash and investments					\$ 1,734,844
Restricted assets:					
Cash and investments					229,463
Total assets					\$ 1,964,307
<u>Net Assets</u>					
Restricted for:					
Debt service					\$ 229,463
Unrestricted					1,734,844
Total net assets					\$ 1,964,307

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

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
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	Construction Fund	Other	Totals
Receipts:								
Local sources	\$ 1,840,960	\$ 502,572	\$ 1,708,943	\$ 503,470	\$ 40,858	\$ 6,866	\$ 366,758	\$ 4,970,427
Intermediate sources	-	-	-	-	-	-	300	300
State sources	5,713,591	-	-	-	-	-	118,672	5,832,263
Federal sources	-	-	-	-	-	-	351,916	351,916
Bonds and loans	884,375	-	-	-	-	-	-	884,375
Sale of property, adjustments and refunds	160,279	306	-	-	-	-	9,847	170,432
Total receipts	8,599,205	502,878	1,708,943	503,470	40,858	6,866	847,493	12,209,713
Disbursements:								
Current:								
Instruction	6,162,305	-	-	-	-	-	182,458	6,344,763
Support services	2,605,199	637,207	-	774,718	210,497	788	617,709	4,846,118
Community services	127,775	-	-	-	-	-	99	127,874
Nonprogrammed charges	482,266	-	-	-	-	-	72,797	555,063
Debt services	-	-	1,604,600	9,269	-	-	-	1,613,869
Total disbursements	9,377,545	637,207	1,604,600	783,987	210,497	788	873,063	13,487,687
Excess (deficiency) of receipts over disbursements	(778,340)	(134,329)	104,343	(280,517)	(169,639)	6,078	(25,570)	(1,277,974)
Other financing sources (uses):								
Transfers in	658,481	-	-	-	-	-	-	658,481
Transfers out	-	-	(658,481)	-	-	-	-	(658,481)
Total other financing sources (uses)	658,481	-	(658,481)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(119,859)	(134,329)	(554,138)	(280,517)	(169,639)	6,078	(25,570)	(1,277,974)
Cash and investments - beginning	225,948	(49,774)	902,536	626,883	254,414	236,541	6,242	2,202,790
Cash and investments - ending	\$ 106,089	\$ (184,103)	\$ 348,398	\$ 346,366	\$ 84,775	\$ 242,619	\$ (19,328)	\$ 924,816
Cash and Investment Assets - Ending								
Cash and investments	\$ 106,089	\$ (184,103)	\$ -	\$ 346,366	\$ 84,775	\$ 242,619	\$ (19,328)	\$ 576,418
Restricted assets:								
Cash and investments	-	-	348,398	-	-	-	-	348,398
Total cash and investment assets - ending	\$ 106,089	\$ (184,103)	\$ 348,398	\$ 346,366	\$ 84,775	\$ 242,619	\$ (19,328)	\$ 924,816
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ 348,398	\$ -	\$ -	\$ -	\$ -	\$ 348,398
Unrestricted	106,089	(184,103)	-	346,366	84,775	242,619	(19,328)	576,418
Total cash and investment fund balance - ending	\$ 106,089	\$ (184,103)	\$ 348,398	\$ 346,366	\$ 84,775	\$ 242,619	\$ (19,328)	\$ 924,816

