

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

BROWN COUNTY SCHOOLS
BROWN COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
03/26/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carol S. Owens	07-01-10 to 06-30-13
Superintendent of Schools	David Shaffer	07-01-10 to 06-30-15
Assistant Superintendent of Schools	Dr. Dennis Goldberg	07-01-10 to 06-30-14
President of the School Board	Judy Hardwick Carolyn Bowden	07-01-10 to 12-31-12 01-01-13 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE BROWN COUNTY SCHOOLS, BROWN COUNTY, INDIANA

We have audited the accompanying financial statement of the Brown County Schools (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.

In accordance with Government Auditing Standards, we have also issued a report dated February 12, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 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.

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 12, 2013



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 BROWN COUNTY SCHOOLS, BROWN COUNTY, INDIANA

We have audited the financial statement of the Brown County Schools (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 12, 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be material weaknesses.

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.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

February 12, 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.

BROWN COUNTY SCHOOLS
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		Other Financing Sources (Uses)		Cash and Investments 06-30-11		Other Financing Sources (Uses)		Cash and Investments 06-30-12	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 4,037,688	\$ 12,630,538	\$ 11,689,093	\$ 229,930	\$ 5,209,063	\$ 13,186,973	\$ 12,679,326	\$ 53,767	\$ 5,770,477	
Referendum Tax Levy	-	-	-	-	-	74,613	-	-	-	74,613
Debt Service	366,754	3,039,916	1,210,311	(2,193,930)	2,429	3,257,047	1,930,853	(982,925)	345,698	
Retirement/Severance Bond Debt Service	60,201	91,597	134,228	-	17,570	166,149	129,190	1,897	56,426	
Capital Projects	3,732,534	2,349,125	3,019,440	(9,000)	3,053,219	2,086,366	3,047,498	19,642	2,111,729	
School Transportation	3,264,105	2,787,522	2,298,437	39,896	3,793,086	2,429,667	2,809,808	34,354	3,447,299	
School Bus Replacement	235,302	717,630	258,916	(690,000)	4,016	324,764	233,930	11,057	105,907	
Rainy Day	2,957,625	-	2,158,334	2,256,500	3,055,791	179	1,994,873	1,087,064	2,148,161	
Retirement/Severance Bond	749,107	-	39,039	-	710,068	-	69,355	(91,867)	548,846	
Certified Post-Retirement/Severance Future Benefits	250,278	-	362,635	490,000	377,643	-	274,089	-	103,554	
GO Bond 2010	888,568	-	700,837	-	187,731	-	187,731	-	-	
2010 Science GO Bond	-	-	154,703	1,978,337	1,823,634	-	1,817,295	418	6,757	
GO Bond 2012 Elementary Science Labs	-	-	-	-	-	-	664,065	3,219,202	2,555,137	
School Lunch	104,227	1,014,370	1,064,057	-	54,540	1,066,958	1,116,008	48,824	54,314	
Textbook Rental	63,730	211,689	109,909	10,000	175,510	328,534	394,733	(108,535)	776	
Levy Excess	-	39,896	-	(39,896)	-	-	-	-	-	
Co-op 2009-2010	35,482	-	35,482	-	-	-	-	-	-	
Educational License Plates	2,900	281	1,775	-	1,406	394	-	-	1,800	
McDonald's Grant - Greller JH	-	-	-	-	-	312	295	-	17	
Bryan Pitcher Estate	5,000	-	-	-	5,000	-	-	-	5,000	
Helms/Thelma Fleener Estate	5,000	-	-	-	5,000	-	-	-	5,000	
Rotary - Teacher of the Year	750	300	604	-	446	-	141	-	305	
Bloomington Arts Council Fund	368	21,114	21,301	-	181	9,728	9,766	-	143	
Bryan Pitcher Interest	319	100	-	-	419	51	-	-	470	
Psi Iota Xi	1,314	-	1,018	-	296	-	-	-	296	
Toyota Tapestry Grant 08-09	12	-	12	-	-	-	-	-	-	
Fleener Estate Interest	898	55	419	-	534	55	-	-	589	
Local At Risk Grant	1,250	763	1,232	-	781	750	1,219	-	312	
BCJHS After School Donations Superintendent	459	12,336	12,731	-	64	10,550	8,267	-	2,347	
CRC GED	302	-	158	-	144	-	-	-	144	
CRC Textbook	6,840	2,467	4,076	(5,231)	-	-	-	-	-	
CRC Childcare Payments	4,271	7,864	16,266	4,131	-	-	-	-	-	
CRC Coffee	725	1,425	2,142	(8)	-	-	-	-	-	
CRC Now	5	-	-	(5)	-	-	-	-	-	
CRC Forever	163,820	16,186	-	(180,006)	-	-	-	-	-	
CRC Curriculum	1,852	2	-	(1,854)	-	-	-	-	-	
CRC Construction	729	6,000	3,510	(3,219)	-	-	-	-	-	
CRC Scholarship	2,232	-	1,955	(277)	-	-	-	-	-	
CRC BCS Matching Grant - CRC	-	155	3,700	3,545	-	-	-	-	-	
Adult Ed. Reimbursement Grant - CRC	-	-	5,129	9,000	3,871	-	3,094	(777)	-	
Indiana Arts Commission Grant 09-10	-	11,648	14,639	2,991	-	-	-	-	-	
BCJHS Extra Curricular Account	-	1,250	-	-	1,250	-	-	-	1,250	
BCJHS Extra Curricular Account	-	2,323	2,709	-	(386)	3,157	2,659	-	112	
BCJHS Extra Curricular Account	272	5,918	4,717	-	1,473	8,260	9,484	692	941	
Church of the Lakes - Donation for School Supplies	-	1,200	821	-	379	-	263	-	116	
Indiana Arts Commission Grant 10-11 VB	-	6,334	2,269	-	4,065	750	2,979	-	1,836	
OPERA Helmsburg 11-12	-	-	-	-	-	7,091	3,484	-	3,607	

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

BROWN COUNTY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012
(Continued)

