

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

BLOOMFIELD SCHOOL DISTRICT
GREENE COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED
03/03/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sue Pritts Stacey Robinette	07-01-11 to 05-30-13 06-01-13 to 05-30-14
Superintendent of Schools	Daniel A. Sichtung	07-01-11 to 06-30-14
President of the School Board	Dwayne Hostetter Steven L. Dowden	07-01-11 to 06-30-13 07-01-13 to 06-30-14



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE BLOOMFIELD SCHOOL DISTRICT, GREENE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Bloomfield School District (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance 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, 2011 to June 30, 2013.

Opinion on Regulatory Basis of Accounting

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, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 22, 2014, 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* in considering the School Corporation's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

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 records 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

INDEPENDENT AUDITOR'S REPORT
(Continued)

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Long-Term Debt, and Schedule of Capital Assets, 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.


Paul D. Joyce, CPA
State Examiner

January 22, 2014



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INDEPENDENT AUDITOR'S 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 BLOOMFIELD SCHOOL DISTRICT, GREENE COUNTY, INDIANA

We have audited, 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, the financial statement of the Bloomfield School District (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated January 22, 2014, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 2013-001 to be material weaknesses.

INDEPENDENT AUDITOR'S 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001.

Bloomfield School District's Response to Findings

The School Corporation's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

January 22, 2014

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FINANCIAL STATEMENT

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

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BLOOMFIELD SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
General	\$ 1,153,553	\$ 6,306,082	\$ 6,437,730	\$ 492	\$ 1,022,397	\$ 6,134,389	\$ 6,020,526	\$ 618	\$ 1,136,878
Debt Service	245,956	789,943	687,320	-	348,579	833,761	756,037	-	426,303
Retirement/Severance Bond Debt Service	26,063	233,595	230,253	-	29,405	248,761	233,019	-	45,147
Capital Projects	506,445	434,244	430,918	-	509,771	509,178	522,931	-	496,018
School Transportation	357,176	559,220	554,647	-	361,749	629,966	534,804	-	456,911
School Bus Replacement	100,467	136,519	64,981	-	172,005	118,545	197,383	-	93,167
Rainy Day	769,141	5,419	-	-	774,560	3,041	390,190	-	387,411
Retirement/Severance Bond	192,741	-	22,721	-	170,020	-	16,615	-	153,405
School Lunch	69,594	466,152	461,476	-	74,270	498,120	482,492	-	89,898
Textbook Rental	42,340	85,256	80,308	-	47,288	79,268	31,477	-	95,079
Educational License Plates	3,603	188	-	-	3,791	75	-	-	3,866
Scholarships and Awards	-	14,019	14,019	-	-	14,610	14,610	-	-
High Ability Grant FY 13	-	-	-	-	-	28,712	28,145	-	567
High Ability Grant FY12	-	28,329	27,995	-	334	-	334	-	-
Gifted and Talented	1,061	-	1,061	-	-	-	-	-	-
Medicaid Reimbursement	5,504	-	-	-	5,504	1,215	78	(400)	6,241
School Technology	22,047	958	4,850	-	18,155	6,373	4,150	-	20,378
Miscellaneous Programs	-	-	-	-	-	1,000	1,000	-	-
Title I FY 11	6,554	68,560	75,114	-	-	-	-	-	-
Title I FY 12	-	152,879	174,855	-	(21,976)	64,282	42,306	-	-
Title I FY 13	-	-	-	-	-	175,082	187,092	-	(12,010)
Serve America	2,694	-	2,694	-	-	-	-	-	-
Drug Free Schools	1,584	-	1,584	-	-	-	-	-	-
Team Nutrition Training Grants	2,853	-	2,853	-	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A FY 12	5,756	11,262	12,845	-	4,173	39,028	43,201	-	-
Improving Teaching Quality, No Child Left, Title II, Part A FY 13	-	-	-	-	-	30,973	30,973	-	-
ARRA - Title I - Grants to LEAs	4,602	22,812	27,414	-	-	-	-	-	-
ARRA - Special Education - Part B	7,688	41,254	48,942	-	-	-	-	-	-
ARRA - Special Education - Part B - Preschool	-	2,700	2,700	-	-	-	-	-	-
Education Jobs	-	180,272	194,215	-	(13,943)	29,734	15,791	-	-
Health Insurance	565,046	1,220,862	1,371,278	-	414,630	993,577	808,591	-	599,616
Payroll	45,699	1,647,359	1,673,473	-	19,585	1,695,059	1,686,555	-	28,089
Totals	\$ 4,138,167	\$ 12,407,884	\$ 12,606,246	\$ 492	\$ 3,940,297	\$ 12,134,749	\$ 12,048,300	\$ 218	\$ 4,026,964

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

BLOOMFIELD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.

