

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

BLUFFTON-HARRISON METROPOLITAN
SCHOOL DISTRICT
WELLS COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
02/14/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jon O. Bennett Brad Yates	07-01-10 to 06-30-11 07-01-11 to 06-30-13
Superintendent of Schools	Wayne Barker	07-01-10 to 06-30-13
President of the School Board	Brent Hiday Dawn M. Frauhiger Kent L. Park Daryl L. Elliott	01-01-10 to 12-31-10 01-01-11 to 12-31-11 01-01-12 to 12-31-12 01-01-13 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE BLUFFTON-HARRISON METROPOLITAN
SCHOOL DISTRICT, WELLS COUNTY, INDIANA

We have audited the accompanying financial statement of the Bluffton-Harrison Metropolitan School District (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated January 23, 2013, 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 integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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

STATE BOARD OF ACCOUNTS

January 23, 2013



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

TO: THE OFFICIALS OF THE BLUFFTON-HARRISON METROPOLITAN
SCHOOL DISTRICT, WELLS COUNTY, INDIANA

We have audited the financial statement of the Bluffton-Harrison Metropolitan School District (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated January 23, 2013. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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 opinion on the financial statement, 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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, others within the entity, 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

January 23, 2013

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS

For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 1,410,283	\$ 9,189,667	\$ 8,870,232	\$ (99,953)	\$ 1,629,765	\$ 9,263,614	\$ 8,491,874	\$ (249,985)	\$ 2,151,520
Debt Service	1,233,720	1,896,883	1,834,848	28,390	1,324,145	2,115,677	2,117,256	-	1,322,566
Capital Projects	982,551	1,354,645	1,580,653	21,802	778,345	1,342,434	1,354,188	-	766,591
Transportation Operating	222,765	616,046	708,061	30,889	161,639	646,056	574,719	-	232,976
School Bus Replacement	117,016	185,099	181,486	2,916	123,545	184,345	195,888	-	112,002
Rainy Day	726,863	115,000	74,943	100,000	866,920	2,800	158,781	250,000	960,939
School Lunch	63,191	592,639	585,671	3,728	73,887	633,788	656,278	4,029	55,426
Textbook Rental	198,024	114,211	59,446	-	252,789	130,456	258,990	-	124,255
Levy Excess	21,703	-	-	(21,703)	-	35,657	-	-	35,657
Child Care Program	21,834	47,796	31,370	-	38,260	32,957	28,756	-	42,461
Education License Plates	6,425	300	-	-	6,725	338	-	-	7,063
School Safe Haven	71	-	-	-	71	-	-	-	71
Scholarship Awards	461	-	-	-	461	-	-	-	461
Designated Gift	400	-	-	-	400	500	218	-	682
Gift-Skills Clinic	5,501	5,000	5,502	-	4,999	5,000	4,996	-	5,003
Foundation Grants	2,700	1,500	4,090	-	110	1,100	1,094	-	116
Gift-Under Resourced Students	2,000	2,100	1,998	-	2,102	-	2,012	-	90
Gifted and Talented 2010-11	-	30,598	30,249	-	349	-	349	-	-
Gifted and Talented 2011-12	-	-	-	-	-	29,787	16,432	-	13,355
Non English Speaking 2010-11	-	2,519	2,519	-	-	-	-	-	-
Non English Speaking 10-8445	347	-	347	-	-	1,817	-	-	1,817
School Technology	5,209	3,535	3,587	3,535	8,692	6,576	11,096	-	4,172
Technology Planning Grant	1,216	-	1,215	-	1	-	-	-	1
Excess PTRC Distributions	-	60,753	-	(60,753)	-	-	-	-	-
Title I 10-8445	15,319	-	-	(15,319)	-	190,005	190,005	-	-
Title I Project #5-8445	-	178,355	193,674	15,319	-	-	-	-	-
Safe and Drug-Free 10-8445	2,999	-	2,999	-	-	-	-	-	-
Project Lead the Way 2010-11	-	14,914	14,913	-	1	-	-	-	1
Project Lead the Way 10-8445	(4,071)	4,072	-	-	1	-	-	-	1
Vocational Education 10-8445	(69,026)	70,459	1,433	-	-	-	-	-	-
Area 18 Vocational (6-30-11)	-	334,280	334,280	-	-	-	-	-	-
Area 18 Vocational (6-30-12)	-	-	-	-	-	219,389	219,389	-	-
Title II - A 11-8445	30,378	27,594	57,970	-	2	628	630	-	-
Title II - A 10-8445	2,450	-	2,450	-	-	58,945	58,945	-	-
Title III English Proficiency	4,314	-	-	-	4,314	-	2,445	-	1,869
Title III English Proficiency 2010-11	-	-	-	-	-	3,382	133	-	3,249
Title III English Proficiency 2011-12	-	-	-	-	-	2,800	2,800	-	-
Clearing Accounts	-	2,203,531	2,203,531	-	-	2,097,509	2,097,509	-	-
ARRA Title I	28,421	35,085	63,228	-	278	-	278	-	-
Education Jobs	-	-	-	-	-	296,087	296,087	-	-
Totals	\$ 5,033,064	\$ 17,086,581	\$ 16,850,695	\$ 8,851	\$ 5,277,801	\$ 17,301,647	\$ 16,741,148	\$ 4,044	\$ 5,842,344