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

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
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	Construction Fund	Other	Totals
Receipts:								
Local sources	\$ 2,858,936	\$ 711,718	\$ 1,953,810	\$ 740,957	\$ 24,278	\$ -	\$ 443,697	\$ 6,733,396
Intermediate sources	-	-	-	-	-	-	375	375
State sources	6,060,690	-	-	-	-	-	124,266	6,184,956
Federal sources	-	-	-	-	-	-	465,109	465,109
Bonds and loans	1,500,000	-	-	-	-	-	-	1,500,000
Sale of property, adjustments and refunds	70,174	7,177	-	-	-	-	53	77,404
Total receipts	10,489,800	718,895	1,953,810	740,957	24,278	-	1,033,500	14,961,240
Disbursements:								
Current:								
Instruction	5,014,983	-	-	-	-	-	204,510	5,219,493
Support services	2,802,560	680,842	2,850	740,497	108,272	300	613,969	4,949,290
Community services	223,949	-	-	-	-	-	2,852	226,801
Nonprogrammed charges	493,114	-	-	-	-	-	74,180	567,294
Debt services	884,375	-	2,069,895	4,601	-	-	-	2,958,871
Total disbursements	9,418,981	680,842	2,072,745	745,098	108,272	300	895,511	13,921,749
Excess (deficiency) of receipts over disbursements	1,070,819	38,053	(118,935)	(4,141)	(83,994)	(300)	137,989	1,039,491
Other financing sources (uses):								
Transfers in	712	-	-	-	-	-	39,968	40,680
Transfers out	-	-	-	-	-	-	(40,680)	(40,680)
Total other financing sources (uses)	712	-	-	-	-	-	(712)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,071,531	38,053	(118,935)	(4,141)	(83,994)	(300)	137,277	1,039,491
Cash and investments - beginning	106,089	(184,103)	348,398	346,366	84,775	242,619	(19,328)	924,816
Cash and investments - ending	<u>\$ 1,177,620</u>	<u>\$ (146,050)</u>	<u>\$ 229,463</u>	<u>\$ 342,225</u>	<u>\$ 781</u>	<u>\$ 242,319</u>	<u>\$ 117,949</u>	<u>\$ 1,964,307</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,177,620	\$ (146,050)	\$ -	\$ 342,225	\$ 781	\$ 242,319	\$ 117,949	\$ 1,734,844
Restricted assets:								
Cash and investments	-	-	229,463	-	-	-	-	229,463
Total cash and investment assets - ending	<u>\$ 1,177,620</u>	<u>\$ (146,050)</u>	<u>\$ 229,463</u>	<u>\$ 342,225</u>	<u>\$ 781</u>	<u>\$ 242,319</u>	<u>\$ 117,949</u>	<u>\$ 1,964,307</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ 229,463	\$ -	\$ -	\$ -	\$ -	\$ 229,463
Unrestricted	<u>1,177,620</u>	<u>(146,050)</u>	<u>-</u>	<u>342,225</u>	<u>781</u>	<u>242,319</u>	<u>117,949</u>	<u>1,734,844</u>
Total cash and investment fund balance - ending	<u>\$ 1,177,620</u>	<u>\$ (146,050)</u>	<u>\$ 229,463</u>	<u>\$ 342,225</u>	<u>\$ 781</u>	<u>\$ 242,319</u>	<u>\$ 117,949</u>	<u>\$ 1,964,307</u>

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

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
For the Year Ended June 30, 2007

	<u>Gifts, Donations and Bequests</u>
Additions:	
Contributions:	
Other	\$ <u>61,200</u>
Deductions:	
Administrative and general	<u>61,200</u>
Excess of total additions over total deductions	-
Cash and investment fund balance - beginning	<u>9,030</u>
Cash and investment fund balance - ending	<u><u>\$ 9,030</u></u>
Net assets:	
Cash and investments	<u>\$ 9,030</u>
Total net assets - cash and investment basis held in trust	<u><u>\$ 9,030</u></u>

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

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2008

	<u>Gifts, Donations and Bequests</u>
Additions:	
Contributions:	
Other	\$ <u>400</u>
Cash and investment fund balance - beginning	<u>9,030</u>
Cash and investment fund balance - ending	<u>\$ 9,430</u>
Net assets:	
Cash and investments	\$ <u>9,430</u>
Total net assets - cash and investment basis held in trust	<u>\$ 9,430</u>

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

CHARLES A. BEARD MEMORIAL 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.

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

Joint Venture

The School Corporation is a participant with New Castle Community School Corporation, Nettle Creek School Corporation, Shenandoah School Corporation, South Henry School Corporation, and Union School Corporation in a joint venture to operate New Castle Special Education Cooperative which was created to provide instruction for handicapped children. The School Corporation is obligated by contract to remit various amounts according to participation, annually, to supplement the Cooperative. The Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Cooperative can be obtained from New Castle Community School Corporation, 522 Elliot Avenue, New Castle, Indiana 47362.

The School Corporation is a participant with New Castle Community School Corporation, Blue River Valley School Corporation, Nettle Creek School Corporation, Rush County Schools, Shenandoah School Corporation, South Henry School Corporation, and Union School Corporation in a joint venture to operate New Castle Area Vocational School which was created to provide vocational education. The School Corporation is obligated by contract to remit various amounts according to participation, annually, to supplement the Vocational School. The Vocational School's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Vocational School can be obtained from New Castle Community School Corporation, 522 Elliot Avenue, New Castle, Indiana 47362.