BLOOMFIELD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

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

E. Disbursements

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

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

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

BLOOMFIELD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

BLOOMFIELD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Funding Policy and Annual Pension Cost

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

BLOOMFIELD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' 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. School Building Corporation

The School Corporation has entered into a capital lease with Bloomfield School District School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the fiscal years 2012 and 2013 totaled \$599,757 and \$676,965, respectively.

Note 8. Cash Balance Deficit

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for grant expenditures made by the School Corporation were not received by June 30.

BLOOMFIELD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Restatements

For the year ended June 30, 2012, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances.

<u>New Fund</u>	<u>Balance as of June 30, 2011</u>	<u>Balance as of July 1, 2011</u>
Payroll	\$ -	\$ 45,699
Health Insurance	-	565,046

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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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,153,553	\$ 245,956	\$ 26,063	\$ 506,445	\$ 357,176	\$ 100,467	\$ 769,141	\$ 192,741	\$ 69,594	\$ 42,340
Receipts:										
Local sources	63,724	789,943	233,595	434,244	559,220	136,519	5,419	-	253,876	51,184
Intermediate sources	135	-	-	-	-	-	-	-	-	-
State sources	6,190,693	-	-	-	-	-	-	-	5,078	34,072
Federal sources	39,806	-	-	-	-	-	-	-	207,198	-
Other	11,724	-	-	-	-	-	-	-	-	-
Total receipts	6,306,082	789,943	233,595	434,244	559,220	136,519	5,419	-	466,152	85,256
Disbursements:										
Current:										
Instruction	4,392,701	-	-	30,866	-	-	-	22,721	-	-
Support services	1,872,044	-	-	171,340	554,647	64,981	-	-	-	80,308
Noninstructional services	144,276	-	-	-	-	-	-	-	461,476	-
Facilities acquisition and construction	28,709	-	-	228,712	-	-	-	-	-	-
Debt services	-	687,320	230,253	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	6,437,730	687,320	230,253	430,918	554,647	64,981	-	22,721	461,476	80,308
Excess (deficiency) of receipts over disbursements	(131,648)	102,623	3,342	3,326	4,573	71,538	5,419	(22,721)	4,676	4,948
Other financing sources (uses):										
Sale of capital assets	492	-	-	-	-	-	-	-	-	-
Total other financing sources	492	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(131,156)	102,623	3,342	3,326	4,573	71,538	5,419	(22,721)	4,676	4,948
Cash and investments - ending	\$ 1,022,397	\$ 348,579	\$ 29,405	\$ 509,771	\$ 361,749	\$ 172,005	\$ 774,560	\$ 170,020	\$ 74,270	\$ 47,288

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

	Educational License Plates	Scholarships and Awards	High Ability Grant FY12	Gifted and Talented	Medicaid Reimbursement	School Technology	Title I FY 11	Title I FY 12	Serve America	Drug Free Schools
Cash and investments - beginning	\$ 3,603	\$ -	\$ -	\$ 1,061	\$ 5,504	\$ 22,047	\$ 6,554	\$ -	\$ 2,694	\$ 1,584
Receipts:										
Local sources	-	14,019	-	-	-	-	-	-	-	-
Intermediate sources	188	-	-	-	-	-	-	-	-	-
State sources	-	-	28,329	-	-	958	-	-	-	-
Federal sources	-	-	-	-	-	-	68,560	152,879	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	188	14,019	28,329	-	-	958	68,560	152,879	-	-
Disbursements:										
Current:										
Instruction	-	-	27,995	1,061	-	4,850	74,407	168,282	2,694	1,584
Support services	-	-	-	-	-	-	707	5,338	-	-
Noninstructional services	-	-	-	-	-	-	-	1,235	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	14,019	-	-	-	-	-	-	-	-
Total disbursements	-	14,019	27,995	1,061	-	4,850	75,114	174,855	2,694	1,584
Excess (deficiency) of receipts over disbursements	188	-	334	(1,061)	-	(3,892)	(6,554)	(21,976)	(2,694)	(1,584)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	188	-	334	(1,061)	-	(3,892)	(6,554)	(21,976)	(2,694)	(1,584)
Cash and investments - ending	\$ 3,791	\$ -	\$ 334	\$ -	\$ 5,504	\$ 18,155	\$ -	\$ (21,976)	\$ -	\$ -