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

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

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

C. Cash and Investments

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

D. Receipts

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

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

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

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

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient and self-insurance payments.

F. Other Financing Sources and Uses

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

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

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

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

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

B. Teacher's Retirement Fund

Plan Description

The Indiana Teacher's Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT

employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Debt Service	Capital Projects	Transportation Operating	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ 1,410,283	\$ 1,233,720	\$ 982,551	\$ 222,765	\$ 117,016	\$ 726,863	\$ 63,191	\$ 198,024	\$ 21,703
Receipts:									
Local sources	152,837	1,896,883	1,350,225	604,926	185,099	-	283,075	76,917	-
Intermediate sources	23	-	-	-	-	-	-	-	-
State sources	9,025,713	-	-	-	-	-	6,825	37,294	-
Federal sources	-	-	-	-	-	-	297,222	-	-
Other	11,094	-	4,420	11,120	-	115,000	5,517	-	-
Total receipts	9,189,667	1,896,883	1,354,645	616,046	185,099	115,000	592,639	114,211	-
Disbursements:									
Current:									
Instruction	6,129,161	-	-	-	-	-	-	-	-
Support services	2,548,730	-	828,228	679,265	181,486	74,943	-	59,446	-
Noninstructional services	192,341	-	-	-	-	-	585,671	-	-
Facilities acquisition and construction	-	-	752,425	28,796	-	-	-	-	-
Debt services	-	1,834,848	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,870,232	1,834,848	1,580,653	708,061	181,486	74,943	585,671	59,446	-
Excess (deficiency) of receipts over disbursements	319,435	62,035	(226,008)	(92,015)	3,613	40,057	6,968	54,765	-
Other financing sources (uses):									
Sale of capital assets	47	-	5,076	-	-	-	3,728	-	-
Transfers in	-	28,390	20,261	30,889	2,916	100,000	-	-	-
Transfers out	(100,000)	-	(3,535)	-	-	-	-	-	(21,703)
Total other financing sources (uses)	(99,953)	28,390	21,802	30,889	2,916	100,000	3,728	-	(21,703)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	219,482	90,425	(204,206)	(61,126)	6,529	140,057	10,696	54,765	(21,703)
Cash and investments - ending	\$ 1,629,765	\$ 1,324,145	\$ 778,345	\$ 161,639	\$ 123,545	\$ 866,920	\$ 73,887	\$ 252,789	\$ -

