

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

BATESVILLE COMMUNITY SCHOOL CORPORATION
RIPLEY COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED
09/12/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Constance M. Wintz	07-01-11 to 06-30-12
	Todd W. Nobbe	07-01-12 to 06-30-15
Superintendent of Schools	Dr. James S. Roberts	07-01-11 to 06-30-15
President of the School Board	Chris R. Lowery	07-01-11 to 06-30-15



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE BATESVILLE COMMUNITY
SCHOOL CORPORATION, RIPLEY COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Batesville Community School Corporation (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 July 15, 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 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 and Schedule of Leases and Debt, 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

July 15, 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 BATESVILLE COMMUNITY
SCHOOL CORPORATION, RIPLEY 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 Batesville Community School Corporation (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 July 15, 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 items 2013-001 and 2013-002 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 2013-002.

Batesville Community School Corporation's Response to Findings

The School Corporation's response to the 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 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

July 15, 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.

BATESVILLE COMMUNITY SCHOOL CORPORATION
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	\$ 442,333	\$ 12,275,218	\$ 12,145,521	\$ 13,440	\$ 585,470	\$ 12,764,840	\$ 12,390,325	\$ 2,971	\$ 962,956
Debt Service	947,959	1,676,065	1,590,608	-	1,033,416	1,634,902	754,270	-	1,914,048
Capital Projects	2,227,179	2,597,341	2,978,591	20,965	1,866,894	2,513,074	2,960,157	79,669	1,499,480
School Transportation	771,314	1,244,760	1,212,692	(20,037)	783,345	1,242,508	1,150,854	(88,620)	786,379
School Bus Replacement	217,242	132,805	7,691	-	342,356	155,244	278,977	-	218,623
Rainy Day	23,727	-	137,623	136,765	22,869	-	112,276	100,000	10,593
Ivy Tech Bond	-	-	-	-	-	-	38,681	1,069,925	1,031,244
School Lunch	394,934	871,336	821,676	6,153	450,747	959,338	1,010,617	-	399,468
Textbook Rental	84,405	173,376	214,686	17,449	60,544	241,215	164,366	-	137,393
Child Care Program	-	-	-	-	-	18,048	18,696	-	(648)
Educational License Plates	694	600	1,219	-	75	625	-	-	700
Nora Wenning Scholarship	77,602	73,556	80,100	4,250	75,308	78,896	75,000	1,500	80,704
Burst Educational Foundation	1,571	-	-	-	1,571	-	1,571	-	-
OCOF	17,674	-	3,629	-	14,045	-	1,202	-	12,843
Donations, Gifts A/P Physics	-	500	-	-	500	(500)	-	-	-
Donations, Gifts (BPS Reading)	8,150	8,000	3,389	-	12,761	16,000	576	-	28,185
Project Lead the Way	-	10,276	14,861	14,984	10,399	11,000	12,902	-	8,497
Pepsi Advertising Signs @ BHS	4,391	6,000	10,391	-	-	6,000	6,000	-	-
Batesville Community Foundation	687	500	500	-	687	4,500	4,500	-	687
Donation for 1 to 1 BMS	-	-	-	-	-	15,000	-	-	15,000
Instruction Support	801	-	801	-	-	-	-	-	-
Create Foundation	8,050	6,947	11,458	-	3,539	17,812	18,649	-	2,702
Student Incentive Fund	1,311	2,055	2,410	-	956	2,430	2,130	-	1,256
Donations Staff Appreciation	793	2,980	2,242	-	1,531	1,670	2,263	-	938
Donation ETC ID Tags Computer	-	-	-	-	-	2,000	936	-	1,064
Food Day Event 10/24/13	-	-	-	-	-	1,000	-	-	1,000
Miscellaneous Programs	-	-	-	-	-	500	-	-	500
Rising Sun Regional Grant	-	-	-	-	-	54,340	22,415	-	31,925
ECO 15 Grant	-	8,000	8,000	-	-	-	-	-	-
Stayin' Alive Grant	-	3,500	3,500	-	-	-	-	-	-

The accompanying notes are an integral part of the financial statement.

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

	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
Instruction Support	-	-	-	-	-	34,029	16,460	-	17,569
Gifted/Talented 2011-12	18,686	32,558	49,962	-	1,282	-	1,282	-	-
Cultural Arts	5	-	-	-	5	-	5	-	-
Scholarships and Awards	-	-	-	-	-	4,336	4,336	-	-
Non-English Speaking Programs P.L. 273-1999	3,347	4,888	9,670	8,400	6,965	-	12,438	6,248	775
School Technology	12,008	7,069	16,538	-	2,539	7,623	6,934	-	3,228
Access Indiana	7,000	-	7,000	-	-	-	-	-	-
Senator David Ford Technology	-	-	-	-	-	1,580	1,580	-	-
Excess PTRC Distributions	61,765	-	-	(61,765)	-	-	-	-	-
SPF-SIG Strategic Prevention	1,375	-	993	-	382	-	(1)	-	383
Title I 2012-13	(6,942)	37,467	30,524	-	1	130,701	157,581	-	(26,879)
Title I PL 107-110 (2011-2012)	-	118,868	124,226	-	(5,358)	32,505	27,147	-	-
Safe & Drug Free Schools 07-08	469	-	469	-	-	-	-	-	-
Drug-Free 09-10 Title IV	(6,822)	7,168	346	-	-	-	-	-	-
Team Nutrition Training Grants	-	1,500	122	-	1,378	-	550	-	828
Medicaid Reimbursement - Federal	-	-	11,711	-	(11,711)	18,489	5,044	-	1,734
Improving Teaching Quality, No Child Left, Title II, Part A	(1,103)	38,921	37,869	-	(51)	33,510	33,459	-	-
Title II Part A FY2012	-	-	-	-	-	8,205	17,258	-	(9,053)
Title III, Language Instruction	-	-	-	-	-	-	8,772	-	(8,772)
Title I - Grants to LEAs	(2,926)	16,840	13,914	-	-	-	-	-	-
Special Education - Part B	4,821	54,237	59,058	-	-	-	-	-	-
Education Jobs	-	277,744	280,744	-	(3,000)	93,922	90,922	-	-
Southeastern Indiana School Insurance Consortium	6,195,391	13,733,157	14,419,175	-	5,509,373	-	5,509,373	-	-
Self-Group Insurance	9,752	127,040	127,751	-	9,041	109,613	107,726	-	10,928
Payroll	47,917	3,135,478	3,131,819	-	51,576	3,305,249	3,306,189	-	50,636
Totals	\$ 11,575,560	\$ 36,686,750	\$ 37,573,479	\$ 140,604	\$ 10,829,435	\$ 23,520,204	\$ 28,334,418	\$ 1,171,693	\$ 7,186,914

The accompanying notes are an integral part of the financial statement.