	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
BC Schools Professional Development Supplies	9,568	2,514	2,514	-	9,568	-	9,568	-	-
BC Schools Humane Society Grant	-	9,032	6,033	-	2,999	-	625	-	2,374
IU Tuition Replacement Credit Bank	320	-	-	-	320	-	-	-	320
PEERS LCC Donation 03	53	-	-	-	53	-	-	-	53
PEERS Grant 09-10 LCC	475	-	176	-	299	-	-	-	299
CAPE III Grant	131,453	2,063	93,111	(40,405)	-	-	-	-	-
Career Resource Center - Brown County 10-11	-	33,141	92,208	59,067	-	-	-	-	-
Career Resource Center - Brown County 2011-Fall	-	-	-	228,203	228,203	43,246	126,514	(144,935)	-
Career Resource Center - Brown County 2012	-	-	-	-	-	82,332	149,745	217,212	149,799
Special Donation Library Helmsburg -Trish Ulrich Mother	-	-	-	-	-	3,000	973	-	2,027
HA Grant 2010-2011	-	34,022	27,477	-	6,545	-	6,544	-	1
HA Grant 2011-2012	-	-	-	-	-	32,668	27,782	-	4,886
Medicaid Reimbursement	2,661	-	-	-	2,661	-	1,721	-	940
CRC Donations	49	2,235	(2,309)	(4,593)	-	-	-	-	-
Non-English Speaking Programs P.L. 273-1999	-	116	-	-	116	-	116	-	-
Technology - USAC E-rate	24,170	29,334	25,077	-	28,427	38,037	46,938	-	19,526
Excess PTRC Distribution	135,845	-	-	-	135,845	-	-	(135,845)	-
2010 National School Lunch Equipment	-	29,300	29,300	-	-	-	-	-	-
HA -Making a Difference Disc. Grant 2011-2012	-	-	-	-	-	13,244	13,244	-	-
Title I 2009-2010	84,753	37,899	93,137	(29,515)	-	-	-	-	-
Title I 2010-2011	-	227,530	251,464	29,515	5,581	52,135	57,716	-	-
Title I 2011-2012	-	-	-	-	-	289,387	299,240	-	(9,853)
Co-Op Sp Ed IDEA 2010-2011	-	443,496	465,482	-	(21,986)	53,995	32,009	-	-
Co-op Sp Ed IDEA 2011-12	-	-	-	-	-	434,234	458,550	-	(24,316)
Co-op Preschool Handicapped 2010-11	-	18,096	18,096	-	-	-	-	-	-
Co-op Preschool Handicapped 2011-12	-	-	-	-	-	15,872	15,872	-	-
Title IV Drug Free School 2009-2010	-	1,201	1,199	-	2	-	-	-	2
Purdue ROCK 2011-2012	-	-	-	-	-	44,130	40,328	-	3,802
Purdue ROCK 2010-2011	-	36,095	23,100	(558)	12,437	-	12,437	-	-
Purdue ROCK 2009-2010	4,488	1,894	6,944	562	-	-	-	-	-
Purdue ROCK 2008-2009	4	-	-	(4)	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A 2009-2010	15,951	16,286	32,237	-	-	-	-	-	-
Title II A Imp Teacher Quality 2010-2011	-	51,844	56,735	-	(4,891)	42,186	37,295	-	-
Title II A Imp Teacher Quality 2011-2012	-	-	-	-	-	44,068	48,843	-	(4,775)
Rural Schools and Low Income Program - Pass Through State	-	12,500	12,500	-	-	-	-	-	-
Title I - Grants to LEAs	-	50,514	50,514	-	-	-	-	-	-
Special Education - Part B	-	247,638	238,046	-	9,592	2,799	12,391	-	-
Special Education - Part B - Preschool	-	6,354	6,354	-	-	-	-	-	-
Qualified School Construction Bond	1,531,740	-	1,476,151	-	55,589	-	55,589	-	-
Education Jobs	-	-	-	-	-	426,895	426,895	-	-
Self Funded Employee Benefits	180,436	2,407,007	2,176,052	-	411,391	2,453,297	2,517,264	-	347,424
Employee Flex Funds	(5,494)	105,662	101,335	-	(1,167)	113,806	112,645	-	(6)
Payroll Withholdings	58,466	3,624,413	3,694,805	-	(11,926)	3,664,219	3,640,850	-	11,443
Totals	\$ 19,119,857	\$ 30,410,190	\$ 32,314,342	\$ 2,143,176	\$ 19,358,881	\$ 30,811,898	\$ 35,542,099	\$ 3,229,245	\$ 17,857,925

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

BROWN COUNTY SCHOOLS
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.

BROWN COUNTY SCHOOLS
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.

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

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

Other receipts 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 recipients, and self-insurance payments.

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

BROWN COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Other Financing Sources and Uses

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

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

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.

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.

BROWN COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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

BROWN COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 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 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.

Note 7. Restatement of Financial Statement Balance

For the year ended June 30, 2010, certain changes have been made to the financial statement to more appropriately reflect financial activity of the School Corporation. Prior period adjustments represent investments which were not included in the prior year's financial statement ending cash and investment balances.

Fund	Balance as Reported June 30, 2009	Prior Period Adjustment	Balance as Restated July 1, 2010
CRC Now	\$ 68,654	\$ 95,166	\$ 163,820

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.

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 4,037,688	\$ -	\$ 366,754	\$ 60,201	\$ 3,732,534	\$ 3,264,105	\$ 235,302	\$ 2,957,625	\$ 749,107
Receipts:									
Local sources	242,633	-	3,039,916	91,597	2,343,245	2,787,522	717,630	-	-
Intermediate sources	170	-	-	-	-	-	-	-	-
State sources	12,387,735	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	5,880	-	-	-	-
Total receipts	12,630,538	-	3,039,916	91,597	2,349,125	2,787,522	717,630	-	-
Disbursements:									
Current:									
Instruction	8,193,018	-	-	-	-	-	-	1,073,616	-
Support services	3,320,681	-	-	-	1,726,408	2,220,899	108,916	608,802	39,039
Noninstructional services	175,394	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	724,553	77,538	-	475,916	-
Debt services	-	-	1,155,311	134,228	568,479	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	55,000	-	-	-	150,000	-	-
Total disbursements	11,689,093	-	1,210,311	134,228	3,019,440	2,298,437	258,916	2,158,334	39,039
Excess (deficiency) of receipts over disbursements	941,445	-	1,829,605	(42,631)	(670,315)	489,085	458,714	(2,158,334)	(39,039)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	229,930	-	-	-	-	39,896	-	2,505,000	-
Transfers out	-	-	(2,193,930)	-	(9,000)	-	(690,000)	(248,500)	-
Total other financing sources (uses)	229,930	-	(2,193,930)	-	(9,000)	39,896	(690,000)	2,256,500	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,171,375	-	(364,325)	(42,631)	(679,315)	528,981	(231,286)	98,166	(39,039)
Cash and investments - ending	\$ 5,209,063	\$ -	\$ 2,429	\$ 17,570	\$ 3,053,219	\$ 3,793,086	\$ 4,016	\$ 3,055,791	\$ 710,068

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Certified Post- Retirement/ Severance Future Benefits	GO Bond 2010	2010 Science GO Bond	GO Bond 2012 Elementary Science Labs	School Lunch	Textbook Rental	Levy Excess	Co-op 2009-2010	Educational License Plates
Cash and investments - beginning	\$ 250,278	\$ 888,568	\$ -	\$ -	\$ 104,227	\$ 63,730	\$ -	\$ 35,482	\$ 2,900
Receipts:									
Local sources	-	-	-	-	402,871	81,774	39,896	-	-
Intermediate sources	-	-	-	-	-	-	-	-	281
State sources	-	-	-	-	9,966	78,458	-	-	-
Federal sources	-	-	-	-	599,092	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	51,457	-	-	-
Other	-	-	-	-	2,441	-	-	-	-
Total receipts	-	-	-	-	1,014,370	211,689	39,896	-	281
Disbursements:									
Current:									
Instruction	362,635	-	-	-	-	-	-	35,482	1,775
Support services	-	164,099	-	-	31,247	109,909	-	-	-
Noninstructional services	-	-	-	-	1,032,810	-	-	-	-
Facilities acquisition and construction	-	536,738	154,703	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	362,635	700,837	154,703	-	1,064,057	109,909	-	35,482	1,775
Excess (deficiency) of receipts over disbursements	(362,635)	(700,837)	(154,703)	-	(49,687)	101,780	39,896	(35,482)	(1,494)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	1,978,337	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	490,000	-	-	-	-	10,000	-	-	-
Transfers out	-	-	-	-	-	-	(39,896)	-	-
Total other financing sources (uses)	490,000	-	1,978,337	-	-	10,000	(39,896)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	127,365	(700,837)	1,823,634	-	(49,687)	111,780	-	(35,482)	(1,494)
Cash and investments - ending	\$ 377,643	\$ 187,731	\$ 1,823,634	\$ -	\$ 54,540	\$ 175,510	\$ -	\$ -	\$ 1,406

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	McDonald's Grant Greller JH	Bryan Pitcher Estate	Helms/Thelma Fleener Estate	Rotary - Teacher of the Year	Bloomington Arts Council Fund	Bryan Pitcher Interest	Psi Iota Xi	Toyota Tapestry Grant 08-09	Fleener Estate Interest
Cash and investments - beginning	\$ -	\$ 5,000	\$ 5,000	\$ 750	\$ 368	\$ 319	\$ 1,314	\$ 12	\$ 898
Receipts:									
Local sources	-	-	-	300	8,239	100	-	-	55
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	12,875	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	300	21,114	100	-	-	55
Disbursements:									
Current:									
Instruction	-	-	-	604	-	-	1,018	12	419
Support services	-	-	-	-	21,301	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	604	21,301	-	1,018	12	419
Excess (deficiency) of receipts over disbursements	-	-	-	(304)	(187)	100	(1,018)	(12)	(364)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(304)	(187)	100	(1,018)	(12)	(364)
Cash and investments - ending	\$ -	\$ 5,000	\$ 5,000	\$ 446	\$ 181	\$ 419	\$ 296	\$ -	\$ 534