The School Corporation is a participant with 45 school corporations in the East Central Indiana Educational Service Center (Co-op). The Co-op is a joint venture which was created to take advantage of bulk purchasing power, centralized repairs of equipment, and joint in-service training programs. The Co-op's governing board consists of a member selected by each participating school corporation. The board has full authority to manage the Co-op's operations and also maintains the treasury functions. Detailed information may be obtained by contacting East Central Indiana Educational Service Center, 1601 Indiana Avenue, Connersville, Indiana 47331.

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.

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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

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

The construction fund is used to account for the final receipts and disbursements for a completed construction project.

Additionally, the School Corporation reports the following fund type:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the students of the School Corporation.

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.

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
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. 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.

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.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental fund 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:

- 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."

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Receipts and Disbursements

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.

F. Internal and Interfund Balances and 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 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 not reported as reimbursements but as adjustments to disbursements in the respective funds.
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 Activities and Net Assets – Cash and Investment Basis. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

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.

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	June 30, 2007	June 30, 2008
Transportation Operating	\$ (184,103)	\$ (146,050)
Food Service	(67,981)	(37,460)
Title V Part A	(26,306)	-

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

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 School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2008, the School Corporation deposits were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Tax Anticipation Warrants

The School Corporation issues tax anticipation warrants for cash flow purposes in advance of property tax collections and/or state tuition support distributions as follows:

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Tax Anticipation Warrants</u>	<u>2006-2007</u>	<u>2007-2008</u>
Due beginning of the year	\$ -	\$ 884,375
New warrants advanced	884,375	1,500,000
Warrants repaid	<u>-</u>	<u>884,375</u>
Due end of the Year	<u>\$ 884,375</u>	<u>\$ 1,500,000</u>
<u>Due From Fund</u>		
General	<u>\$ 884,375</u>	<u>\$ 1,500,000</u>

C. Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006-2007</u>	<u>2007-2008</u>
Debt Service Fund	General Fund	\$ 658,481	\$ -
Other governmental funds	General Fund	-	712
Other governmental funds	Other governmental funds	<u>-</u>	<u>39,968</u>
Totals		<u>\$ 658,481</u>	<u>\$ 40,680</u>

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

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.

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Medical Benefits to Employees

During 1994, the School Corporation joined together with other governmental entities to form the ISTA Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for 97 member governmental entities. This risk pool was formed in 1985. 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 \$45,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$45,000 limit, up to a life-time maximum of \$1,000,000 per person.

B. Holding Corporation

The School Corporation has entered into a capital lease with Knightstown High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the government.

C. Subsequent Events

The School Corporation issued \$850,000 in General Obligation Bonds on December 18, 2008. The bonds were issued to finance underfunded Pre-School Special Education for prior years.

Tax Anticipation Warrants were issued June 9, 2009, due to a delay in spring tax distributions. \$675,000 will be repaid when spring tax distributions are received.

The School Corporation refunded the 2001 bonds that financed the capital lease for Knightstown High School on July 8, 2009. The new issue resulted in a gain of the use of the excess funds in the bond sinking fund, and a more favorable interest rate. Approximately \$2,000,000 was made available to fund improvements at the Intermediate School athletic facilities, and \$260,000 was made available to reduce outstanding debt.

D. Pension Plans

1. Agent Multiple-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.

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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	\$ 101,710
Interest on net pension obligation	(4,582)
Adjustment to annual required contribution	5,222
Annual pension cost	102,350
Contributions made	69,261
Increase in net pension obligation	33,089
Net pension obligation, beginning of year	(63,204)
Net pension obligation, end of year	\$ (30,115)
Contribution rates:	
School Corporation	5.13%
Plan members	3%
Actuarial valuation date	07-01-08
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

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions	PERF
Investment rate of return	7.2%
Projected future salary increases:	5%
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 06-30-06	\$ 65,092	66%	\$ (96,385)
06-30-07	90,147	63%	(63,204)
06-30-08	102,350	68%	(30,115)

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

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Plan members are required to contribute 3% of their salary. 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 \$135,109, \$131,747, and \$111,582, respectively. The School Corporation contributed 100% of the required contribution for each of the fiscal years.