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Child Care Program	Education License Plates	School Safe Haven	Scholarship Awards	Designated Gift	Gift-Skills Clinic	Foundation Grants	Gift-Under Resourced Students	Gifted and Talented 2010-11
Cash and investments - beginning	\$ 21,834	\$ 6,425	\$ 71	\$ 461	\$ 400	\$ 5,501	\$ 2,700	\$ 2,000	\$ -
Receipts:									
Local sources	47,796	-	-	-	-	5,000	1,500	2,100	-
Intermediate sources	-	300	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	30,598
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>47,796</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>1,500</u>	<u>2,100</u>	<u>30,598</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	-	5,502	1,390	1,998	30,249
Support services	-	-	-	-	-	-	2,700	-	-
Noninstructional services	31,370	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>31,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,502</u>	<u>4,090</u>	<u>1,998</u>	<u>30,249</u>
Excess (deficiency) of receipts over disbursements	<u>16,426</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(502)</u>	<u>(2,590)</u>	<u>102</u>	<u>349</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>16,426</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(502)</u>	<u>(2,590)</u>	<u>102</u>	<u>349</u>
Cash and investments - ending	<u>\$ 38,260</u>	<u>\$ 6,725</u>	<u>\$ 71</u>	<u>\$ 461</u>	<u>\$ 400</u>	<u>\$ 4,999</u>	<u>\$ 110</u>	<u>\$ 2,102</u>	<u>\$ 349</u>

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Non-English Speaking 2010-11	Non English Speaking 10-8445	School Technology	Technology Planning Grant	Excess PTRC Distributions	Title I 10-8445	Title I Project #5-8445	Safe and Drug-Free 10-8445	Project Lead the Way 2010-11
Cash and investments - beginning	\$ -	\$ 347	\$ 5,209	\$ 1,216	\$ -	\$ 15,319	\$ -	\$ 2,999	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	2,519	-	3,535	-	60,753	-	-	-	-
Federal sources	-	-	-	-	-	-	178,355	-	14,914
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>2,519</u>	<u>-</u>	<u>3,535</u>	<u>-</u>	<u>60,753</u>	<u>-</u>	<u>178,355</u>	<u>-</u>	<u>14,914</u>
Disbursements:									
Current:									
Instruction	2,462	339	-	-	-	-	193,674	-	14,913
Support services	57	8	3,587	1,215	-	-	2,999	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>2,519</u>	<u>347</u>	<u>3,587</u>	<u>1,215</u>	<u>-</u>	<u>-</u>	<u>193,674</u>	<u>2,999</u>	<u>14,913</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(347)</u>	<u>(52)</u>	<u>(1,215)</u>	<u>60,753</u>	<u>-</u>	<u>(15,319)</u>	<u>(2,999)</u>	<u>1</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	3,535	-	-	-	15,319	-	-
Transfers out	-	-	-	-	(60,753)	(15,319)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,535</u>	<u>-</u>	<u>(60,753)</u>	<u>(15,319)</u>	<u>15,319</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(347)</u>	<u>3,483</u>	<u>(1,215)</u>	<u>-</u>	<u>(15,319)</u>	<u>-</u>	<u>(2,999)</u>	<u>1</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,692</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Project Lead the Way 10-8445	Vocational Education 10-8445	Area 18 Vocational (6-30-11)	Title II - A 11-8445	Title II - A 10-8445	Title III English Proficiency	Clearing Accounts	ARRA Title I	Totals
Cash and investments - beginning	\$ (4,071)	\$ (69,026)	\$ -	\$ 30,378	\$ 2,450	\$ 4,314	\$ -	\$ 28,421	\$ 5,033,064
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,606,358
Intermediate sources	-	-	-	-	-	-	-	-	323
State sources	-	-	-	-	-	-	-	-	9,167,237
Federal sources	4,072	70,459	334,280	27,594	-	-	-	35,085	961,981
Other	-	-	-	-	-	-	2,203,531	-	2,350,682
Total receipts	<u>4,072</u>	<u>70,459</u>	<u>334,280</u>	<u>27,594</u>	<u>-</u>	<u>-</u>	<u>2,203,531</u>	<u>35,085</u>	<u>17,086,581</u>
Disbursements:									
Current:									
Instruction	-	1,433	334,280	55,370	-	-	-	34,974	6,805,745
Support services	-	-	-	2,600	2,450	-	-	-	4,387,714
Noninstructional services	-	-	-	-	-	-	-	28,254	837,636
Facilities acquisition and construction	-	-	-	-	-	-	-	-	781,221
Debt services	-	-	-	-	-	-	-	-	1,834,848
Nonprogrammed charges	-	-	-	-	-	-	2,203,531	-	2,203,531
Total disbursements	<u>-</u>	<u>1,433</u>	<u>334,280</u>	<u>57,970</u>	<u>2,450</u>	<u>-</u>	<u>2,203,531</u>	<u>63,228</u>	<u>16,850,695</u>
Excess (deficiency) of receipts over disbursements	<u>4,072</u>	<u>69,026</u>	<u>-</u>	<u>(30,376)</u>	<u>(2,450)</u>	<u>-</u>	<u>-</u>	<u>(28,143)</u>	<u>235,886</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	8,851
Transfers in	-	-	-	-	-	-	-	-	201,310
Transfers out	-	-	-	-	-	-	-	-	(201,310)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,851</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>4,072</u>	<u>69,026</u>	<u>-</u>	<u>(30,376)</u>	<u>(2,450)</u>	<u>-</u>	<u>-</u>	<u>(28,143)</u>	<u>244,737</u>
Cash and investments - ending	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 4,314</u>	<u>\$ -</u>	<u>\$ 278</u>	<u>\$ 5,277,801</u>