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Local At Risk Grant	BCJHS After School Donations	Superintendent	CRC GED	CRC Textbook	CRC Childcare Payments	CRC Coffee	CRC Now
Cash and investments - beginning	\$ 1,250	\$ 459	\$ 302	\$ 6,840	\$ 4,271	\$ 725	\$ 5	\$ 163,820
Receipts:								
Local sources	763	12,336	-	2,467	7,864	1,425	-	16,186
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	763	12,336	-	2,467	7,864	1,425	-	16,186
Disbursements:								
Current:								
Instruction	-	11,406	-	2,165	16,266	2,142	-	-
Support services	1,232	-	-	1,911	-	-	-	-
Noninstructional services	-	-	158	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	1,325	-	-	-	-	-	-
Total disbursements	1,232	12,731	158	4,076	16,266	2,142	-	-
Excess (deficiency) of receipts over disbursements	(469)	(395)	(158)	(1,609)	(8,402)	(717)	-	16,186
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	5,000	-	-	15,395
Transfers out	-	-	-	(5,231)	(869)	(8)	(5)	(195,401)
Total other financing sources (uses)	-	-	-	(5,231)	4,131	(8)	(5)	(180,006)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(469)	(395)	(158)	(6,840)	(4,271)	(725)	(5)	(163,820)
Cash and investments - ending	\$ 781	\$ 64	\$ 144	\$ -	\$ -	\$ -	\$ -	\$ -

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	CRC Forever	CRC Curriculum	CRC Construction	CRC Scholarship	CRC BCS Matching Grant CRC	Adult Ed Reimbursement Grant - CRC	Indiana Arts Commision Grant 09-10	BCJHS Extra-Curricular Account
Cash and investments - beginning	\$ 1,852	\$ 729	\$ 2,232	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	2	6,000	-	155	-	-	1,250	1,130
Intermediate sources	-	-	-	-	-	-	-	615
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	11,648	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	578
Other	-	-	-	-	-	-	-	-
Total receipts	2	6,000	-	155	-	11,648	1,250	2,323
Disbursements:								
Current:								
Instruction	-	3,510	-	3,700	1,300	14,639	(974)	-
Support services	-	-	-	-	3,829	-	-	-
Noninstructional services	-	-	-	-	-	-	-	1,748
Facilities acquisition and construction	-	-	1,955	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	974	961
Total disbursements	-	3,510	1,955	3,700	5,129	14,639	-	2,709
Excess (deficiency) of receipts over disbursements	2	2,490	(1,955)	(3,545)	(5,129)	(2,991)	1,250	(386)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	3,545	9,000	2,991	-	-
Transfers out	(1,854)	(3,219)	(277)	-	-	-	-	-
Total other financing sources (uses)	(1,854)	(3,219)	(277)	3,545	9,000	2,991	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,852)	(729)	(2,232)	-	3,871	-	1,250	(386)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 3,871	\$ -	\$ 1,250	\$ (386)

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	BCHS Extra- Curricular Account	Church of the Lakes - Donation for School Supplies	Indiana Arts Commission Grant 10-11 VB	OPERA Helmsburg 11-12	BC Schools Professional Development Supplies	BC Schools Humane Society Grant	IU Tuition Replacement Credit Bank	PEERS LCC Donation 03
Cash and investments - beginning	\$ 272	\$ -	\$ -	\$ -	\$ 9,568	\$ -	\$ 320	\$ 53
Receipts:								
Local sources	4,459	1,200	1,634	-	-	9,032	-	-
Intermediate sources	1,459	-	-	-	-	-	-	-
State sources	-	-	4,700	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	2,514	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	5,918	1,200	6,334	-	2,514	9,032	-	-
Disbursements:								
Current:								
Instruction	-	-	2,269	-	-	6,033	-	-
Support services	-	821	-	-	-	-	-	-
Noninstructional services	4,717	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	2,514	-	-	-
Total disbursements	4,717	821	2,269	-	2,514	6,033	-	-
Excess (deficiency) of receipts over disbursements	1,201	379	4,065	-	-	2,999	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,201	379	4,065	-	-	2,999	-	-
Cash and investments - ending	\$ 1,473	\$ 379	\$ 4,065	\$ -	\$ 9,568	\$ 2,999	\$ 320	\$ 53

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	PEERS Grant 09-10 LCC	CAPE III Grant	Career Resource Center - Brown County 10-11	Career Resource Center - Brown County 2011-Fall	Career Resource Center - Brown County 2012	Special Donation Library Helmsburg - Trish Ulrich Mother	HA Grant 2010-2011	HA Grant 2011-2012
Cash and investments - beginning	\$ 475	\$ 131,453	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	2,063	33,141	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	34,022	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	2,063	33,141	-	-	-	34,022	-
Disbursements:								
Current:								
Instruction	176	85,520	92,157	-	-	-	27,477	-
Support services	-	7,591	51	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	176	93,111	92,208	-	-	-	27,477	-
Excess (deficiency) of receipts over disbursements	(176)	(91,048)	(59,067)	-	-	-	6,545	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	104,950	228,203	-	-	-	-
Transfers out	-	(40,405)	(45,883)	-	-	-	-	-
Total other financing sources (uses)	-	(40,405)	59,067	228,203	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(176)	(131,453)	-	228,203	-	-	6,545	-
Cash and investments - ending	\$ 299	\$ -	\$ -	\$ 228,203	\$ -	\$ -	\$ 6,545	\$ -

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Medicaid Reimbursement	CRC Donations	Non-English Speaking Programs P.L. 273-1999	Technology - USAC E-Rate	Excess PTRC Distribution	2010 National School Lunch Equipment	HA - Making a Difference Disc. Grant 2011-2012	Title I 2009-2010
Cash and investments - beginning	\$ 2,661	\$ 49	\$ -	\$ 24,170	\$ 135,845	\$ -	\$ -	\$ 84,753
Receipts:								
Local sources	-	2,135	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	116	916	-	29,300	-	-
Federal sources	-	-	-	28,418	-	-	-	37,899
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	100	-	-	-	-	-	-
Total receipts	-	2,235	116	29,334	-	29,300	-	37,899
Disbursements:								
Current:								
Instruction	-	(2,309)	(122)	-	-	-	-	47,698
Support services	-	-	-	25,077	-	-	-	38,813
Noninstructional services	-	-	-	-	-	29,300	-	6,626
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	122	-	-	-	-	-
Total disbursements	-	(2,309)	-	25,077	-	29,300	-	93,137
Excess (deficiency) of receipts over disbursements	-	4,544	116	4,257	-	-	-	(55,238)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(4,593)	-	-	-	-	-	(29,515)
Total other financing sources (uses)	-	(4,593)	-	-	-	-	-	(29,515)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(49)	116	4,257	-	-	-	(84,753)
Cash and investments - ending	\$ 2,661	\$ -	\$ 116	\$ 28,427	\$ 135,845	\$ -	\$ -	\$ -

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title 2010-2011	Title 2011-2012	Co-op Special Ed IDEA 2010-2011	Co-op Special Ed IDEA 2011-2012	Co-op Preschool Handicapped 2010-2011	Co-op Preschool Handicapped 2011-2012	Title IV Drug Free School 2009-2010	Purdue ROCK 2011-2012
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	227,530	-	443,007	-	17,403	-	1,201	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	489	-	693	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	227,530	-	443,496	-	18,096	-	1,201	-
Disbursements:								
Current:								
Instruction	217,054	-	451,225	-	17,403	-	-	-
Support services	34,410	-	13,768	-	-	-	1,199	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	489	-	693	-	-	-
Total disbursements	251,464	-	465,482	-	18,096	-	1,199	-
Excess (deficiency) of receipts over disbursements	(23,934)	-	(21,986)	-	-	-	2	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	29,515	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	29,515	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,581	-	(21,986)	-	-	-	2	-
Cash and investments - ending	\$ 5,581	\$ -	\$ (21,986)	\$ -	\$ -	\$ -	\$ 2	\$ -