CHARLES A. BEARD MEMORIAL 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)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 1,077,011	\$ 1,166,329	\$ (89,318)	92%	\$ 1,313,953	(7%)
07-01-07	1,213,897	1,372,433	(158,536)	88%	1,385,984	(11%)
07-01-08	1,179,780	1,294,939	(115,159)	91%	1,382,932	(8%)

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
 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

	Pre-School Special Education	Food Service	Textbook Rental	Educational License Plate	Safe Haven Grant	Gifted and Talented	2005/2006 Gifted and Talented
Receipts:							
Local sources	\$ 5,236	\$ 244,165	\$ 117,357	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	300	-	-	-
State sources	66,284	6,780	32,883	-	-	-	12,725
Federal sources	-	161,597	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	71,520	412,542	150,240	300	-	-	12,725
Disbursements:							
Current:							
Instruction	-	-	-	950	-	12,506	12,725
Support services	-	432,196	145,459	37	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	72,797	-	-	-	-	-	-
Total disbursements	72,797	432,196	145,459	987	-	12,506	12,725
Excess (deficiency) of receipts over disbursements	(1,277)	(19,654)	4,781	(687)	-	(12,506)	-
Cash and investments - beginning	28,766	(48,327)	3,281	2,501	16	12,506	-
Cash and investments - ending	\$ 27,489	\$ (67,981)	\$ 8,062	\$ 1,814	\$ 16	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 27,489	\$ (67,981)	\$ 8,062	\$ 1,814	\$ 16	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 27,489	\$ (67,981)	\$ 8,062	\$ 1,814	\$ 16	\$ -	\$ -

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
 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)

	Non-English Speaking Program	Tele- communications Grant	Technology Grant	Professional Development	Study Group Grant/ Kennard	Title I 05-06	Title I 06-07
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	14,000	150,197
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	14,000	150,197
Disbursements:							
Current:							
Instruction	-	-	-	-	-	16,805	130,162
Support services	-	-	-	-	-	89	2,453
Community services	-	-	-	-	-	-	99
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	16,894	132,714
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(2,894)	17,483
Cash and investments - beginning	375	300	5	16	477	3,607	-
Cash and investments - ending	<u>\$ 375</u>	<u>\$ 300</u>	<u>\$ 5</u>	<u>\$ 16</u>	<u>\$ 477</u>	<u>\$ 713</u>	<u>\$ 17,483</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 375</u>	<u>\$ 300</u>	<u>\$ 5</u>	<u>\$ 16</u>	<u>\$ 477</u>	<u>\$ 713</u>	<u>\$ 17,483</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 375</u>	<u>\$ 300</u>	<u>\$ 5</u>	<u>\$ 16</u>	<u>\$ 477</u>	<u>\$ 713</u>	<u>\$ 17,483</u>

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
 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 V Part A	Drug Free Schools	Technology Grant	Title II Part A	Title II Part D	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 366,758
Intermediate sources	-	-	-	-	-	300
State sources	-	-	-	-	-	118,672
Federal sources	-	6,122	-	20,000	-	351,916
Sale of property, adjustments and refunds	<u>9,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,847</u>
Total receipts	<u>9,847</u>	<u>6,122</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>847,493</u>
Disbursements:						
Current:						
Instruction	3,728	1,321	-	4,261	-	182,458
Support services	6,823	-	(7)	28,137	2,522	617,709
Community services	-	-	-	-	-	99
Nonprogrammed charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,797</u>
Total disbursements	<u>10,551</u>	<u>1,321</u>	<u>(7)</u>	<u>32,398</u>	<u>2,522</u>	<u>873,063</u>
Excess (deficiency) of receipts over disbursements	(704)	4,801	7	(12,398)	(2,522)	(25,570)
Cash and investments - beginning	<u>(25,602)</u>	<u>(1,740)</u>	<u>(7)</u>	<u>26,144</u>	<u>3,924</u>	<u>6,242</u>
Cash and investments - ending	<u>\$ (26,306)</u>	<u>\$ 3,061</u>	<u>\$ -</u>	<u>\$ 13,746</u>	<u>\$ 1,402</u>	<u>\$ (19,328)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ (26,306)</u>	<u>\$ 3,061</u>	<u>\$ -</u>	<u>\$ 13,746</u>	<u>\$ 1,402</u>	<u>\$ (19,328)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ (26,306)</u>	<u>\$ 3,061</u>	<u>\$ -</u>	<u>\$ 13,746</u>	<u>\$ 1,402</u>	<u>\$ (19,328)</u>

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
 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