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

	Team Nutrition Training Grants	Improving Teaching Quality No Child Left, Title II, Part A FY 12	ARRA - Title I Grants to LEAs	ARRA - Special Education Part B	ARRA - Special Education Part B Preschool	Education Jobs	Health Insurance	Payroll	Totals
Cash and investments - beginning	\$ 2,853	\$ 5,756	\$ 4,602	\$ 7,688	\$ -	\$ -	\$ 565,046	\$ 45,699	\$ 4,138,167
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,541,743
Intermediate sources	-	-	-	-	-	-	-	-	323
State sources	-	-	-	-	-	-	-	-	6,259,130
Federal sources	-	11,262	22,812	41,254	2,700	180,272	-	-	726,743
Other	-	-	-	-	-	-	1,220,862	1,647,359	2,879,945
Total receipts	-	11,262	22,812	41,254	2,700	180,272	1,220,862	1,647,359	12,407,884
Disbursements:									
Current:									
Instruction	-	12,845	27,414	27,696	2,700	194,215	-	-	4,992,031
Support services	2,853	-	-	21,246	-	-	-	-	2,773,464
Noninstructional services	-	-	-	-	-	-	-	-	606,987
Facilities acquisition and construction	-	-	-	-	-	-	-	-	257,421
Debt services	-	-	-	-	-	-	-	-	917,573
Nonprogrammed charges	-	-	-	-	-	-	1,371,278	1,673,473	3,058,770
Total disbursements	2,853	12,845	27,414	48,942	2,700	194,215	1,371,278	1,673,473	12,606,246
Excess (deficiency) of receipts over disbursements	(2,853)	(1,583)	(4,602)	(7,688)	-	(13,943)	(150,416)	(26,114)	(198,362)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	492
Total other financing sources	-	-	-	-	-	-	-	-	492
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,853)	(1,583)	(4,602)	(7,688)	-	(13,943)	(150,416)	(26,114)	(197,870)
Cash and investments - ending	\$ -	\$ 4,173	\$ -	\$ -	\$ -	\$ (13,943)	\$ 414,630	\$ 19,585	\$ 3,940,297

BLOOMFIELD SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 1,022,397	\$ 348,579	\$ 29,405	\$ 509,771	\$ 361,749	\$ 172,005	\$ 774,560	\$ 170,020	\$ 74,270
Receipts:									
Local sources	10,602	833,761	248,761	509,178	629,966	118,545	3,041	-	251,258
Intermediate sources	135	-	-	-	-	-	-	-	-
State sources	6,079,230	-	-	-	-	-	-	-	5,208
Federal sources	43,281	-	-	-	-	-	-	-	241,654
Other	1,141	-	-	-	-	-	-	-	-
Total receipts	<u>6,134,389</u>	<u>833,761</u>	<u>248,761</u>	<u>509,178</u>	<u>629,966</u>	<u>118,545</u>	<u>3,041</u>	<u>-</u>	<u>498,120</u>
Disbursements:									
Current:									
Instruction	4,174,089	-	-	11,599	-	-	-	16,615	-
Support services	1,710,484	-	-	317,284	534,804	197,383	-	-	-
Noninstructional services	135,953	-	-	-	-	-	-	-	482,492
Facilities acquisition and construction	-	-	-	194,048	-	-	390,190	-	-
Debt services	-	756,037	233,019	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>6,020,526</u>	<u>756,037</u>	<u>233,019</u>	<u>522,931</u>	<u>534,804</u>	<u>197,383</u>	<u>390,190</u>	<u>16,615</u>	<u>482,492</u>
Excess (deficiency) of receipts over disbursements	<u>113,863</u>	<u>77,724</u>	<u>15,742</u>	<u>(13,753)</u>	<u>95,162</u>	<u>(78,838)</u>	<u>(387,149)</u>	<u>(16,615)</u>	<u>15,628</u>
Other financing sources (uses):									
Sale of capital assets	218	-	-	-	-	-	-	-	-
Transfers in	400	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>114,481</u>	<u>77,724</u>	<u>15,742</u>	<u>(13,753)</u>	<u>95,162</u>	<u>(78,838)</u>	<u>(387,149)</u>	<u>(16,615)</u>	<u>15,628</u>
Cash and investments - ending	<u>\$ 1,136,878</u>	<u>\$ 426,303</u>	<u>\$ 45,147</u>	<u>\$ 496,018</u>	<u>\$ 456,911</u>	<u>\$ 93,167</u>	<u>\$ 387,411</u>	<u>\$ 153,405</u>	<u>\$ 89,898</u>