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Purdue ROCK 2010-2011	Purdue ROCK 2009-2010	Purdue ROCK 2008-2009	Improving Teaching Quality No Child Left, Title II, Part A 2009-2010	Title II A Imp Teacher Quality 2010-2011	Title II A Imp Teacher Quality 2011-2012	Rural Schools and Low Income Program - Pass Through State	Title I - Grants to LEAs
Cash and investments - beginning	\$ -	\$ 4,488	\$ 4	\$ 15,951	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	12,500	-
Federal sources	35,906	4	-	16,286	51,844	-	-	50,514
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	189	1,890	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	36,095	1,894	-	16,286	51,844	-	12,500	50,514
Disbursements:								
Current:								
Instruction	22,911	6,379	-	32,237	56,735	-	11,091	13,074
Support services	-	-	-	-	-	-	-	11,536
Noninstructional services	-	-	-	-	-	-	-	10,325
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	189	565	-	-	-	-	1,409	15,579
Total disbursements	23,100	6,944	-	32,237	56,735	-	12,500	50,514
Excess (deficiency) of receipts over disbursements	12,995	(5,050)	-	(15,951)	(4,891)	-	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	4	562	-	-	-	-	-	-
Transfers out	(562)	-	(4)	-	-	-	-	-
Total other financing sources (uses)	(558)	562	(4)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,437	(4,488)	(4)	(15,951)	(4,891)	-	-	-
Cash and investments - ending	\$ 12,437	\$ -	\$ -	\$ -	\$ (4,891)	\$ -	\$ -	\$ -

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Special Education - Part B	Special Education - Part B - Preschool	Qualified School Construction Bond	Education Jobs	Self Funded Employee Benefits	Employee Flex Funds	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 1,531,740	\$ -	\$ 180,436	\$ (5,494)	\$ 58,466	\$ 19,119,857
Receipts:								
Local sources	-	-	-	-	-	-	-	9,859,020
Intermediate sources	-	-	-	-	-	-	-	2,525
State sources	-	-	-	-	-	-	-	12,557,713
Federal sources	247,638	6,354	-	-	-	-	-	1,787,619
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	57,810
Other	-	-	-	-	2,407,007	105,662	3,624,413	6,145,503
Total receipts	<u>247,638</u>	<u>6,354</u>	<u>-</u>	<u>-</u>	<u>2,407,007</u>	<u>105,662</u>	<u>3,624,413</u>	<u>30,410,190</u>
Disbursements:								
Current:								
Instruction	153,100	1,761	-	-	-	-	-	10,964,602
Support services	40,573	-	-	-	-	-	-	8,532,112
Noninstructional services	-	-	-	-	-	-	-	1,261,078
Facilities acquisition and construction	15,977	-	1,476,151	-	-	-	-	3,463,531
Debt services	-	-	-	-	-	-	-	1,858,018
Nonprogrammed charges	-	-	-	-	2,176,052	101,335	3,694,805	5,972,192
Interfund loans	28,396	4,593	-	-	-	-	-	262,809
Total disbursements	<u>238,046</u>	<u>6,354</u>	<u>1,476,151</u>	<u>-</u>	<u>2,176,052</u>	<u>101,335</u>	<u>3,694,805</u>	<u>32,314,342</u>
Excess (deficiency) of receipts over disbursements	<u>9,592</u>	<u>-</u>	<u>(1,476,151)</u>	<u>-</u>	<u>230,955</u>	<u>4,327</u>	<u>(70,392)</u>	<u>(1,904,152)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,978,337
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	3,673,991
Transfers out	-	-	-	-	-	-	-	(3,509,152)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,143,176</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>9,592</u>	<u>-</u>	<u>(1,476,151)</u>	<u>-</u>	<u>230,955</u>	<u>4,327</u>	<u>(70,392)</u>	<u>239,024</u>
Cash and investments - ending	<u>\$ 9,592</u>	<u>\$ -</u>	<u>\$ 55,589</u>	<u>\$ -</u>	<u>\$ 411,391</u>	<u>\$ (1,167)</u>	<u>\$ (11,926)</u>	<u>\$ 19,358,881</u>

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 5,209,063	\$ -	\$ 2,429	\$ 17,570	\$ 3,053,219	\$ 3,793,086	\$ 4,016	\$ 3,055,791	\$ 710,068
Receipts:									
Local sources	264,911	74,613	3,257,047	166,149	1,961,625	2,428,167	324,764	179	-
Intermediate sources	170	-	-	-	-	-	-	-	-
State sources	12,918,919	-	-	-	-	-	-	-	-
Federal sources	2,278	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	695	-	-	-	124,741	1,500	-	-	-
Total receipts	13,186,973	74,613	3,257,047	166,149	2,086,366	2,429,667	324,764	179	-
Disbursements:									
Current:									
Instruction	8,761,658	-	-	-	-	-	-	788,103	-
Support services	3,742,432	-	-	-	2,008,462	2,710,838	233,930	554,158	69,355
Noninstructional services	175,236	-	-	-	-	-	-	95,283	-
Facilities acquisition and construction	-	-	-	-	1,039,036	98,970	-	382,764	-
Debt services	-	-	1,930,853	129,190	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	174,565	-
Total disbursements	12,679,326	-	1,930,853	129,190	3,047,498	2,809,808	233,930	1,994,873	69,355
Excess (deficiency) of receipts over disbursements	507,647	74,613	1,326,194	36,959	(961,132)	(380,141)	90,834	(1,994,694)	(69,355)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	9,625	-	-	-	-	-	-	-	-
Transfers in	44,142	-	59,895	1,897	28,642	34,354	11,057	1,149,564	-
Transfers out	-	-	(1,042,820)	-	(9,000)	-	-	(62,500)	(91,867)
Total other financing sources (uses)	53,767	-	(982,925)	1,897	19,642	34,354	11,057	1,087,064	(91,867)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	561,414	74,613	343,269	38,856	(941,490)	(345,787)	101,891	(907,630)	(161,222)
Cash and investments - ending	\$ 5,770,477	\$ 74,613	\$ 345,698	\$ 56,426	\$ 2,111,729	\$ 3,447,299	\$ 105,907	\$ 2,148,161	\$ 548,846

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Certified Post- Retirement/ Severance Future Benefits	GO Bond 2010	2010 Science GO Bond	GO Bond 2012 Elementary Science Labs	School Lunch	Textbook Rental	Levy Excess	Co-op 2009-2010	Educational License Plates
Cash and investments - beginning	\$ 377,643	\$ 187,731	\$ 1,823,634	\$ -	\$ 54,540	\$ 175,510	\$ -	\$ -	\$ 1,406
Receipts:									
Local sources	-	-	-	-	437,721	85,803	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	394
State sources	-	-	-	-	9,245	84,455	-	-	-
Federal sources	-	-	-	-	601,190	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	16,782	157,783	-	-	-
Other	-	-	-	-	2,020	493	-	-	-
Total receipts	-	-	-	-	1,066,958	328,534	-	-	394
Disbursements:									
Current:									
Instruction	274,089	-	-	-	-	-	-	-	-
Support services	-	-	28,835	-	43,803	394,733	-	-	-
Noninstructional services	-	-	-	-	1,072,205	-	-	-	-
Facilities acquisition and construction	-	187,731	1,788,460	664,065	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	274,089	187,731	1,817,295	664,065	1,116,008	394,733	-	-	-
Excess (deficiency) of receipts over disbursements	(274,089)	(187,731)	(1,817,295)	(664,065)	(49,050)	(66,199)	-	-	394
Other financing sources (uses):									
Proceeds of long-term debt	-	-	418	3,219,202	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	48,824	6,839	-	-	-
Transfers out	-	-	-	-	-	(115,374)	-	-	-
Total other financing sources (uses)	-	-	418	3,219,202	48,824	(108,535)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(274,089)	(187,731)	(1,816,877)	2,555,137	(226)	(174,734)	-	-	394
Cash and investments - ending	\$ 103,554	\$ -	\$ 6,757	\$ 2,555,137	\$ 54,314	\$ 776	\$ -	\$ -	\$ 1,800

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	McDonald's Grant Greller JH	Bryan Pitcher Estate	Helms/Thelma Fleener Estate	Rotary - Teacher of the Year	Bloomington Arts Council Fund	Bryan Pitcher Interest	Psi Iota Xi	Toyota Tapestry Grant 08-09	Fleener Estate Interest
Cash and investments - beginning	\$ -	\$ 5,000	\$ 5,000	\$ 446	\$ 181	\$ 419	\$ 296	\$ -	\$ 534
Receipts:									
Local sources	312	-	-	-	9,428	51	-	-	55
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	300	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	312	-	-	-	9,728	51	-	-	55
Disbursements:									
Current:									
Instruction	295	-	-	141	-	-	-	-	-
Support services	-	-	-	-	9,766	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	295	-	-	141	9,766	-	-	-	-
Excess (deficiency) of receipts over disbursements	17	-	-	(141)	(38)	51	-	-	55
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	17	-	-	(141)	(38)	51	-	-	55
Cash and investments - ending	\$ 17	\$ 5,000	\$ 5,000	\$ 305	\$ 143	\$ 470	\$ 296	\$ -	\$ 589