BATESVILLE COMMUNITY SCHOOL CORPORATION
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, 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, 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, and revenue for or on behalf of the School Corporation.

BATESVILLE COMMUNITY SCHOOL CORPORATION
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, 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, 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:

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.

BATESVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

BATESVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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 Capitol 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.

BATESVILLE COMMUNITY SCHOOL CORPORATION
 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 Capitol 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. 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.

Fund Name	Balance as of June 30, 2011	Prior Period Adjustment	Balance as of July 1, 2011
Self-Group Insurance	\$ -	\$ 9,752	\$ 9,752
Payroll	-	47,917	47,917
Southeastern Indiana School Insurance Consortium	-	6,195,391	6,195,391

BATESVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants with reimbursements not received by June 30 of the reporting year.

Note 9. Holding Corporation

The School Corporation has entered into two capital leases with Batesville School Holding 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 years ending June 30, 2012, and June 30, 2013, totaled \$1,518,750 and \$743,500, respectively.

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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.

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Ivy Tech Bond	School Lunch
Cash and investments - beginning	\$ 442,333	\$ 947,959	\$ 2,227,179	\$ 771,314	\$ 217,242	\$ 23,727	\$ -	\$ 394,934
Receipts:								
Local sources	1,140,781	1,676,065	2,597,326	1,244,743	132,805	-	-	530,285
Intermediate sources	1,833	-	-	-	-	-	-	-
State sources	11,132,604	-	-	-	-	-	-	14,636
Federal sources	-	-	-	-	-	-	-	324,851
Other	-	-	15	17	-	-	-	1,564
Total receipts	<u>12,275,218</u>	<u>1,676,065</u>	<u>2,597,341</u>	<u>1,244,760</u>	<u>132,805</u>	<u>-</u>	<u>-</u>	<u>871,336</u>
Disbursements:								
Current:								
Instruction	9,141,566	-	-	-	-	-	-	-
Support services	2,794,673	166	1,405,397	1,212,692	7,691	137,623	-	-
Noninstructional services	209,282	-	-	-	-	-	-	821,676
Facilities acquisition and construction	-	-	1,573,194	-	-	-	-	-
Debt services	-	1,590,442	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>12,145,521</u>	<u>1,590,608</u>	<u>2,978,591</u>	<u>1,212,692</u>	<u>7,691</u>	<u>137,623</u>	<u>-</u>	<u>821,676</u>
Excess (deficiency) of receipts over disbursements	<u>129,697</u>	<u>85,457</u>	<u>(381,250)</u>	<u>32,068</u>	<u>125,114</u>	<u>(137,623)</u>	<u>-</u>	<u>49,660</u>
Other financing sources (uses):								
Sale of capital assets	13,440	-	70,965	4,963	-	-	-	6,153
Transfers in	-	-	-	-	-	136,765	-	-
Transfers out	-	-	(50,000)	(25,000)	-	-	-	-
Total other financing sources (uses)	<u>13,440</u>	<u>-</u>	<u>20,965</u>	<u>(20,037)</u>	<u>-</u>	<u>136,765</u>	<u>-</u>	<u>6,153</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>143,137</u>	<u>85,457</u>	<u>(360,285)</u>	<u>12,031</u>	<u>125,114</u>	<u>(858)</u>	<u>-</u>	<u>55,813</u>
Cash and investments - ending	<u>\$ 585,470</u>	<u>\$ 1,033,416</u>	<u>\$ 1,866,894</u>	<u>\$ 783,345</u>	<u>\$ 342,356</u>	<u>\$ 22,869</u>	<u>\$ -</u>	<u>\$ 450,747</u>

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

	Textbook Rental	Child Care Program	Educational License Plates	Nora Wenning Scholarship	Burst Educational Foundation	OCOF	Donations, Gifts A/P Physics	Donations, Gifts (BPS Reading)
Cash and investments - beginning	\$ 84,405	\$ -	\$ 694	\$ 77,602	\$ 1,571	\$ 17,674	\$ -	\$ 8,150
Receipts:								
Local sources	99,639	-	-	73,556	-	-	-	8,000
Intermediate sources	-	-	600	-	-	-	500	-
State sources	73,737	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>173,376</u>	<u>-</u>	<u>600</u>	<u>73,556</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>8,000</u>
Disbursements:								
Current:								
Instruction	-	-	-	80,100	-	-	-	3,389
Support services	214,686	-	1,219	-	-	3,629	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>214,686</u>	<u>-</u>	<u>1,219</u>	<u>80,100</u>	<u>-</u>	<u>3,629</u>	<u>-</u>	<u>3,389</u>
Excess (deficiency) of receipts over disbursements	<u>(41,310)</u>	<u>-</u>	<u>(619)</u>	<u>(6,544)</u>	<u>-</u>	<u>(3,629)</u>	<u>500</u>	<u>4,611</u>
Other financing sources (uses):								
Sale of capital assets	17,449	-	-	4,250	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>17,449</u>	<u>-</u>	<u>-</u>	<u>4,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(23,861)</u>	<u>-</u>	<u>(619)</u>	<u>(2,294)</u>	<u>-</u>	<u>(3,629)</u>	<u>500</u>	<u>4,611</u>
Cash and investments - ending	<u>\$ 60,544</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 75,308</u>	<u>\$ 1,571</u>	<u>\$ 14,045</u>	<u>\$ 500</u>	<u>\$ 12,761</u>

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

	Project Lead the Way	Pepsi Advertising Signs @ BHS	Batesville Community Foundation	Donation for 1 to 1 BMS	Instruction Support	Create Foundation	Student Incentive Fund	Donations Staff Appreciation
Cash and investments - beginning	\$ -	\$ 4,391	\$ 687	\$ -	\$ 801	\$ 8,050	\$ 1,311	\$ 793
Receipts:								
Local sources	10,276	6,000	500	-	-	6,947	2,055	2,980
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>10,276</u>	<u>6,000</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>6,947</u>	<u>2,055</u>	<u>2,980</u>
Disbursements:								
Current:								
Instruction	14,861	-	500	-	801	-	2,410	-
Support services	-	10,391	-	-	-	11,458	-	2,242
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>14,861</u>	<u>10,391</u>	<u>500</u>	<u>-</u>	<u>801</u>	<u>11,458</u>	<u>2,410</u>	<u>2,242</u>
Excess (deficiency) of receipts over disbursements	<u>(4,585)</u>	<u>(4,391)</u>	<u>-</u>	<u>-</u>	<u>(801)</u>	<u>(4,511)</u>	<u>(355)</u>	<u>738</u>
Other financing sources (uses):								
Sale of capital assets	14,984	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>14,984</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>10,399</u>	<u>(4,391)</u>	<u>-</u>	<u>-</u>	<u>(801)</u>	<u>(4,511)</u>	<u>(355)</u>	<u>738</u>
Cash and investments - ending	<u>\$ 10,399</u>	<u>\$ -</u>	<u>\$ 687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,539</u>	<u>\$ 956</u>	<u>\$ 1,531</u>