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Capital Projects	Transportation Operating	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ 1,629,765	\$ 1,324,145	\$ 778,345	\$ 161,639	\$ 123,545	\$ 866,920	\$ 73,887	\$ 252,789	\$ -
Receipts:									
Local sources	222,955	2,115,677	1,341,757	632,689	184,345	-	307,049	82,920	-
Intermediate sources	12	-	-	-	-	-	-	-	-
State sources	9,016,667	-	-	-	-	-	6,759	47,516	35,657
Federal sources	-	-	-	-	-	-	313,643	-	-
Other	23,980	-	677	13,367	-	2,800	6,337	20	-
Total receipts	<u>9,263,614</u>	<u>2,115,677</u>	<u>1,342,434</u>	<u>646,056</u>	<u>184,345</u>	<u>2,800</u>	<u>633,788</u>	<u>130,456</u>	<u>35,657</u>
Disbursements:									
Current:									
Instruction	5,768,849	-	-	-	-	24,804	-	-	-
Support services	2,521,648	-	818,539	574,719	195,888	133,977	-	258,990	-
Noninstructional services	201,377	-	-	-	-	-	656,278	-	-
Facilities acquisition and construction	-	-	535,649	-	-	-	-	-	-
Debt services	-	2,117,256	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>8,491,874</u>	<u>2,117,256</u>	<u>1,354,188</u>	<u>574,719</u>	<u>195,888</u>	<u>158,781</u>	<u>656,278</u>	<u>258,990</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>771,740</u>	<u>(1,579)</u>	<u>(11,754)</u>	<u>71,337</u>	<u>(11,543)</u>	<u>(155,981)</u>	<u>(22,490)</u>	<u>(128,534)</u>	<u>35,657</u>
Other financing sources (uses):									
Sale of capital assets	15	-	-	-	-	-	4,029	-	-
Transfers in	-	-	-	-	-	250,000	-	-	-
Transfers out	(250,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(249,985)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>4,029</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>521,755</u>	<u>(1,579)</u>	<u>(11,754)</u>	<u>71,337</u>	<u>(11,543)</u>	<u>94,019</u>	<u>(18,461)</u>	<u>(128,534)</u>	<u>35,657</u>
Cash and investments - ending	<u>\$ 2,151,520</u>	<u>\$ 1,322,566</u>	<u>\$ 766,591</u>	<u>\$ 232,976</u>	<u>\$ 112,002</u>	<u>\$ 960,939</u>	<u>\$ 55,426</u>	<u>\$ 124,255</u>	<u>\$ 35,657</u>