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Local At Risk Grant	BCJHS After School Donations	Superintendent	CRC GED	CRC Textbook	CRC Childcare Payments	CRC Coffee	CRC Now
Cash and investments - beginning	\$ 781	\$ 64	\$ 144	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	750	10,550	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	750	10,550	-	-	-	-	-	-
Disbursements:								
Current:								
Instruction	1,219	8,267	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	1,219	8,267	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(469)	2,283	-	-	-	-	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(469)	2,283	-	-	-	-	-	-
Cash and investments - ending	\$ 312	\$ 2,347	\$ 144	\$ -	\$ -	\$ -	\$ -	\$ -

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	CRC Forever	CRC Curriculum	CRC Construction	CRC Scholarship	CRC BCS Matching Grant CRC	Adult Ed Reimbursement Grant - CRC	Indiana Arts Commision Grant 09-10	BCJHS Extra-Curricular Account
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 3,871	\$ -	\$ 1,250	\$ (386)
Receipts:								
Local sources	-	-	-	-	-	-	-	3,157
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	3,157
Disbursements:								
Current:								
Instruction	-	-	-	-	1,431	-	-	-
Support services	-	-	-	-	1,663	-	-	-
Noninstructional services	-	-	-	-	-	-	-	2,659
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	3,094	-	-	2,659
Excess (deficiency) of receipts over disbursements	-	-	-	-	(3,094)	-	-	498
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	9,000	-	-	-
Transfers out	-	-	-	-	(9,777)	-	-	-
Total other financing sources (uses)	-	-	-	-	(777)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(3,871)	-	-	498
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,250	\$ 112

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	BCHS Extra- Curricular Account	Church of the Lakes - Donation for School Supplies	Indiana Arts Commission Grant 10-11 VB	OPERA Helmsburg 11-12	BC Schools Professional Development Supplies	BC Schools Humane Society Grant	IU Tuition Replacement Credit Bank	PEERS LCC Donation 03
Cash and investments - beginning	\$ 1,473	\$ 379	\$ 4,065	\$ -	\$ 9,568	\$ 2,999	\$ 320	\$ 53
Receipts:								
Local sources	8,260	-	750	7,091	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	8,260	-	750	7,091	-	-	-	-
Disbursements:								
Current:								
Instruction	-	-	2,979	3,484	9,568	625	-	-
Support services	-	263	-	-	-	-	-	-
Noninstructional services	9,484	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	9,484	263	2,979	3,484	9,568	625	-	-
Excess (deficiency) of receipts over disbursements	(1,224)	(263)	(2,229)	3,607	(9,568)	(625)	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	692	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	692	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(532)	(263)	(2,229)	3,607	(9,568)	(625)	-	-
Cash and investments - ending	\$ 941	\$ 116	\$ 1,836	\$ 3,607	\$ -	\$ 2,374	\$ 320	\$ 53

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	PEERS Grant 09-10 LCC	CAPE III Grant	Career Resource Center - Brown County 10-11	Career Resource Center - Brown County 2011-Fall	Career Resource Center - Brown County 2012	Special Donation Library Helmsburg - Trish Ulrich Mother	HA Grant 2010-2011	HA Grant 2011-2012
Cash and investments - beginning	\$ 299	\$ -	\$ -	\$ 228,203	\$ -	\$ -	\$ 6,545	\$ -
Receipts:								
Local sources	-	-	-	31,296	67,359	-	-	-
Intermediate sources	-	-	-	10,000	14,973	3,000	-	-
State sources	-	-	-	-	-	-	-	32,668
Federal sources	-	-	-	1,950	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	43,246	82,332	3,000	-	32,668
Disbursements:								
Current:								
Instruction	-	-	-	118,973	149,393	-	6,544	27,782
Support services	-	-	-	7,541	352	973	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	126,514	149,745	973	6,544	27,782
Excess (deficiency) of receipts over disbursements	-	-	-	(83,268)	(67,413)	2,027	(6,544)	4,886
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	72,277	217,212	-	-	-
Transfers out	-	-	-	(217,212)	-	-	-	-
Total other financing sources (uses)	-	-	-	(144,935)	217,212	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(228,203)	149,799	2,027	(6,544)	4,886
Cash and investments - ending	\$ 299	\$ -	\$ -	\$ -	\$ 149,799	\$ 2,027	\$ 1	\$ 4,886

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Medicaid Reimbursement	CRC Donations	Non-English Speaking Programs P.L. 273-1999	Technology - USAC E-Rate	Excess PTRC Distribution	2010 National School Lunch Equipment	HA - Making a Difference Disc. Grant 2011-2012	Title I 2009-2010
Cash and investments - beginning	\$ 2,661	\$ -	\$ 116	\$ 28,427	\$ 135,845	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	4,792	-	-	13,244	-
Federal sources	-	-	-	33,245	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	38,037	-	-	13,244	-
Disbursements:								
Current:								
Instruction	1,721	-	116	-	-	-	13,244	-
Support services	-	-	-	46,938	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	1,721	-	116	46,938	-	-	13,244	-
Excess (deficiency) of receipts over disbursements	(1,721)	-	(116)	(8,901)	-	-	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(135,845)	-	-	-
Total other financing sources (uses)	-	-	-	-	(135,845)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,721)	-	(116)	(8,901)	(135,845)	-	-	-
Cash and investments - ending	\$ 940	\$ -	\$ -	\$ 19,526	\$ -	\$ -	\$ -	\$ -

BROWN COUNTY SCHOOLS
 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 2010-2011	Title 2011-2012	Co-op Special Ed IDEA 2010-2011	Co-op Special Ed IDEA 2011-2012	Co-op Preschool Handicapped 2010-2011	Co-op Preschool Handicapped 2011-2012	Title IV Drug Free School 2009-2010	Purdue ROCK 2011-2012
Cash and investments - beginning	\$ 5,581	\$ -	\$ (21,986)	\$ -	\$ -	\$ -	\$ 2	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	52,135	289,387	53,995	434,234	-	15,872	-	44,130
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	52,135	289,387	53,995	434,234	-	15,872	-	44,130
Disbursements:								
Current:								
Instruction	47,466	278,836	32,011	458,550	-	15,872	-	40,328
Support services	10,250	19,921	(2)	-	-	-	-	-
Noninstructional services	-	483	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	57,716	299,240	32,009	458,550	-	15,872	-	40,328
Excess (deficiency) of receipts over disbursements	(5,581)	(9,853)	21,986	(24,316)	-	-	-	3,802
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,581)	(9,853)	21,986	(24,316)	-	-	-	3,802
Cash and investments - ending	\$ -	\$ (9,853)	\$ -	\$ (24,316)	\$ -	\$ -	\$ 2	\$ 3,802

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Purdue ROCK 2010-2011	Purdue ROCK 2009-2010	Purdue ROCK 2008-2009	Improving Teaching Quality No Child Left, Title II, Part A 2009-2010	Title II A Imp Teacher Quality 2010-2011	Title II A Imp Teacher Quality 2011-2012	Rural Schools and Low Income Program - Pass Through State	Title I - Grants to LEAs
Cash and investments - beginning	\$ 12,437	\$ -	\$ -	\$ -	\$ (4,891)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	42,186	44,068	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	42,186	44,068	-	-
Disbursements:								
Current:								
Instruction	12,437	-	-	-	37,295	48,843	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	12,437	-	-	-	37,295	48,843	-	-
Excess (deficiency) of receipts over disbursements	(12,437)	-	-	-	4,891	(4,775)	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,437)	-	-	-	4,891	(4,775)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,775)	\$ -	\$ -