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

	Donation ETC ID Tags Computer	Food Day Event 10/24/13	Miscellaneous Programs	Rising Sun Regional Grant	ECO 15 Grant	Stayin' Alive Grant	Instruction Support	Gifted/Talented 2011-12
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,686
Receipts:								
Local sources	-	-	-	-	8,000	3,500	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	32,558
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	8,000	3,500	-	32,558
Disbursements:								
Current:								
Instruction	-	-	-	-	8,000	3,500	-	49,962
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	8,000	3,500	-	49,962
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	(17,404)
Other financing sources (uses):								
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	-	-	-	-	-	-	-	(17,404)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,282

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

	Cultural Arts	Scholarships and Awards	Non-English Speaking Programs P.L. 273-1999	School Technology	Access Indiana	Senator David Ford Technology	Excess PTRC Distributions	SPF-SIG Strategic Prevention
Cash and investments - beginning	\$ 5	\$ -	\$ 3,347	\$ 12,008	\$ 7,000	\$ -	\$ 61,765	\$ 1,375
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	4,888	7,069	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	4,888	7,069	-	-	-	-
Disbursements:								
Current:								
Instruction	-	-	9,670	-	-	-	-	-
Support services	-	-	-	16,538	7,000	-	-	-
Noninstructional services	-	-	-	-	-	-	-	993
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	9,670	16,538	7,000	-	-	993
Excess (deficiency) of receipts over disbursements	-	-	(4,782)	(9,469)	(7,000)	-	-	(993)
Other financing sources (uses):								
Sale of capital assets	-	-	8,400	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(61,765)	-
Total other financing sources (uses)	-	-	8,400	-	-	-	(61,765)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	3,618	(9,469)	(7,000)	-	(61,765)	(993)
Cash and investments - ending	\$ 5	\$ -	\$ 6,965	\$ 2,539	\$ -	\$ -	\$ -	\$ 382

BATESVILLE COMMUNITY SCHOOL CORPORATION
 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 I 2012-13	Title I PL 107-110 (2011-2012)	Safe & Drug Free Schools 07-08	Drug-Free 09-10 Title IV	Team Nutrition Training Grants	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title II Part A FY 2012
Cash and investments - beginning	\$ (6,942)	\$ -	\$ 469	\$ (6,822)	\$ -	\$ -	\$ (1,103)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	37,467	118,868	-	7,168	1,500	-	38,921	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>37,467</u>	<u>118,868</u>	<u>-</u>	<u>7,168</u>	<u>1,500</u>	<u>-</u>	<u>38,921</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	29,308	124,226	469	346	-	-	28,358	-
Support services	1,216	-	-	-	-	11,711	9,511	-
Noninstructional services	-	-	-	-	122	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>30,524</u>	<u>124,226</u>	<u>469</u>	<u>346</u>	<u>122</u>	<u>11,711</u>	<u>37,869</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>6,943</u>	<u>(5,358)</u>	<u>(469)</u>	<u>6,822</u>	<u>1,378</u>	<u>(11,711)</u>	<u>1,052</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>6,943</u>	<u>(5,358)</u>	<u>(469)</u>	<u>6,822</u>	<u>1,378</u>	<u>(11,711)</u>	<u>1,052</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1</u>	<u>\$ (5,358)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,378</u>	<u>\$ (11,711)</u>	<u>\$ (51)</u>	<u>\$ -</u>

BATESVILLE COMMUNITY SCHOOL CORPORATION
 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 III, Language Instruction	Title I - Grants to LEAs	Special Education - Part B	Education Jobs	Southeastern Indiana School Insurance Consortium	Self-Group Insurance	Payroll	Totals
Cash and investments - beginning	\$ -	\$ (2,926)	\$ 4,821	\$ -	\$ 6,195,391	\$ 9,752	\$ 47,917	\$ 11,575,560
Receipts:								
Local sources	-	-	-	-	-	-	-	7,543,458
Intermediate sources	-	-	-	-	-	-	-	2,933
State sources	-	-	-	-	-	-	-	11,265,492
Federal sources	-	16,840	54,237	277,744	-	-	-	877,596
Other	-	-	-	-	13,733,157	127,040	3,135,478	16,997,271
Total receipts	-	16,840	54,237	277,744	13,733,157	127,040	3,135,478	36,686,750
Disbursements:								
Current:								
Instruction	-	13,914	59,058	280,744	-	-	-	9,851,182
Support services	-	-	-	-	-	-	-	5,847,843
Noninstructional services	-	-	-	-	-	-	-	1,032,073
Facilities acquisition and construction	-	-	-	-	-	-	-	1,573,194
Debt services	-	-	-	-	-	-	-	1,590,442
Nonprogrammed charges	-	-	-	-	14,419,175	127,751	3,131,819	17,678,745
Total disbursements	-	13,914	59,058	280,744	14,419,175	127,751	3,131,819	37,573,479
Excess (deficiency) of receipts over disbursements	-	2,926	(4,821)	(3,000)	(686,018)	(711)	3,659	(886,729)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	140,604
Transfers in	-	-	-	-	-	-	-	136,765
Transfers out	-	-	-	-	-	-	-	(136,765)
Total other financing sources (uses)	-	-	-	-	-	-	-	140,604
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,926	(4,821)	(3,000)	(686,018)	(711)	3,659	(746,125)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (3,000)	\$ 5,509,373	\$ 9,041	\$ 51,576	\$ 10,829,435