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Child Care Program	Education License Plates	School Safe Haven	Scholarship Awards	Designated Gift	Gift-Skills Clinic	Foundation Grants	Gift-Under Resourced Students	Gifted and Talented 2010-11
Cash and investments - beginning	\$ 38,260	\$ 6,725	\$ 71	\$ 461	\$ 400	\$ 4,999	\$ 110	\$ 2,102	\$ 349
Receipts:									
Local sources	32,957	-	-	-	500	5,000	1,100	-	-
Intermediate sources	-	338	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>32,957</u>	<u>338</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>5,000</u>	<u>1,100</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	-	4,996	1,078	2,012	-
Support services	-	-	-	-	218	-	16	-	349
Noninstructional services	28,756	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>28,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>218</u>	<u>4,996</u>	<u>1,094</u>	<u>2,012</u>	<u>349</u>
Excess (deficiency) of receipts over disbursements	<u>4,201</u>	<u>338</u>	<u>-</u>	<u>-</u>	<u>282</u>	<u>4</u>	<u>6</u>	<u>(2,012)</u>	<u>(349)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>4,201</u>	<u>338</u>	<u>-</u>	<u>-</u>	<u>282</u>	<u>4</u>	<u>6</u>	<u>(2,012)</u>	<u>(349)</u>
Cash and investments - ending	<u>\$ 42,461</u>	<u>\$ 7,063</u>	<u>\$ 71</u>	<u>\$ 461</u>	<u>\$ 682</u>	<u>\$ 5,003</u>	<u>\$ 116</u>	<u>\$ 90</u>	<u>\$ -</u>

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Gifted and Talented 2011-12	Non English Speaking 10-8445	School Technology	Technology Planning Grant	Title I 10-8445	Project Lead the Way 2010-11	Project Lead the Way 10-8445	Area 18 Vocational (6-30-12)	Title II - A 11-8445
Cash and investments - beginning	\$ -	\$ -	\$ 8,692	\$ 1	\$ -	\$ 1	\$ 1	\$ -	\$ 2
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	29,787	1,817	6,576	-	-	-	-	-	-
Federal sources	-	-	-	-	190,005	-	-	219,389	628
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>29,787</u>	<u>1,817</u>	<u>6,576</u>	<u>-</u>	<u>190,005</u>	<u>-</u>	<u>-</u>	<u>219,389</u>	<u>628</u>
Disbursements:									
Current:									
Instruction	16,432	-	-	-	190,005	-	-	219,389	630
Support services	-	-	11,096	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>16,432</u>	<u>-</u>	<u>11,096</u>	<u>-</u>	<u>190,005</u>	<u>-</u>	<u>-</u>	<u>219,389</u>	<u>630</u>
Excess (deficiency) of receipts over disbursements	<u>13,355</u>	<u>1,817</u>	<u>(4,520)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>13,355</u>	<u>1,817</u>	<u>(4,520)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>
Cash and investments - ending	<u>\$ 13,355</u>	<u>\$ 1,817</u>	<u>\$ 4,172</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title II - A 10-8445	Title III English Proficiency	Title III English Proficiency 2010-11	Title III English Proficiency 2011-12	Clearing Accounts	ARRA Title I	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ 4,314	\$ -	\$ -	\$ -	\$ 278	\$ -	\$ 5,277,801
Receipts:								
Local sources	-	-	-	-	-	-	-	4,926,949
Intermediate sources	-	-	-	-	-	-	-	350
State sources	-	-	3,382	2,800	-	-	-	9,150,961
Federal sources	58,945	-	-	-	-	-	296,087	1,078,697
Other	-	-	-	-	2,097,509	-	-	2,144,690
Total receipts	58,945	-	3,382	2,800	2,097,509	-	296,087	17,301,647
Disbursements:								
Current:								
Instruction	56,445	2,126	133	2,800	-	278	296,087	6,586,064
Support services	2,500	319	-	-	-	-	-	4,518,259
Noninstructional services	-	-	-	-	-	-	-	886,411
Facilities acquisition and construction	-	-	-	-	-	-	-	535,649
Debt services	-	-	-	-	-	-	-	2,117,256
Nonprogrammed charges	-	-	-	-	2,097,509	-	-	2,097,509
Total disbursements	58,945	2,445	133	2,800	2,097,509	278	296,087	16,741,148
Excess (deficiency) of receipts over disbursements	-	(2,445)	3,249	-	-	(278)	-	560,499
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	4,044
Transfers in	-	-	-	-	-	-	-	250,000
Transfers out	-	-	-	-	-	-	-	(250,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	4,044
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,445)	3,249	-	-	(278)	-	564,543
Cash and investments - ending	\$ -	\$ 1,869	\$ 3,249	\$ -	\$ -	\$ -	\$ -	\$ 5,842,344