BROWN COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Special Education - Part B	Special Education - Part B - Preschool	Qualified School Construction Bond	Education Jobs	Self Funded Employee Benefits	Employee Flex Funds	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 9,592	\$ -	\$ 55,589	\$ -	\$ 411,391	\$ (1,167)	\$ (11,926)	\$ 19,358,881
Receipts:								
Local sources	-	-	-	-	-	-	-	9,140,038
Intermediate sources	-	-	-	-	-	-	-	28,537
State sources	-	-	-	-	-	-	-	13,063,323
Federal sources	2,799	-	-	426,895	-	-	-	2,044,664
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	174,565
Other	-	-	-	-	2,453,297	113,806	3,664,219	6,360,771
Total receipts	<u>2,799</u>	<u>-</u>	<u>-</u>	<u>426,895</u>	<u>2,453,297</u>	<u>113,806</u>	<u>3,664,219</u>	<u>30,811,898</u>
Disbursements:								
Current:								
Instruction	1,073	-	-	426,895	-	-	-	11,569,238
Support services	5,129	-	-	-	-	-	-	9,889,340
Noninstructional services	-	-	-	-	-	-	-	1,355,350
Facilities acquisition and construction	6,189	-	55,589	-	-	-	-	4,222,804
Debt services	-	-	-	-	-	-	-	2,060,043
Nonprogrammed charges	-	-	-	-	2,517,264	112,645	3,640,850	6,270,759
Interfund loans	-	-	-	-	-	-	-	174,565
Total disbursements	<u>12,391</u>	<u>-</u>	<u>55,589</u>	<u>426,895</u>	<u>2,517,264</u>	<u>112,645</u>	<u>3,640,850</u>	<u>35,542,099</u>
Excess (deficiency) of receipts over disbursements	<u>(9,592)</u>	<u>-</u>	<u>(55,589)</u>	<u>-</u>	<u>(63,967)</u>	<u>1,161</u>	<u>23,369</u>	<u>(4,730,201)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	3,219,620
Sale of capital assets	-	-	-	-	-	-	-	9,625
Transfers in	-	-	-	-	-	-	-	1,684,395
Transfers out	-	-	-	-	-	-	-	(1,684,395)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,229,245</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(9,592)</u>	<u>-</u>	<u>(55,589)</u>	<u>-</u>	<u>(63,967)</u>	<u>1,161</u>	<u>23,369</u>	<u>(1,500,956)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,424</u>	<u>\$ (6)</u>	<u>\$ 11,443</u>	<u>\$ 17,857,925</u>

BROWN COUNTY SCHOOLS
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS - APPROPRIATIONS

The controls over the disbursing, recording, and accounting for the financial activities were insufficient:

The appropriations posted to the financial ledger for the 2011 calendar year were not the final approved Department of Local Government Finance amounts.

The School Board adopted budgets for various funds in accordance with statutes for the calendar years 2011 and 2012. The School Board approved budgets were posted to the appropriation ledger. Disbursements were posted against the School Board approved budgets. When the Department of Local Government Finance (DLGF) provided the School Corporation with their finalized approved budget, the School Corporation did not record the budget reductions in their appropriations ledger for all of the funds which had been reduced by DLGF.

Fund	Years	Board Approved Appropriations	Appropriations Posted to Ledger "Original Appropriation" Column	DLGF Approved Appropriations	Difference Between Appropriations Posted to Ledger and DLGF Approved Appropriations
General	2011	\$16,500,000	\$ 15,600,000	\$ 15,565,886	\$ 34,114
Debt Service	2011	2,904,923	2,904,923	2,844,372	60,551
School					
Transportation	2011	4,235,000	4,235,000	3,465,458	769,542
Rainy Day	2011	3,000,000	3,845,769	597,000	3,248,769
Rainy Day	2012	3,000,000	4,019,145	2,799,009	1,220,136

In addition, the School Board approved an additional appropriation for the Rainy Day Fund on May 5, 2011. School officials were unable to locate copies of the documentation that they sent to DLGF for approval of the additional appropriation and also did not receive notification of approval from the DLGF. As a result, the actual disbursements from the Rainy Day Fund were in excess of the DLGF original approved budget appropriations by \$977,834.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

Indiana Code 6-1.1-18-5 states in part:

"(a) If the proper officers of a political subdivision desire to appropriate more money for a particular year than the amount prescribed in the budget for that year as finally determined under this article, they shall give notice of their proposed additional appropriation. The notice shall state the time and place at which a public hearing will be held on the proposal. The notice shall be given once in accordance with IC 5-3-1-2(b).

BROWN COUNTY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

- (b) If the additional appropriation by the political subdivision is made from a fund that receives:
1. Distributions from the motor vehicle highway account established under IC 8-14-1-1 or the local road and street account established under IC 8-14-2-4; or
 2. Revenue from property taxes levied under IC 6-1.1; the political subdivision must report the additional appropriation to the department of local government finance. If the additional appropriation is made from a fund described under this subsection, subsections (f), (g), (h), and (i) apply to the political subdivision."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

INTERNAL CONTROLS - FINANCIAL ACTIVITIES

The controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient over the following areas: School Board approval of payroll; Lack of segregation of duties due to one employee preparing the bank reconciliements, issuing receipts, and the preparation of payroll; and School Corporation receipt issuance.

School food service - The school cafeteria managers prepared the deposit slip and gave the deposit slip and the money, along with a line report printout each day to the elementary school Extra-Curricular (ECA) Treasurers. The ECA Treasurers deposited the money each day, and then at the end of the week, they prepared a manual summary sheet by the food service receipt accounts, from the week's line reports. This summary sheet also included the breakdown of cash and checks. This information was then given to the School Corporation's business office, to receipt the money to the Corporation's ledger.

There was no paperwork done to document the transfer of money from the elementary school cafeteria managers to the ECA Treasurers. Also, the line reports were used by the ECA Treasurers to prepare the weekly manual summary sheet for the School Corporation business office. As a result, there was the potential for errors or irregularities. Since the former Food Service Director is no longer employed by the School Corporation, we were unable to discuss what internal controls she had over the daily food service software, such as reviewing and/or monitoring of specific cafeteria reports. There was no evidence or notes or paperwork retained that would document what reports or information that she reviewed on a regular basis.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

BROWN COUNTY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS - TRANSFERS AND INTERFUND LOANS

Controls over the recording and accounting for transfers and loans were insufficient. During the audit period, the method for recording transfers and loans between the School Corporation funds was changed by the Assistant Superintendent. The previous method had been to follow the guidelines set out by the Indiana Department of Education and the State Board of Accounts' receipt and disbursement classifications for those specific transactions. As a result, the School Corporation's form 9s (six month financial reports submitted to the Indiana Department of Education) would properly show the transfers and interfund loans. The method was changed to recording most of these transactions as "transfers" on the budget or disbursement side of the financial software. This method was intended to be used only for appropriation transfers, not for actual cash transfers or interfund loan transactions. If a transfer or repayment of a loan was being added to a fund, then that amount was posted as a negative amount. Transfers or loans to another fund were posted as positive amounts. As a result, all of the transactions within a particular fund were netted against each other, resulting in totals that don't properly reflect the actual transfers in, transfers out, or loan transactions within each fund. For the form 9 financial reporting, the Treasurer had to make adjusting corrections to the form 9 each six month period, to correct for this issue.

Documentation should have been retained which would include the funds and the amounts transferred, as well as the reason for the transfer. The documentation should also have documented the authority for the transfer, such as a reference to the appropriate School Board minutes. The supporting documentation which was presented for audit consisted of two sets of columns, with the first set being the funds transferred out and the amounts; then the second set of columns was done in fund number order. As a result, it was difficult to trace both sides of the transactions, as well as determine the reason and the authority for the transfers and/or loans.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

BUDGETED LINE ITEMS

An energy savings contract in the amount of \$231,361.66 were paid from the Debt Service Fund in 2012 from the appropriation for the Emergency State Loan. This transaction was posted as a correction from Fund 610, the Rainy Day Fund. The 2011 Debt Service Fund budget did not include debt service payments for an energy savings contract.

Disbursements should be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

INTERNAL CONTROLS - ECA (Applies to Brown County High School)

The controls over the receipting, disbursing, recording, and accounting for the financial activities of the extracurricular accounts were insufficient.

There were instances noted where the club or activity sponsor did not sign the Claim for Payment (SA-7). The SA-7s were approved by the High School Principal. Also, there were at least two instances where payments were made from the wrong fund, and transfers were made to correct the errors. These activities included the Cheer, Drama, Tennis, and Band funds.