BATESVILLE COMMUNITY SCHOOL CORPORATION
 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	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Ivy Tech Bond	School Lunch
Cash and investments - beginning	\$ 585,470	\$ 1,033,416	\$ 1,866,894	\$ 783,345	\$ 342,356	\$ 22,869	\$ -	\$ 450,747
Receipts:								
Local sources	820,897	1,634,902	2,513,074	1,239,229	155,244	-	-	581,924
Intermediate sources	25	-	-	-	-	-	-	-
State sources	11,943,918	-	-	-	-	-	-	15,692
Federal sources	-	-	-	-	-	-	-	354,078
Other	-	-	-	3,279	-	-	-	7,644
Total receipts	<u>12,764,840</u>	<u>1,634,902</u>	<u>2,513,074</u>	<u>1,242,508</u>	<u>155,244</u>	<u>-</u>	<u>-</u>	<u>959,338</u>
Disbursements:								
Current:								
Instruction	9,238,847	-	-	-	-	-	-	-
Support services	2,949,267	343	1,910,238	1,150,854	278,977	112,276	-	-
Noninstructional services	202,211	-	-	-	-	-	-	1,010,617
Facilities acquisition and construction	-	-	1,049,919	-	-	-	38,681	-
Debt services	-	753,927	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>12,390,325</u>	<u>754,270</u>	<u>2,960,157</u>	<u>1,150,854</u>	<u>278,977</u>	<u>112,276</u>	<u>38,681</u>	<u>1,010,617</u>
Excess (deficiency) of receipts over disbursements	<u>374,515</u>	<u>880,632</u>	<u>(447,083)</u>	<u>91,654</u>	<u>(123,733)</u>	<u>(112,276)</u>	<u>(38,681)</u>	<u>(51,279)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	1,069,925	-
Sale of capital assets	2,971	-	79,669	11,380	-	-	-	-
Transfers in	-	-	-	-	-	100,000	-	-
Transfers out	-	-	-	(100,000)	-	-	-	-
Total other financing sources (uses)	<u>2,971</u>	<u>-</u>	<u>79,669</u>	<u>(88,620)</u>	<u>-</u>	<u>100,000</u>	<u>1,069,925</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>377,486</u>	<u>880,632</u>	<u>(367,414)</u>	<u>3,034</u>	<u>(123,733)</u>	<u>(12,276)</u>	<u>1,031,244</u>	<u>(51,279)</u>
Cash and investments - ending	<u>\$ 962,956</u>	<u>\$ 1,914,048</u>	<u>\$ 1,499,480</u>	<u>\$ 786,379</u>	<u>\$ 218,623</u>	<u>\$ 10,593</u>	<u>\$ 1,031,244</u>	<u>\$ 399,468</u>

BATESVILLE COMMUNITY SCHOOL CORPORATION
 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	Child Care Program	Educational License Plates	Nora Wenning Scholarship	Burst Educational Foundation	OCOF	Donations, Gifts A/P Physics	Donations, Gifts (BPS Reading)
Cash and investments - beginning	\$ 60,544	\$ -	\$ 75	\$ 75,308	\$ 1,571	\$ 14,045	\$ 500	\$ 12,761
Receipts:								
Local sources	199,251	18,048	-	78,896	-	-	-	16,000
Intermediate sources	-	-	625	-	-	-	(500)	-
State sources	41,964	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	241,215	18,048	625	78,896	-	-	(500)	16,000
Disbursements:								
Current:								
Instruction	-	-	-	75,000	1,571	-	-	576
Support services	164,366	-	-	-	-	1,202	-	-
Noninstructional services	-	18,696	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	164,366	18,696	-	75,000	1,571	1,202	-	576
Excess (deficiency) of receipts over disbursements	76,849	(648)	625	3,896	(1,571)	(1,202)	(500)	15,424
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	1,500	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	1,500	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	76,849	(648)	625	5,396	(1,571)	(1,202)	(500)	15,424
Cash and investments - ending	\$ 137,393	\$ (648)	\$ 700	\$ 80,704	\$ -	\$ 12,843	\$ -	\$ 28,185

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

	Project Lead the Way	Pepsi Advertising Signs @ BHS	Batesville Community Foundation	Donation for 1 to 1 BMS	Instruction Support	Create Foundation	Student Incentive Fund	Donations Staff Appreciation
Cash and investments - beginning	\$ 10,399	\$ -	\$ 687	\$ -	\$ -	\$ 3,539	\$ 956	\$ 1,531
Receipts:								
Local sources	11,000	6,000	4,500	15,000	-	17,812	2,430	1,670
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	11,000	6,000	4,500	15,000	-	17,812	2,430	1,670
Disbursements:								
Current:								
Instruction	12,902	-	-	-	-	-	2,130	-
Support services	-	6,000	4,500	-	-	18,649	-	2,263
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	12,902	6,000	4,500	-	-	18,649	2,130	2,263
Excess (deficiency) of receipts over disbursements	(1,902)	-	-	15,000	-	(837)	300	(593)
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	(1,902)	-	-	15,000	-	(837)	300	(593)
Cash and investments - ending	\$ 8,497	\$ -	\$ 687	\$ 15,000	\$ -	\$ 2,702	\$ 1,256	\$ 938

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

	Donation ETC ID Tags Computer	Food Day Event 10/24/13	Miscellaneous Programs	Rising Sun Regional Grant	ECO 15 Grant	Stayin' Alive Grant	Instruction Support	Gifted/Talented 2011-12
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,282
Receipts:								
Local sources	2,000	1,000	500	54,340	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	34,029	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	2,000	1,000	500	54,340	-	-	34,029	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	16,460	1,282
Support services	936	-	-	-	-	-	-	-
Noninstructional services	-	-	-	22,415	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	936	-	-	22,415	-	-	16,460	1,282
Excess (deficiency) of receipts over disbursements	1,064	1,000	500	31,925	-	-	17,569	(1,282)
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	1,064	1,000	500	31,925	-	-	17,569	(1,282)
Cash and investments - ending	\$ 1,064	\$ 1,000	\$ 500	\$ 31,925	\$ -	\$ -	\$ 17,569	\$ -

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

	Cultural Arts	Scholarships and Awards	Non-English Speaking Programs P.L. 273-1999	School Technology	Access Indiana	Senator David Ford Technology	Excess PTRC Distributions	SPF-SIG Strategic Prevention
Cash and investments - beginning	\$ 5	\$ -	\$ 6,965	\$ 2,539	\$ -	\$ -	\$ -	\$ 382
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	4,336	-	7,623	-	1,580	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	4,336	-	7,623	-	1,580	-	-
Disbursements:								
Current:								
Instruction	5	4,336	12,438	-	-	1,580	-	-
Support services	-	-	-	6,934	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	(1)
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	5	4,336	12,438	6,934	-	1,580	-	(1)
Excess (deficiency) of receipts over disbursements	(5)	-	(12,438)	689	-	-	-	1
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	6,248	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	6,248	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5)	-	(6,190)	689	-	-	-	1
Cash and investments - ending	\$ -	\$ -	\$ 775	\$ 3,228	\$ -	\$ -	\$ -	\$ 383