	Pre-School Special Education	Food Service	Textbook Rental	Educational License Plate	Safe Haven Grant	Gifted and Talented	Non-English Speaking Program
Receipts:							
Local sources	\$ 5,823	\$ 276,715	\$ 161,159	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	375	-	-	-
State sources	59,302	6,844	3,651	-	-	31,137	-
Federal sources	-	173,307	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	65,125	456,866	164,810	375	-	31,137	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	28,803	-
Support services	-	426,345	89,715	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	71,736	-	-	-	-	-	-
Total disbursements	71,736	426,345	89,715	-	-	28,803	-
Excess (deficiency) of receipts over disbursements	(6,611)	30,521	75,095	375	-	2,334	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(16)	-	(375)
Total other financing sources (uses)	-	-	-	-	(16)	-	(375)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,611)	30,521	75,095	375	(16)	2,334	(375)
Cash and investments - beginning	27,489	(67,981)	8,062	1,815	16	-	375
Cash and investments - ending	\$ 20,878	\$ (37,460)	\$ 83,157	\$ 2,190	\$ -	\$ 2,334	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 20,878	\$ (37,460)	\$ 83,157	\$ 2,190	\$ -	\$ 2,334	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 20,878	\$ (37,460)	\$ 83,157	\$ 2,190	\$ -	\$ 2,334	\$ -

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
 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)

	Tele- communications Grant	Technology Grant	Professional Development	Study Group Grant/ Kennard	Title I 07-08	Title I 05-06	Title I 06-07
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	180,388	-	23,750
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	-	-	-	180,388	-	23,750
Disbursements:							
Current:							
Instruction	-	-	-	-	151,691	714	23,302
Support services	-	-	-	-	31,319	-	185
Community services	-	-	-	-	751	-	2,101
Nonprogrammed charges	-	-	-	-	-	-	2,444
Total disbursements	-	-	-	-	183,761	714	28,032
Excess (deficiency) of receipts over disbursements	-	-	-	-	(3,373)	(714)	(4,282)
Other financing sources (uses):							
Transfers in	-	-	-	-	13,200	-	-
Transfers out	(300)	(5)	(16)	-	-	-	(13,200)
Total other financing sources (uses)	(300)	(5)	(16)	-	13,200	-	(13,200)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(300)	(5)	(16)	-	9,827	(714)	(17,482)
Cash and investments - beginning	300	5	16	477	-	714	17,482
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 477</u>	<u>\$ 9,827</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 477</u>	<u>\$ 9,827</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 477</u>	<u>\$ 9,827</u>	<u>\$ -</u>	<u>\$ -</u>

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
 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)

	Title V Part A	Title V Part A	Drug Free Schools	Technology Grant	Title II Part A	Title II Part D	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 443,697
Intermediate sources	-	-	-	-	-	-	375
State sources	-	-	-	23,332	-	-	124,266
Federal sources	4,255	-	9,524	-	73,885	-	465,109
Sale of property, adjustments and refunds	53	-	-	-	-	-	53
Total receipts	4,308	-	9,524	23,332	73,885	-	1,033,500
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	204,510
Support services	(328)	2,193	973	23,332	38,833	1,402	613,969
Community services	-	-	-	-	-	-	2,852
Nonprogrammed charges	-	-	-	-	-	-	74,180
Total disbursements	(328)	2,193	973	23,332	38,833	1,402	895,511
Excess (deficiency) of receipts over disbursements	4,636	(2,193)	8,551	-	35,052	(1,402)	137,989
Other financing sources (uses):							
Transfers in	24,575	2,193	-	-	-	-	39,968
Transfers out	(2,193)	-	(3,061)	-	(21,514)	-	(40,680)
Total other financing sources (uses)	22,382	2,193	(3,061)	-	(21,514)	-	(712)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	27,018	-	5,490	-	13,538	(1,402)	137,277
Cash and investments - beginning	(26,306)	-	3,061	-	13,745	1,402	(19,328)
Cash and investments - ending	\$ 712	\$ -	\$ 8,551	\$ -	\$ 27,283	\$ -	\$ 117,949
Cash and Investment Assets - Ending							
Cash and investments	\$ 712	\$ -	\$ 8,551	\$ -	\$ 27,283	\$ -	\$ 117,949
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 712	\$ -	\$ 8,551	\$ -	\$ 27,283	\$ -	\$ 117,949

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended June 30, 2008

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,252,990
Buildings	49,804,228
Machinery and equipment	<u>3,139,174</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 54,196,392</u>

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

Charles A. Beard Memorial School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
High School	\$ 7,070,000	\$ 710,000
Notes and loans payable:		
Common School Loan A0245	72,248	76,583
Common School Loan A0471	5,485,800	484,356
Common School Loan A0488	5,532,000	563,572
Common School Loan A0501	<u>1,312,000</u>	<u>133,660</u>
 Total governmental activities debt	 <u>\$ 19,472,048</u>	 <u>\$ 1,968,171</u>

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the School Corporation account fund balances to the related bank account balances were incorrect. A similar comment appeared in the prior report.