BROWN COUNTY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Also, there were sales of hoodies and T-shirts for the Athletic Department in the amount of \$3,430. There were some handwritten calculations that added up to the total amount collected; however, there was no documentation as to the dates that the clothing was sold, or any records of the individual sales of the clothing.

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

The Claim for Payment (SA-7) shall be used for claiming payment by anyone in situations where purchase orders are not used; for example, purchases from delivery salesmen, services of officials at athletic events, etc. Signatures are required by the person authorized to purchase and the person acknowledging the receipt of the good or services. Additionally, the extra-curricular treasurer is to sign the required certification on the form SA-7. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 BROWN COUNTY SCHOOLS, BROWN COUNTY, INDIANA

Compliance

We have audited the Brown County Schools' (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 year ended December 31, 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 program for the year ended December 31, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-3.

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)

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2012-4 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-2 and 2012-3 to be significant deficiencies.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on the response.

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

February 12, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

BROWN COUNTY SCHOOLS
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			
School Year 2010 - 2011		2010-2011	\$ 155,854	\$ -
School Year 2011 - 2112		2011-2012	-	169,696
Total for program			<u>155,854</u>	<u>169,696</u>
National School Lunch Program	10.555			
School Year 2010 - 2011		2010-2011	526,118	-
School Year 2011 - 2112		2011-2012	-	532,826
Total for program			<u>526,118</u>	<u>532,826</u>
Total for cluster			<u>681,972</u>	<u>702,522</u>
Child Nutrition Discretionary Grants Limited Availability	10.579			
School Year 2010 - 2011		2010-2011	29,300	-
Total for federal grantor agency			<u>711,272</u>	<u>702,522</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			
Fiscal Year 2009 - 2010		10-670	93,137	-
Fiscal Year 2010 - 2011		11-670	251,464	57,716
Fiscal Year 2011 - 2012		12-670	-	289,387
Total for program			<u>344,601</u>	<u>347,103</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
Fiscal Year 2009 - 2010		2009-2010	34,935	-
Total for cluster			<u>379,536</u>	<u>347,103</u>
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027			
Fiscal Year 2010 - 2011		10-670	443,007	53,995
Fiscal Year 2011 - 2012		11-670	-	434,234
Total for program			<u>443,007</u>	<u>488,229</u>
Special Education Preschool Grants	84.173			
Fiscal Year 2009 - 2010		2009-2010	17,403	-
Fiscal Year 2010 - 2011		2010-2011	-	15,872
Total for program			<u>17,403</u>	<u>15,872</u>
Pass-Through Bartholomew Consolidated School Corporation				
ARRA - Special Education Grants to States, Recovery Act	84.391			
Fiscal Year 2010 - 2011		33310-003-SN01	181,554	-

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

BROWN COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Bartholomew Consolidated School Corporation (continued)				
ARRA - Special Education Grants to States, Recovery Act (continued)	84.391			
Fiscal Year 2011 - 2012		33310-003-SN01	-	5,908
Total for program			<u>181,554</u>	<u>5,908</u>
ARRA - Special Education - Preschool Grants, Recovery Act	84.392			
Fiscal Year 2010 - 2011		2010-2011	15,698	-
Fiscal Year 2011 - 2012		2011-2012	-	1,245
Total for program			<u>15,698</u>	<u>1,245</u>
Total for cluster			<u>657,662</u>	<u>511,254</u>
Pass-Through Monroe County Community School Corporation				
Adult Education - Basic Grants to States	84.002			
Fiscal Year 2010 - 2011		2010-2011	2,000	-
Fiscal Year 2011 - 2012		2011-2012	-	8,923
Total for program			<u>2,000</u>	<u>8,923</u>
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants	84.186			
Fiscal Year 2009 - 2010		10-0670	1,200	-
Improving Teacher Quality State Grants	84.367			
Fiscal Year 2009 - 2010		10-0670	32,237	-
Fiscal Year 2010 - 2011		11-0670	51,844	42,186
Fiscal Year 2011 - 2012		12-0670	-	44,068
Total for program			<u>84,081</u>	<u>86,254</u>
Education Jobs Fund				
Fiscal Year 2010 - 2011	84.410	2010-2011	-	426,894
Total for federal grantor agency			<u>1,124,479</u>	<u>1,380,428</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Indiana Department of Education				
Block Grants for Prevention and Treatment of Substance Abuse	93.959			
Fiscal Year 2008 - 2009		2008-2009	4	-
Fiscal Year 2009 - 2010		2009-2010	6,943	-
Fiscal Year 2010 - 2011		2010-2011	22,911	12,437
Fiscal Year 2011 - 2012		2011-2012	-	40,328
Total for program			<u>29,858</u>	<u>52,765</u>
Total for federal grantor agency			<u>29,858</u>	<u>52,765</u>
Total federal awards expended			<u>\$ 1,865,609</u>	<u>\$ 2,135,715</u>

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

BROWN COUNTY SCHOOLS
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 Brown County Schools (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	2011	2012
Special Education Grants to States	84.027	\$ 96,923	\$ 105,433

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	2011	2012
School Breakfast Program	10.553	\$ 17,464	\$ 23,270
National School Lunch Program	10.555	58,138	83,273

BROWN COUNTY SCHOOLS
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?	yes
Significant deficiencies identified?	no
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.410	Child Nutrition Cluster Title I, Part A Cluster Education Jobs Fund

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

Approval of payroll: The School Board approves the bi-weekly gross payroll. However, the only information provided for their review is the total gross payroll amounts posted to each individual fund, rather than a detailed listing of employees and their individual gross pay.

Segregation of Duties: One employee issues receipts, prepares the payroll, and also reconciles the bank accounts. Control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statement. The School Corporation has not separated incompatible activities related to all areas of the financial statement.

BROWN COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Receipt issuance - School officials are writing receipts in batches during the month. A batch of receipts may be written on the 15th of the month; however, each receipt is dated as if it was written the date that the deposit was made. A "receipt edit" report is printed, which includes the date that the receipt edit information was entered into the computer system. As an example, the receipt edit would be dated on the 15th of the month and the receipts within this batch would be dated on various dates between the 1st and 15th of the month. The receipt edit report is retained with the deposit tickets and bank validation slips. Then on the 28th of the month, there could also be receipts dated throughout the month, including dates before the 15th of the month. Some of the receipts are being written for electronic fund transfers, funds for textbook rental or school lunch which had already been deposited in the School Corporation's bank account by the individual schools' staff, and some receipts are for money that has been received and already deposited, by the business office. As a result, there is the possibility that if money were received and not deposited, there would be no record of it, since it appears that most of the receipting is done after the deposit is made.

The failure to establish these controls could enable material misstatements to be undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-2 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT OVER REPORTING AND SPECIAL TESTS AND PROVISIONS – VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS

Federal Agency: U.S. Department of Agriculture

Federal Program: National School Lunch Program and School Breakfast Program

CFDA Number: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY 2011 and FY 2012

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: reporting and special tests and provisions – verification of free and reduced price applications.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

BROWN COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The verification process of the free and reduced lunch applications was performed by the former Food Service Director. She was basically responsible for the entire review/approval process for the initial free and reduced applications. She had some limited assistance at the beginning of each school year from the cafeteria managers. As a result, there was little to no oversight, other than the verification summary report was sent as required to the Indiana Department of Education.

Monthly reimbursement reports also were prepared by the former Food Service Director, from the school food service software. Again, there was no apparent oversight or review of these reports, or the supporting documentation.

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure all grant requirements are complied with.

FINDING 2012-3 - INTERNAL CONTROLS AND COMPLIANCE OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT OVER ELIGIBILITY

Federal Agency: U.S. Department of Agriculture
Federal Program: National School Lunch Program and School Breakfast Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2011 and FY 2012
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirement: eligibility.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

The former Food Service Director performed the review and approval/disapproval of the free and reduced lunch applications, utilizing the food service software. One of the cafeteria managers would assist her at the beginning of each school year; however, it appeared that she did most of the applications herself.

BROWN COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During our testing, we noted an application which was not calculated correctly, due to rounding of the income amounts that were used on the application; as well as one application that didn't have any income amounts on the actual application; there were two attached copies of IRS tax forms, which only gave the adjusted gross income for those family members.