BATESVILLE COMMUNITY SCHOOL CORPORATION
 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 2012-13	Title I PL 107-110 (2011-2012)	Safe & Drug Free Schools 07-08	Drug-Free 09-10 Title IV	Team Nutrition Traning Grants	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title II Part A FY 2012
Cash and investments - beginning	\$ 1	\$ (5,358)	\$ -	\$ -	\$ 1,378	\$ (11,711)	\$ (51)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	130,701	32,505	-	-	-	18,489	33,510	8,205
Other	-	-	-	-	-	-	-	-
Total receipts	130,701	32,505	-	-	-	18,489	33,510	8,205
Disbursements:								
Current:								
Instruction	151,081	27,147	-	-	-	-	27,801	-
Support services	6,500	-	-	-	-	5,044	5,658	17,258
Noninstructional services	-	-	-	-	550	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	157,581	27,147	-	-	550	5,044	33,459	17,258
Excess (deficiency) of receipts over disbursements	(26,880)	5,358	-	-	(550)	13,445	51	(9,053)
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	(26,880)	5,358	-	-	(550)	13,445	51	(9,053)
Cash and investments - ending	\$ (26,879)	\$ -	\$ -	\$ -	\$ 828	\$ 1,734	\$ -	\$ (9,053)

BATESVILLE COMMUNITY SCHOOL CORPORATION
 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 III, Language Instruction	Title I - Grants to LEAs	Special Education - Part B	Education Jobs	Southeastern Indiana School Insurance Consortium	Self-Group Insurance	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (3,000)	\$ 5,509,373	\$ 9,041	\$ 51,576	\$ 10,829,435
Receipts:								
Local sources	-	-	-	-	-	-	-	7,373,717
Intermediate sources	-	-	-	-	-	-	-	150
State sources	-	-	-	-	-	-	-	12,049,142
Federal sources	-	-	-	93,922	-	-	-	671,410
Other	-	-	-	-	-	109,613	3,305,249	3,425,785
Total receipts	-	-	-	93,922	-	109,613	3,305,249	23,520,204
Disbursements:								
Current:								
Instruction	8,772	-	-	90,922	-	-	-	9,672,850
Support services	-	-	-	-	-	-	-	6,641,265
Noninstructional services	-	-	-	-	-	-	-	1,254,488
Facilities acquisition and construction	-	-	-	-	-	-	-	1,088,600
Debt services	-	-	-	-	-	-	-	753,927
Nonprogrammed charges	-	-	-	-	5,509,373	107,726	3,306,189	8,923,288
Total disbursements	8,772	-	-	90,922	5,509,373	107,726	3,306,189	28,334,418
Excess (deficiency) of receipts over disbursements	(8,772)	-	-	3,000	(5,509,373)	1,887	(940)	(4,814,214)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,069,925
Sale of capital assets	-	-	-	-	-	-	-	101,768
Transfers in	-	-	-	-	-	-	-	100,000
Transfers out	-	-	-	-	-	-	-	(100,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	1,171,693
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,772)	-	-	3,000	(5,509,373)	1,887	(940)	(3,642,521)
Cash and investments - ending	\$ (8,772)	\$ -	\$ -	\$ -	\$ -	\$ 10,928	\$ 50,636	\$ 7,186,914

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BATESVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Batesville School Building Corp. - 2005 Issue	BMS & BHS Renovations	\$ 1,450,500	8/24/2005	12/31/2018
Batesville School Building Corp. - 2011 Issue	BHS/BIS Renovations & Additions	784,500	5/25/2011	12/31/2028
Apple	BHS 1 to 1 program	221,474	1/9/2012	7/6/2015
Apple	BMS 1 to 1 program	<u>153,754</u>	5/9/2013	2/15/2017
Total of annual lease payments		<u>\$ 2,610,228</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	IVY Tech bonds - 2012 Issue	<u>\$ 1,075,000</u>	<u>\$ 114,099</u>

BATESVILLE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

COLLECTIVE BARGAINING AGREEMENT

The School Corporation's collective bargaining agreement with the Batesville Educators Association included collective bargaining not allowable per Indiana statutes. Their agreement contained the following:

1. Recognition of the Batesville Educators Association as the exclusive representative of certificated employees other than administrators [Article I];
2. Policies and procedures on unpaid leave [Article IV];
3. A severability clause [Article VII];
4. Specific guidelines on factors to be used in evaluating teacher performance when determining salaries [Appendix A]; and
5. A requirement that changes in the number of extracurricular positions must be approved by the negotiating bargaining person and the Superintendent [Appendix B].

Indiana Code 20-29-6-4.5 states:

"(a) For a contract entered into after June 30, 2011, a school employer may not bargain collectively with the exclusive representative on the following:

- (1) The school calendar.
- (2) Teacher dismissal procedures and criteria.
- (3) Restructuring options available to a school employer under federal or state statutes, regulations, or rules because of the failure of the school corporation or a school to meet federal or state accountability standards.
- (4) The ability of a school employer to contract, partner, or operate jointly with an educational entity that provides postsecondary credits to students of the school employer or dual credits from the school employer and the educational entity.
- (5) Any subject not expressly listed in section 4 of this chapter.

(b) A subject set forth in subsection (a) that may not be bargained collectively may not be included in an agreement entered into under this article."

BATESVILLE COMMUNITY SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

Indiana Code 20-29-6-4 states:

"(a) A school employer shall bargain collectively with the exclusive representative on the following:

- (1) Salary.
- (2) Wages.
- (3) Salary and wage related fringe benefits, including accident, sickness, health, dental, vision, life, disability, retirement benefits, and paid time off as permitted to be bargained under IC 20-28-9-11.

(b) Salary and wages include the amounts of pay increases available to employees under the salary scale adopted under IC 20-28-9-1.5, but do not include the teacher evaluation procedures and criteria, or any components of the teacher evaluation plan, rubric or tool."

DISBURSEMENTS WITHOUT APPROPRIATIONS

The School Board did not appropriate the School Corporation's Rainy Day fund. Expenditures without appropriations were made as follows:

<u>Period</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Excess Expenditure</u>
Calendar year 2011	\$ -	\$ 223,025	\$ (223,025)
Calendar year 2012	-	136,331	(136,331)
Calendar year 2013	-	110,984	(110,984)

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 36-1-8-5.1(c) states: "The rainy day fund is subject to the same appropriation process as other funds that receive tax money."

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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
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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 BATESVILLE COMMUNITY
SCHOOL CORPORATION, RIPLEY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Batesville Community School Corporation'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.

Opinion on Each Major Federal Program

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 major federal programs 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 2013-007. Our opinion on each major federal program is not modified with respect to this matter.

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 consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-003, 2013-004, 2013-005, and 2013-006 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.

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

July 15, 2014

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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.

BATESVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013

<u>Federal Grantor Agency/Cluster Title/Program Title/Project Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity or Direct Grant</u>	<u>Pass-Through Entity (or Other) Identifying Number</u>	<u>Total Federal Awards Expended 06-30-12</u>	<u>Total Federal Awards Expended 06-30-13</u>
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	10.553	Indiana Department of Education			
School Year 2011-2012			FY 2012	\$ 74,578	\$ -
School Year 2012-2013			FY 2013	-	74,088
Total - School Breakfast Program				<u>74,578</u>	<u>74,088</u>
National School Lunch Program	10.555	Indiana Department of Education			
School Year 2011-2012			FY 2012	305,186	-
School Year 2012-2013			FY 2013	-	345,687
Total for program				<u>305,186</u>	<u>345,687</u>
Total - Child Nutrition Cluster				<u>379,764</u>	<u>419,775</u>
Team Nutrition Grants	10.574	Indiana Department of Education			
			11-6895	122	550
Total for federal grantor agency				<u>379,886</u>	<u>420,325</u>
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	84.010	Indiana Department of Education			
			11-6895	37,467	-
			12-6895	118,868	32,505
			13-6895	-	130,701
Total for program				<u>156,335</u>	<u>163,206</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	Indiana Department of Education			
			10-6895	16,840	-
Total for Title I, Part A Cluster				<u>173,175</u>	<u>163,206</u>
Special Education Cluster (IDEA)					
Special Education - Grants to States (IDEA, Part B)	84.027	Indiana Department of Education			
			1411-052-PN11	253,357	-
			1412-052-PN01	121,502	349,764
			1413-052-PN01	-	217,021
Total for program				<u>374,859</u>	<u>566,785</u>

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

BATESVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013
(Continued)

<u>Federal Grantor Agency/Cluster Title/Program Title/Project Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity or Direct Grant</u>	<u>Pass-Through Entity (or Other) Identifying Number</u>	<u>Total Federal Awards Expended 06-30-12</u>	<u>Total Federal Awards Expended 06-30-13</u>
<u>Department of Education (continued)</u>					
Special Education Cluster (IDEA) (continued)					
ARRA - Special Education - Grants to States (IDEA, Part B) Recovery Act	84.391	Indiana Department of Education	33310-052-SN01	233,916	-
Total for program				233,916	-
Total for Special Education Cluster (IDEA)				608,775	566,785
Safe and Drug-Free Schools and Communities - State Grants	84.186	Indiana Department of Education	10-6895	7,168	-
English Language Acquisition State Grants	84.365	Franklin Township Community School	FY 11-12 FY 12-13	8,400 -	- 6,248
Total for program				8,400	6,248
Improving Teacher Quality State Grants	84.367	Indiana Department of Education	10-6895 11-6895 12-6895	36,328 2,593 -	- 33,510 8,205
Total for program				38,921	41,715
Education Jobs Fund	84.410	Indiana Department of Education	FY 11-12	277,744	93,922
Total for federal grantor agency				1,114,183	871,876
Total federal awards expended				<u>\$ 1,494,069</u>	<u>\$ 1,292,201</u>

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

BATESVILLE COMMUNITY SCHOOL CORPORATION
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 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. 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	\$ 10,784	\$ 10,723
National School Lunch Program	10.555	44,129	54,974

BATESVILLE COMMUNITY SCHOOL CORPORATION
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:

CFDA Number	Name of Federal Program or Cluster
84.410	Child Nutrition Cluster Title I, Part A Cluster Special Education Cluster (IDEA) Education Jobs Fund

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities

BATESVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

related to receipts, disbursements, payroll, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

2. **Preparing Financial Statement:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the School Corporation's audited financial statement and then determining how those identified risks should be managed. The School Corporation has not identified risks to the preparation of reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.

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)

FINDING 2013-002 - INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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 School Corporation's internal control system did not detect the following errors:

1. Special Education Cluster expenditures were understated on the School Corporation's SEFA. Special Education federal expenditures of \$544,538 and \$566,785 in FYE June 30, 2012, and FYE June 30, 2013, respectively, were not included on the School Corporation's SEFA.
2. Special Education Cluster American Reinvestment and Recovery Act (ARRA) expenditures were understated on the School Corporation's SEFA. Special Education federal ARRA expenditures of \$179,679 in FYE June 30, 2012, were not included in the School Corporation's SEFA.

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.

BATESVILLE COMMUNITY SCHOOL CORPORATION
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 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)

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."

BATESVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years (or Other Identifying Number): FY 2012, FY 2013
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: Activities Allowed or Unallowed, Allowable Costs/Cost Principles; Cash Management; Eligibility; Procurement, Suspension, and Debarment; Program Income; Reporting; and Special Tests and Provisions. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

All fund activity for the grant is recorded in a fund that is maintained solely by the Extra-Curricular Treasurer. Policies for review of the financial records by other School Corporation staff, including procedures to verify compliance with Activities Allowed or Unallowed and Allowable Cost Principles compliance requirements, have not been established. Without reviews, unallowable activities and unallowable costs could be claimed for reimbursement and go undetected. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

Cash Management

All fund activity for the grant is recorded in a fund that is maintained solely by the Extra-Curricular Treasurer. Policies for review of the financial records by other School Corporation staff, including procedures to verify compliance with Cash Management requirements, have not been established. Without reviews, non-compliance with Cash Management requirements established by the pass-through agency could occur and go undetected. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

Eligibility

Individual eligibility was determined by a child nutrition computerized system controlled and reviewed by the Extra-Curricular Treasurer. During our testing of the Eligibility compliance requirement, we reviewed 72 applications for free or reduced meals. We found one instance where the eligibility determination was in error. There were no procedures for review and approval of the eligibility determinations by other School Corporation staff. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

BATESVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Procurement, Suspension, and Debarment

Procurement was done as required by the Indiana Code. Bidders are required to certify their eligibility to participate in federally funded programs, i.e., that they are not suspended or debarred. There was no documentation of verification of vendor eligibility by School Corporation staff or review of that determination by other School Corporation staff. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

Program Income

Cash collections were made at the respective schools and remitted to the School Corporation's Extra-Curricular Treasurer for recording in the School Corporation's ledger. Policies for review of the financial records by other School Corporation staff, including procedures to verify proper recording of program income in the ledger, have not been established. Without reviews, noncompliance of the Program Income compliance requirements established by the pass-through agency could occur and go undetected. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

Reporting

All fund activity for the grant was recorded in a fund that was maintained solely by the Extra-Curricular Treasurer. The Extra-Curricular Treasurer submitted all reports. Policies for review of the financial records by other School Corporation staff, including procedures to verify compliance with Reporting requirements, have not been established. Without reviews, incorrect amounts could be reported. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

Special Tests and Provisions

The School Corporation does not have effective policies and procedures in place to ensure compliance with some Special Tests and Provisions compliance requirements.