BLOOMFIELD SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Textbook Rental	Educational License Plates	Scholarships and Awards	High Ability Grant FY 13	High Ability Grant FY12	Medicaid Reimbursement	School Technology	Miscellaneous Programs
Cash and investments - beginning	\$ 47,288	\$ 3,791	\$ -	\$ -	\$ 334	\$ 5,504	\$ 18,155	\$ -
Receipts:								
Local sources	47,281	-	14,610	-	-	-	-	-
Intermediate sources	-	75	-	-	-	-	-	-
State sources	31,987	-	-	28,712	-	1,215	6,373	1,000
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>79,268</u>	<u>75</u>	<u>14,610</u>	<u>28,712</u>	<u>-</u>	<u>1,215</u>	<u>6,373</u>	<u>1,000</u>
Disbursements:								
Current:								
Instruction	-	-	-	28,145	-	-	4,150	1,000
Support services	31,477	-	-	-	334	78	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	14,610	-	-	-	-	-
Total disbursements	<u>31,477</u>	<u>-</u>	<u>14,610</u>	<u>28,145</u>	<u>334</u>	<u>78</u>	<u>4,150</u>	<u>1,000</u>
Excess (deficiency) of receipts over disbursements	<u>47,791</u>	<u>75</u>	<u>-</u>	<u>567</u>	<u>(334)</u>	<u>1,137</u>	<u>2,223</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(400)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>47,791</u>	<u>75</u>	<u>-</u>	<u>567</u>	<u>(334)</u>	<u>737</u>	<u>2,223</u>	<u>-</u>
Cash and investments - ending	<u>\$ 95,079</u>	<u>\$ 3,866</u>	<u>\$ -</u>	<u>\$ 567</u>	<u>\$ -</u>	<u>\$ 6,241</u>	<u>\$ 20,378</u>	<u>\$ -</u>

BLOOMFIELD SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Title I FY 12	Title I FY 13	Improving Teaching Quality No Child Left, Title II, Part A FY 12	Improving Teaching Quality No Child Left, Title II, Part A FY 13	Education Jobs	Health Insurance	Payroll	Totals
Cash and investments - beginning	\$ (21,976)	\$ -	\$ 4,173	\$ -	\$ (13,943)	\$ 414,630	\$ 19,585	\$ 3,940,297
Receipts:								
Local sources	-	-	-	-	-	-	-	2,667,003
Intermediate sources	-	-	-	-	-	-	-	210
State sources	-	-	-	-	-	-	-	6,153,725
Federal sources	64,282	175,082	39,028	30,973	29,734	-	-	624,034
Other	-	-	-	-	-	993,577	1,695,059	2,689,777
Total receipts	<u>64,282</u>	<u>175,082</u>	<u>39,028</u>	<u>30,973</u>	<u>29,734</u>	<u>993,577</u>	<u>1,695,059</u>	<u>12,134,749</u>
Disbursements:								
Current:								
Instruction	35,651	186,346	43,201	24,999	15,791	-	-	4,541,586
Support services	6,655	746	-	5,974	-	-	-	2,805,219
Noninstructional services	-	-	-	-	-	-	-	618,445
Facilities acquisition and construction	-	-	-	-	-	-	-	584,238
Debt services	-	-	-	-	-	-	-	989,056
Nonprogrammed charges	-	-	-	-	-	808,591	1,686,555	2,509,756
Total disbursements	<u>42,306</u>	<u>187,092</u>	<u>43,201</u>	<u>30,973</u>	<u>15,791</u>	<u>808,591</u>	<u>1,686,555</u>	<u>12,048,300</u>
Excess (deficiency) of receipts over disbursements	<u>21,976</u>	<u>(12,010)</u>	<u>(4,173)</u>	<u>-</u>	<u>13,943</u>	<u>184,986</u>	<u>8,504</u>	<u>86,449</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	218
Transfers in	-	-	-	-	-	-	-	400
Transfers out	-	-	-	-	-	-	-	(400)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>218</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>21,976</u>	<u>(12,010)</u>	<u>(4,173)</u>	<u>-</u>	<u>13,943</u>	<u>184,986</u>	<u>8,504</u>	<u>86,667</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (12,010)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599,616</u>	<u>\$ 28,089</u>	<u>\$ 4,026,964</u>