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN CASH BALANCES

The Transportation Operating, Food Service, and Title V Part A funds were overdrawn during the examination period.

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 Indiana Public School Corporations, Chapter 9)

INSUFFICIENT FOOD SERVICE CHARGES

The charges for student and adult meals were not adequate to meet the expenses for providing those services in school years 2004-2005, 2005-2006, and 2006-2007, resulting in increased cash balance deficits each year.

The School Board increased the charges for the 2007-2008 school year in an amount adequate to eliminate the deficit in 2009-2010, provided the expenses remain consistent with the years reported.

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 Indiana Public School Corporations, Chapter 9)

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

Information presented for audit indicates enrollment figures on Form Number 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school years ending June 30, 2007, and June 30, 2008.

The enrollment count dates for 2007 and 2008 were September 15, 2006 and September 15, 2007, respectively. The difference between the count reported on the ADM and the verified figures are shown below:

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EXAMINATION RESULTS AND COMMENTS
(Continued)

School Year	Grade	Count as Reported on Form Number 30A	Actual Enrollment Figures	Difference
2006-2007	1 Through 12	1,289	1,290	(1)
2007-2008	Kindergarten	51	51.5	(.5)
2007-2008	1 Through 12	1,310	1,314	(4)

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

PUBLIC RECORDS RETENTION (Applies to Knightstown High School)

The SA-5 Form, Fund Account Ledger, was not presented for examination by Knightstown High School.

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS TITLE I

The Indiana Department of Education (IDOE) conducted an on-site monitoring review of the School Corporation's administration of Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA). The review included the following findings regarding the fiscal requirements that must be followed by recipients of Title I funds:

1. Financial Management Systems Requirements:

The School Corporation was unable to provide evidence that its financial management system meets the requirements of Section 80.20 of the Education Department General Administrative Regulations (EDGAR). There is no process in place for anyone to sign off on purchases after they are received. Invoices go directly to the office for payment.

2. Excess Cash on Hand:

The School Corporation had excess cash on hand 8 of the 11 months reviewed.

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EXAMINATION RESULTS AND COMMENTS
(Continued)

3. Inappropriate Charges to Title I:

The School Corporation charged Title I for a paraprofessional that had not been approved in the original application.

4. Procurement:

The School Corporation did not comply with the requirements of section 80.36 of EDGAR. Funds were obligated prior to the application being submitted and/or approved.

5. Labeling of Equipment:

The School Corporation was unable to show that equipment at the schools visited was appropriately labeled.

6. Inventory of Equipment:

The School Corporation was unable to produce evidence showing there is an equipment inventory that meets the requirements of EDGAR.

The findings were resolved satisfactorily.

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS
NATIONAL SCHOOL LUNCH PROGRAM

The Indiana Department of Education (IDOE) conducted a Coordinated and Program Review of the National School Lunch Program. The review included the following findings:

Verification:

7CFR Part 245.6(a) requires that the School Food Authorities select and verify a sample of the approved free and reduced-price applications. Additionally, a person other than the one who approved them must check each of the selected applications to insure applications were correctly approved. A confirmation review was not completed during the verification process.

The verification process must be conducted and completed by November 15 of each year. The verification process was not completed on time, nor was an extension requested.

Revisions made to 7CFR Part 210 mandate on-site review by the School Food Authority of each school, per school year by February 1. The mandatory on-site reviews have not been performed and documented.

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(Continued)

Households with children attending more than one school within the School Corporation must complete only one application for free and reduced price meals. Household applications for free and reduced price meals are not always used.

The findings were resolved satisfactorily.

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)

ADVANCE PAYMENTS

Dates of transactions indicate that some payments were made to certified personnel prior to the completion of the contract for service.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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EXIT CONFERENCE

The contents of this report were discussed on September 24, 2009, with Kevin Knott, President of the School Board; Gary L. Storie, Superintendent of Schools; and Michelle Swift, Treasurer.