Eligibility verification testing procedures were performed by the child nutrition computerized accounting system controlled by the Extra-Curricular Treasurer. There were no procedures for review and approval of the eligibility verifications by other School Corporation staff. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

All fund activity for the grant was recorded in a fund that was maintained solely by the Extra-Curricular Treasurer. Policies for review of the financial records by other School Corporation staff, including procedures to verify compliance with Special Tests and Provisions regarding proper accounting for and use of Child Nutrition Cluster funds, have not been established. Without reviews, noncompliance of the Special Tests and Provisions compliance requirements established by the pass-through agency could occur and go undetected. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

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. 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.

BATESVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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."

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, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

FINDING 2013-004 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE TITLE I CLUSTER

Federal Agency: Department of Education

Federal Programs: Title I Grants to Local Educational Agencies, ARRA - Title I Grants
to Local Educational Agencies - Recovery Act

CFDA Numbers: 84.010, 84.389

Federal Award Numbers and Year (or Other Identifying Numbers): 11-6895, 12-6895, 13-6895, 10-6895

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: Activities Allowed or Unallowed, Allowable Costs/Cost Principles; Cash Management; Eligibility; Matching, Level of Effort, Earmarking; Period of Availability; Reporting; and Special Tests and Provisions. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

All fund activity for the grant is recorded in a fund that is maintained solely by the School Corporation Treasurer. Policies for review of the financial records by other School Corporation staff, including procedures to verify compliance with Activities Allowed or Unallowed and Allowable Cost Principles compliance requirements, have not been established. Without reviews, unallowable activities and unallowable costs could be claimed for reimbursement and go undetected. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

Cash Management

All fund activity for the grant is recorded in a fund that is maintained solely by the School Corporation Treasurer. Policies for review of the financial records by other School Corporation staff, including procedures to verify compliance with Cash Management requirements, have not been established. Without reviews,

BATESVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

noncompliance to the requirements established by the pass-through agency could occur and go undetected. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

Eligibility

Corporation eligibility is determined by the individual preparing the grant application. Policies for documentation of review and approval of the grant application have not been established. Without reviews, errors resulting in noncompliance with Eligibility requirements could occur and go undetected. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

Matching, Level of Effort, Earmarking

Level of effort is computed by the School Corporation Treasurer from the ledger maintained by the School Corporation Treasurer. Policies for review of the financial records by other School Corporation staff, including procedures to verify compliance with Level of Effort requirements, have not been established. Without reviews, noncompliance to the requirements established by the pass-through agency could occur and go undetected. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

Period of Availability

All fund activity for the grant is recorded in a fund that is maintained solely by the School Corporation Treasurer. Policies for review of the financial records by other School Corporation staff, including procedures to verify compliance with Period of Availability requirements, have not been established. Without reviews, expenditures outside the period of availability could be claimed for reimbursement. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

Reporting

All fund activity for the grant is recorded in a fund that is maintained solely by the School Corporation Treasurer. Policies for review of the financial records by other School Corporation staff, including procedures to verify compliance with Reporting requirements, have not been established. Other School Corporation staff does not verify that the records are correct. Without reviews, incorrect amounts could be reported. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

Special Tests and Provisions

The School Corporation does not have effective policies and procedures in place to ensure compliance with some Special Tests and Provisions compliance requirements.

All fund activity for the grant is recorded in a fund that is maintained solely by the School Corporation Treasurer. Policies for review of the financial records by other School Corporation staff, including procedures to verify compliance with Special Tests and Provisions, have not been established. There are no reviews of proper expenditures of funds for private school participation or Title I activities in the School Corporation. There were no reviews concerning the proper separate recording and reporting of American Reinvestment and Recovery Act (ARRA) funds. Without reviews, noncompliance to the requirements established by the pass-through agency could occur and go undetected. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

BATESVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. 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.

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."

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 2013-005 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE SPECIAL EDUCATION CLUSTER

Federal Agency: Department of Education

Federal Programs: Special Education - Grants to States (IDEA Part B),

ARRA - Special Education - Grants to States, Recovery Act

CFDA Numbers: 84.027, 84.391

Federal Award Numbers and Years (or Other Identifying Numbers): 1411-052-PN11, 1412-052-PN01,
1413-052-PN01, 33310-052-SN01

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: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Level of Effort; Period of Availability; Reporting; and Special Tests and Provisions. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

BATESVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

*Activities Allowed or Unallowed, Allowable Costs/Cost Principles,
Cash Management, Level of Effort, Period of Availability, Reporting*

The School Corporation designated a fiscal agent to receive and manage their grant fund allocations; however, the School Corporation did not establish an internal control system, including segregation of duties that would provide adequate oversight procedures of the fiscal agent to ensure compliance with these requirements.

Special Tests and Provisions - American Reinvestment and Recovery Act (ARRA)

The School Corporation did not have internal controls in place to ensure that Title I - ARRA funds were accounted for separately or listed on the Schedule of Expenditures of Federal Awards (SEFA) as required under the Special Test and Provisions compliance requirement. The School Corporation had not implemented adequate review procedures to ensure that the School Corporation is in compliance with the Special Tests and Provisions requirements for ARRA funds.

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. 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.

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."

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, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

***FINDING 2013-006 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS
THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE EDUCATION JOBS FUND***

Federal Agency: Department of Education
Federal Program: Education Jobs Fund
CFDA Number: 84.410
Federal Award Number: FY 11-12
Pass-Through Entity: Indiana Department of Education

BATESVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 some of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Period of Availability; Reporting; and Special Tests and Provisions. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

All fund activity for the grant is recorded in a fund that is maintained solely by the School Corporation Treasurer. Policies for review of the financial records by other School Corporation staff, including procedures to verify compliance with Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements, have not been established. Without reviews, unallowable activities and unallowable costs could be claimed for reimbursement and go undetected. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

Cash Management

All fund activity for the grant is recorded in a fund that is maintained solely by the School Corporation Treasurer. Policies for review of the financial records by other School Corporation staff, including procedures to verify compliance with Cash Management requirements, have not been established. The Indiana Department of Education, as the pass-through agency, required the School Corporation to establish a separate fund for this program; disburse funds from the fund within three days of reimbursement; and not carry balances in the fund. Without reviews, noncompliance to the requirements established by the pass-through agency could occur and go undetected. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

Period of Availability

All fund activity for the grant is recorded in a fund that is maintained solely by the School Corporation Treasurer. Policies for review of the financial records by other School Corporation staff, including procedures to verify compliance with Period of Availability requirements, have not been established. Without reviews, expenditures outside the period of availability could be claimed for reimbursement. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

Reporting

All fund activity for the grant is recorded in a fund that is maintained solely by the School Corporation Treasurer. Policies for review of the financial records by other School Corporation staff, including procedures to verify compliance with Reporting requirements, have not been established. Other School Corporation staff does not verify that the records are correct. Without reviews, incorrect amounts could be reported. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

BATESVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Special Tests and Provisions

All fund activity for the grant is recorded in a fund that is maintained solely by the School Corporation Treasurer. Policies for review of the financial records by other School Corporation staff, including procedures to verify compliance with Special Tests and Provisions, have not been established. The Indiana Department of Education, as the pass-through agency, required the School Corporation to establish a separate fund for this program; not comingle receipts from any other sources in the fund; and transfer money out of the fund only in compliance with Indiana Code 36-1-8-4. Without reviews, noncompliance to the requirements established by the pass-through agency could occur and go undetected. The School Corporation has not delegated duties to current staff or added staffing sufficient to provide for segregation of duties.