BLOOMFIELD SCHOOL DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2013

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Capital leases:		
Elementary School Building	\$ 2,183,000	\$ 477,000
Bonds payable:		
General obligation bonds:		
Retirement/Severance	<u>1,255,000</u>	<u>165,000</u>
Total debt	<u>\$ 3,438,000</u>	<u>\$ 642,000</u>

BLOOMFIELD SCHOOL DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2013

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

	Ending Balance
Other:	
Capital assets, not being depreciated:	
Land	\$ 396,914
Infrastructure	208,284
Buildings	8,105,077
Improvements other than buildings	1,628,489
Machinery and equipment	828,364
 Total capital assets not being depreciated	 \$ 11,167,128

BLOOMFIELD SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS

COLLECTIVE BARGAINING AGREEMENT

Collective Bargaining Agreement was not posted online within 14 days of ratification to the school employer's internet website as required.

Indiana Code 20-29-6-19 states:

"Internet posting of collective bargaining agreement provisions

Sec. 19. Not later than fourteen (14) business days after the parties have reached an agreement under this chapter, the school employer shall post the contract upon which the parties have agreed on the school employer's Internet website."

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

The designated building level personnel did not provide written certification that the detailed student records maintained to support the Average Daily Membership claimed was accurate.

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

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

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE BLOOMFIELD SCHOOL DISTRICT, GREENE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Bloomfield School District's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2011 to June 30, 2013.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, 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 2013-002. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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.

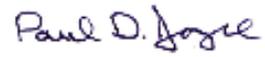
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2013-002 that we consider to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

January 22, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

BLOOMFIELD SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

	Federal CFDA Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. Department of Agriculture</u>			
Pass-Through Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	\$ 57,871.22	\$ 62,870.71
National School Lunch Program	10.555	177,454.87	208,535.80
Total for Cluster		<u>235,326.09</u>	<u>271,406.51</u>
Team Nutrition Grants			
Game on Wellness Challenge	10.574	2,852.55	-
Total for Federal Grantor Agency		<u>238,178.64</u>	<u>271,406.51</u>
<u>U.S. Department of Education</u>			
Direct Grant			
Impact Aid Cluster			
Impact Aid (Title VIII of ESEA)	84.041	39,805.97	43,281.30
Pass-Through Indiana Department of Education			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	68,559.50	-
		152,879.24	64,282.03
		<u>-</u>	<u>175,081.85</u>
Total for Program		<u>221,438.74</u>	<u>239,363.88</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act			
	84.389	27,414.47	-
Total for Cluster		<u>248,853.21</u>	<u>239,363.88</u>

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

BLOOMFIELD SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

	Federal CFDA Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. Department of Education (continued)</u>			
Pass-Through Greene-Sullivan Special Education Cooperative			
Special Education Cluster (IDEA)			
ARRA - Special Education Grants to States, Recovery Act	84.391	41,254.38	-
ARRA - Special Education Preschool Grants, Recovery Act	84.392	2,700.00	-
Total for Cluster		43,954.38	-
Pass-Through Indiana Department of Education			
Safe and Drug Free Schools and Communities, State Grants	84.186	1,583.64	-
Total for Program		1,583.64	-
Improving Teacher Quality State Grants	84.367	39,028.00	30,972.87
Education Jobs Fund	84.410	194,215.00	15,790.00
Total for Federal Grantor Agency		567,440.20	329,408.05
<u>U.S. Corporation for National and Community Service</u>			
Pass-Through Indiana Department of Education			
Learn and Serve America - School and Community Based Programs	94.004	2,694.18	-
Total for Federal Grantor Agency		2,694.18	-
Total Federal Awards Expended		\$ 808,313.02	\$ 600,814.56

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

BLOOMFIELD SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Bloomfield School District (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. 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. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2012	2013
School Breakfast Program	10.553	\$ 6,917	\$ 6,892
National School Lunch Program	10.555	21,211	22,861

BLOOMFIELD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title 1, Part A Cluster

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 2013-001 - INTERNAL CONTROL OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following material errors: one federal grant was not listed and the expenditures for one federal grant were not correct. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

BLOOMFIELD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 objective, 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 record, and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

BLOOMFIELD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-002 - INTERNAL CONTROL AND NONCOMPLIANCE WITH SPECIAL TESTS AND PROVISIONS - VERIFICATION OF FREE AND REDUCED APPLICATIONS