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS

EXTRA-CURRICULAR EXPENDITURES (Applies to Bluffton High School)

During the 2010-2011 and 2011-2012 school years, the Concession Stand and Pepsi Support funds were used to provide items for staff and faculty in the amounts of \$5,452 and \$4,176, respectively. Items purchased during the 2010-2011 school year included coffee for the teacher's lounge (\$1,017), treats for staff (\$217), meals for staff (\$260), staff appreciation gifts and gift cards (\$2,462), facility rental (\$107) and pop for High School and Administration offices (\$1,389). Items purchased during the 2011-2012 school year included coffee and supplies for the teacher's lounge (\$402), meals for staff (\$559), staff appreciation gifts (\$367), facility rental (\$100), gift cards (\$1,070) and pop for High School and Administration offices (\$1,678).

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)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

PUBLIC RECORDS RETENTION - GIFT CARD DOCUMENTATION (Applies to Bluffton High School)

During the 2010-2011 and 2011-2012 school years, gift cards purchased from various funds totaled \$4,085 and \$4,850, respectively. There was no accounting system in place to document why these cards were purchased and to whom these cards were issued.

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE BLUFFTON-HARRISON METROPOLITAN
SCHOOL DISTRICT, WELLS COUNTY, INDIANA

Compliance

We have audited the Bluffton-Harrison Metropolitan School District's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012.

Internal Control Over Compliance

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

January 23, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED JUNE 30, 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	FY 10-11 FY 11-12	\$ 38,450 -	\$ - 41,447
Total for program			<u>38,450</u>	<u>41,447</u>
National School Lunch Program	10.555	FY 10-11 FY 11-12	290,897 -	- 313,043
Total for program			<u>290,897</u>	<u>313,043</u>
Total for federal grantor agency			<u>329,347</u>	<u>354,490</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010	11-8445 12-8445	193,674 -	- 190,005
Total for program			<u>193,674</u>	<u>190,005</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	11-8445	<u>63,229</u>	<u>277</u>
Total for cluster			<u>256,903</u>	<u>190,282</u>
Career and Technical Education - Basic Grants to States	84.048	10-4700-8445 11-4700-8445 12-4700-8445	1,433 334,280 -	- - 219,389
Total for program			<u>335,713</u>	<u>219,389</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	10-8445	<u>2,999</u>	-
Pass-Through Indiana Department of Workforce Development Tech-Prep Education	84.243	A58-1-11C1-025	<u>14,914</u>	-
Pass-Through Region 8 Education Service Center English Language Acquisition State Grants	84.365	FY 09-10 FY 10-11	- -	2,446 3,382
Pass-Through DeKalb County Central United School District English Language Acquisition State Grants	84.365	FY 11-12	-	<u>2,800</u>
Total for program			<u>-</u>	<u>8,628</u>
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367	08-8445 09-8445 10-8445	2,450 57,970 -	- 630 58,945
Total for program			<u>60,420</u>	<u>59,575</u>
Education Jobs Fund	84.410	FY 11-12	-	<u>296,087</u>
Total for federal grantor agency			<u>670,949</u>	<u>773,961</u>
Total federal awards expended			<u>\$ 1,000,296</u>	<u>\$ 1,128,451</u>

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

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Bluffton-Harrison Metropolitan School District (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2011 and 2012:

Program Title	Federal CFDA Number	For the Year Ended June 30, 2011	For the Year Ended June 30, 2012
Career and Technical Education – Basic Grants to States	84.048	\$ 249,889	\$ 177,329

Note 3. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	For the Year Ended June 30, 2011	For the Year Ended June 30, 2012
Child Nutrition Cluster: Food Commodities:			
School Breakfast Program	10.553	\$ 3,750	\$ 4,776
National School Lunch Program	10.555	28,374	36,071
Total for cluster		\$ 32,124	\$ 40,847

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	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

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.048	Child Nutrition Cluster Career and Technical Education – Basic Grants to States

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on January 23, 2013, with Brad Yates, Treasurer, and Daryl L. Elliott, President of the School Board. The officials concurred with our audit findings.

The contents of this report were discussed on January 23, 2013, with Jon O. Bennett, former Treasurer.