Also, we were unable to determine whether she considered and then simply did not find any questionable applications which should have been verified "for cause." No such verifications were noted.

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The U.S. Department of Agriculture, Food and Nutrition Service publication *Eligibility Manual for School Meals, Part 4: Income Eligibility, C. Determining Household Income Reportable Income*: ". . . Gross earned income means all money earned before such deductions as income taxes, . . ."

7 CFR § 245.6a(c) states in part:

"(7) *Verification for cause*. In addition to the required verification sample, local educational agencies must verify any questionable application and should, on a case-by-case basis, verify any application for cause such as an application on which a household reports zero income or when the local educational agency is aware of additional income or persons in the household. Any application verified for cause is not considered part of the required sample size. If the local educational agency verifies a household's application for cause, all verification procedures in this section must be followed."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

FINDING 2012-4 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT OVER ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: U.S. Department Of Education

Federal Program: Title I Grants to Local Educational Agencies, ARRA – Title I Grants to Local Educational Agencies, Recovery Act, Education Jobs Fund

CFDA Number: 84.010; 84.389; 84.410;

Federal Award Number and Year (or Other Identifying Number): 10-670; 11-670; 12-670; 2009-2010; 2010-2011

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system over compliance for allowable costs/cost principles. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance. We have identified the following deficiency:

BROWN COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Approval of payroll: The School Board approves the bi-weekly gross payroll. However, the only information provided for their review is the total gross payroll amounts posted to each individual fund, rather than a detailed listing of employees and their individual gross pay.

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure that the grant requirements are complied with.



Brown County Schools

Brown County Schools prepares students to achieve success through quality instruction.

February 18, 2013

Corrective Action Plan

Section II - Financial Statement Finding

FINDING 2012 - 1.

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person: Carol Sue (Susie) Owens

Contact Information: sowens@brownco.k12.in.us

P.O. Box 38, 357 East Main Street

Nashville, IN 47448

812-988-6601 Ext. 1131

Brown County Schools has reviewed the Financial Statement Findings related to the audit for the years July 1, 2012 through June 30, 2012, and we offer the following corrective actions.

A – Approval of Payroll: The School Board approves the bi-weekly gross payroll; witch contains a list of the names and earnings for all employees during the month; and the listing will provide the gross amount by Fund(s).

B – Segregation of Duties: The Treasurer will review the office procedures and assign duties that will be segregate incompatible activities. The Brown County Schools administration cannot justify the additional cost of another employee at this time. Business office employees will be cross trained per Board request, to insure certain duties are consistently performed, particularly when employees are sick or on vacation.

C – Receipt Issuance: The business office management acknowledges and assumes the risks inherent with the current design of the business office procedures on receipting. We currently hand write receipts as the public comes in to pay fees. Each week, all outstanding fees for each facility are entered into the computer and electronic receipts are printed. As we enter into our new software training with Skyward, we will continue to look and review our procedures to adequately ensure the safeguarding of deposits and the receipting mechanism to ensure no misstatements are occur.

Sincerely,

Carol S. Owens
Treasurer



Brown County Schools

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February 18, 2013

Corrective Action Plan

Section III- Federal Award Findings and Questioned Costs

FINDING 2012 - 2. INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT OVER REPORTING AND SPECIAL TESTS AND PROVISIONS - VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS

Federal Agency: U.S. DEPARTMENT OF AGRICULTURE

Federal Program: National School Lunch Program and School Breakfast Program

CFDA Number: 10.553, 10.555

**Federal Award Number and Year (or Other Identifying Number): School Year 2010 - 11;
School Year 2011- 2012**

Pass-Through Entity: Indiana Department of Education

Contact Person: Carol Sue (Susie) Owens

Contact Information: sowens@brownco.k12.in.us

P.O. Box 38, 357 East Main Street

Nashville, IN 47448

812-988-6601 Ext. 1131

Our new Director of Food Service, Daniel Williams, will review these findings with his team of Head cooks, and prepare a flow chart (describing and explaining a revised system). Internal will be implemented in an effort to:

1. Segregate duties;
2. Be in compliance regarding issues with reporting;
3. Verify free and reduced price applications;
4. Reasonably assure that material noncompliance with the grant agreement is accurate.
5. Have reports completed on timely basis.

The Director will review the committee's work with the Treasurer in order to ensure compliance standards are met.

Sincerely,

Carol S. Owens

Treasurer



Brown County Schools

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February 18, 2013

Corrective Action Plan

Section III - Financial Statement Finding

FINDING 2012 - 3. Internal Controls Over Compliance Requirements That Have A Direct and Material Effect Over Eligibility

Federal Agency: U.S. Department of Education

Federal Program: National School Lunch Program; School Breakfast Program

CFDA Number: 10.553, 10.555

Federal Award Number: School Year 2010-11; School Year 2011-12

Pass-Through Entity: Indiana Department of Education

Contact Person: Carol Sue (Susie) Owens

Contact Information: sowens@brownco.k12.in.us

P.O. Box 38, 357 East Main Street

Nashville, IN 47448

812-988-6601 Ext. 1131

Our new Director of Food Service, Daniel Williams, will review these findings with his team of Head cooks, and prepare a flow chart (describing and explaining a revised system). Internal controls will be implemented in an effort to:

1. Segregate duties;
2. Be in compliance regarding issues with reporting;
3. Verify free and reduced price applications;
4. Reasonably assure that material noncompliance with the grant agreement is accurate.
5. Have reports completed on a timely basis.

The Director will review the committee's work with the Treasurer to ensure compliance standards are met.

Sincerely,

Carol S. Owens

Treasurer



Brown County Schools

Brown County Schools prepares students to achieve success through quality instruction.

February 18, 2013

Corrective Action Plan

Section II - Financial Statement Finding

FINDING 2012 - 4. Internal Controls Over Compliance Requirements That Have A Direct and Material Effect Over Allowable Costs/Cost Principals

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies, ARRA-Title I Grants to Local Educational Agencies, Recovery Act, Education Jobs Fund
CFDA Number: 84.010; 84.389; 84.410
Federal Award Number and Year (or Other Identifying Number): 10-670; 12-670; 2009-2010; 2010-2011

Contact Person: Carol Sue (Susie) Owens
Contact Information: sowens@brownco.k12.in.us
P.O. Box 38, 357 East Main Street
Nashville, IN 47448
812-988-6601 Ext. 1131

Brown County School will establish procedures for internal controls for Federal Grants that will meet the standards set by the Federal Granting Agencies. Reasonable assurance will be maintained to ensure laws, regulations, and provisions of contracts and agreements are in place for Federal Grants and are compliant as required by law regarding payroll.

Management acknowledges and assumes the risks inherent with the current design of the Federal Grant procedures for Brown County Schools.

Sincerely,

Carol S. Owens
Treasurer

BROWN COUNTY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 12, 2013, with Carol S. Owens, Treasurer; Dr. Dennis Goldberg, Assistant Superintendent of Schools; David Shaffer, Superintendent of Schools; and Carolyn Bowden, President of the School Board. The Internal Controls – ECA (Brown County High School) Audit Result and Comment was also discussed with Nancy Manning, Brown County High School Extra-Curricular Treasurer, and Matthew Stark, Brown County High School Principal. The Official Response has been made a part of this report and may be found on page 61.



Brown County Schools

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February 22, 2013

Brown County Schools

Audit Results and Comments

With regard to the issue cited concerning "Fund Appropriations" for the General Fund, Debt Service Fund, Transportation Fund, and the 2012 Rainy Day Fund, we appreciate having these issues brought to our attention and will endeavor to avoid a reoccurrence. It should be noted: although the cited appropriations were higher than the DLGF approved appropriations. With regard to Indiana cited 6-1.1-18-4 which states in part: "... the proper officers of a political subdivision shall appropriate funds in such a manner that the **expenditures** for a year **do not exceed its budget** for that year as finally determined under this article", we believe we fulfilled the intent of the Indiana Code, but will strive to be fully compliant with Indiana Code, in the future.

Carol S. Owens
Treasurer
Brown County Schools

Dr. Dennis Goldberg
Assistant Superintendent
Brown County Schools