Federal Agency: U.S. Department of Agriculture
Federal Program: National School Lunch Program, School Breakfast Program
CFDA Number: 10.555, 10.553
Federal Award Number and Year (or Other Identifying Number): None
Pass-Through Entity: Indiana Department of Education

The following deficiency was found with the School Corporation's verification process during an audit of the National School Lunch Program and School Breakfast Program:

The proper number of applications was verified; however, the verification information was insufficient. There wasn't sufficient documentation available to determine that all procedures required in the verification process had been performed. There was no documentation provided by the applicant to substantiate the information on the application as required. The verification section of the application was not properly completed by the School Corporation. There was no review of the verified application by anyone at the School Corporation other than the employee originally doing the verification.

7 CFR 245.6a(j) states:

"Adverse action. If verification activities fail to confirm eligibility for free or reduced price benefits or should the household fail to cooperate with verification efforts, the school or local educational agency shall reduce or terminate benefits, as applicable, as follows: Ten days advance notification shall be provided to households that are to receive a reduction or termination of benefits, prior to the actual reduction or termination. The first day of the 10 day advance notice period shall be the day the notice is sent. The notice shall advise the household of:

- (1) The change;
- (2) The reasons for the change;
- (3) Notification of the right to appeal and when the appeal must be filed to ensure continued benefits while awaiting a hearing and decision;
- (4) Instructions on how to appeal; and
- (5) The right to reapply at any time during the school year. The reasons for ineligibility shall be properly documented and retained on file at the local educational agency."

OMB Circular A-133, Subpart C, section .300 states in part:

"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."

BLOOMFIELD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation had deficiencies within its verification process for eligibility which did not allow them to adequately verify the eligibility status of the required sample of their approved free and reduced price applications. Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal awards.

We recommended School Corporation officials properly complete and document the verification of student eligibility status and maintain adequate auditable files. 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, or detected and corrected, on a timely basis.

January 28, 2014

Stacey Robinette
Treasurer
Bloomfield School District
P. O. Box 266
Bloomfield, IN 47424
812-384-4386

Schedule of Findings and Questioned Costs

Bloomfield School District

Corrective Action Plan for:

FINDING 2013-001-INTERNAL CONTROL OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

Bloomfield School District will begin to reference the CFDA numbers on the fund description through Komputrol. This will allow me to identify Federal Grants and track them properly. I will also take every opportunity to attend available meetings for Federal Grants.



Mrs. Stacey Robinette, District Treasurer

Kayla K. Hendrix, RD
Food Service Director
Bloomfield School District
501 W. Spring Street
Bloomfield, IN 47424
(812) 384-2401

Corrective Action Plan for:

FINDING 2013-002- NONCOMPLIANCE WITH SPECIAL TESTS AND PROVISIONS- VERIFICATION OF
FREE AND REDUCED APPLICATIONS

Federal Agency:

US Department of Agriculture

Federal Program:

National School Lunch Program
School Breakfast Program

CFDA Number:

10.555
10.553

Federal Award Number and Year (or Other Identifying Number):

FY 2012 and FY 2013

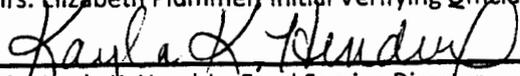
Pass-Through Entity:

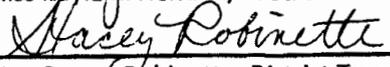
Indiana Department of Education

Corrective Action:

The Bloomfield School District Food Service Department has already, as of January 2014, come into compliance with the requirement of providing sufficient verification information. The LEA has ensured the required section of the free/reduced application was properly completed. Verified applications have been reviewed by both an initial verifying official and a confirmation review official from the LEA. The LEA will continue to properly complete and document the verification of student eligibility status and maintain adequate auditable files. The LEA will implement an internal control system to provide reasonable assurance to prevent, detect, and correct noncompliance issues on a timely basis. Further, the LEA will continue to follow guidelines set forth by the Indiana Department of Education, the United States Department of Agriculture, the National School Lunch Program, and the School Breakfast Program.


Mrs. Elizabeth Plummer, Initial Verifying Official


Miss Kayla K. Hendrix, Food Service Director


Mrs. Stacey Robinette, District Treasurer

BLOOMFIELD SCHOOL DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on January 22, 2014, with Daniel A. Sighting, Superintendent of Schools; Steven L. Dowden, President of the School Board; and Stacey Robinette, Treasurer. The officials concurred with our audit findings.