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. 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.

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."

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 2013-007 - NONCOMPLIANCE WITH SPECIAL TESTS AND PROVISIONS
REQUIREMENTS OF THE SPECIAL EDUCATION CLUSTER***

Federal Agency: Department of Education

Federal Programs: Special Education - Grants to States (IDEA Part B),

ARRA - Special Education - Grants to States, Recovery Act

CFDA Numbers: 84.027, 84.391

Federal Award Numbers and Years (or Other Identifying Numbers): 1411-052-PN11, 1412-052-PN01,
1413-052-PN01, 33310-052-SN01

Pass-Through Entity: Indiana Department of Education

The School Corporation received American Reinvestment and Recovery Act (ARRA) awards. ARRA awards require recipients to maintain accounting records that provide for separate identification and reporting of ARRA awards and activity.

BATESVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Federal Distributions from the pass-through entity went to a fiscal agent of the School Corporation. The distributions from the fiscal agent to the School Corporation included: ARRA awards; other federal special education program receipts; state support; and funds from local sources. Frequently, when the fiscal agent distributed these funds to the School Corporation, a single check was written. The School Corporation did not maintain an accounting of ARRA awards and activities.

Although the School Corporation created a fund to provide for separate accounting for ARRA awards, the information provided by the fiscal agent was insufficient to allow the School Corporation to account for ARRA receipts in the proper fund. ARRA receipts of \$174,858 were not recorded in the records of the School Corporation.

2 CFR 176.210 states in part: "(a) . . . recipients agree to maintain records that identify adequately the source and application of Recovery Act funds."

Noncompliance could result in the loss of participation in future federal programs.

We recommended the School Corporation request the fiscal agent to provide a breakdown of funding sources for each reimbursement. We also recommended that the School Corporation monitor the fiscal agent's services as fiscal agent for each federal program.

AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER: 2011-2 INTERNAL CONTROL OVER REPORTING

ORIGINAL SBA REPORT NUMBER: 40195

FISCAL YEAR: 07/01/09 to 06/30/11

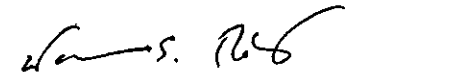
AUDITEE CONTACT PERSON: James S. Roberts

AUDITEE CONTACT PERSON TITLE: Superintendent

PHONE NUMBER: 812 934-2194

STATUS:

We have implemented the controls described in our February 13, 2012 corrective action plan. Reports are reconciled to separate funds and a reporting schedule is maintained to ensure timely reporting.



Superintendent



P.O. Box 121, 626 North Huntersville Road, Batesville, IN 47006 batesvilleinschools.com T: 812-934-2194 F: 812-933-0833

CORRECTIVE ACTION PLAN

Auditee Contact Person: Dr. James S. Roberts
Title of Contact Person: Superintendent
Phone Number: 812-934-2194

Section II- Financial Statement Findings

FINDING 2013-001 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

1. Lack of Segregation of Duties:
2. Preparation of the Financial Statement:

Corrective Action Planned:

Batesville Community School Corporation will review and implement procedures involving current staff that would provide, to some degree, additional segregation of duties. However, management and governance have determined that the cost of employing additional staff to provide segregation of duties would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent in the internal control structure.

FINDING 2013-002 - INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL ASSISTANCE

Corrective Action Planned:

Batesville Community School Corporation now receives the breakdown of Federal Assistance from the Pass-through agency for the Special Education Grant and Special Education Preschool Grant.

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FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years (or Other Identifying Number): FY 2012 and FY 2013
Pass-Through Entity: Indiana Department of Education

Corrective Action Planned:

Batesville Community School Corporation will review and implement procedures involving current staff that would provide, to some degree, additional segregation of duties. However, management and governance have determined that the cost of employing additional staff to provide segregation of duties would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent in the internal control structure.

FINDING 2013-004 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE TITLE I CLUSTER

Federal Agency: Department of Education
Federal Programs: Title I Grants to Local Educational Agencies, ARRA- Title I Grants to Local Educational Agencies- Recovery Act
CFDA Numbers: 84.010, 84.389
Federal Award Numbers and Year (or Other Identifying Numbers): 11-6895; 12-6895; 13-6895, 10-6895
Pass-Through Entity: Indiana Department of Education

Corrective Action Planned:

Batesville Community School Corporation will review and implement procedures involving current staff that would provide, to some degree, additional segregation of duties. However, management and governance have determined that the cost of employing additional staff to provide segregation of duties would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent in the internal control structure.

FINDING 2013-005 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE SPECIAL EDUCATION CLUSTER

Federal Agency: Department of Education
Federal Programs: Special Education- Grants to States (IDEA Part B), ARRA- Special Education- Grants to States, Recovery Act
CFDA Numbers: 84.027, 84.391

Federal Award Numbers and Years (or Other Identifying Numbers): 1411-052-PN11, 1412-052-PN01, 1413-052-PN01, 33310-052-SN01

Pass-Through Entity: Indiana Department of Education

Corrective Action Planned:

Batesville Community School Corporation will review and implement procedures involving current staff that would provide, to some degree, additional segregation of duties. However, management and governance have determined that the cost of employing additional staff to provide segregation of duties would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent in the internal control structure.

FINDING 2013-006 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE EDUCATION JOBS FUND

Federal Agency: Department of Education

Federal Program: Education Jobs Fund

CFDA Number: 84.410

Federal Award Number: FY 11-12

Pass-Through Entity: Indiana Department of Education

Corrective Action Planned:

Batesville Community School Corporation will review and implement procedures involving current staff that would provide, to some degree, additional segregation of duties. However, management and governance have determined that the cost of employing additional staff to provide segregation of duties would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent in the internal control structure.

FINDING 2013-007 - NONCOMPLIANCE WITH SPECIAL TESTS AND PROVISIONS REQUIREMENTS OF THE SPECIAL EDUCATION CLUSTER

Federal Agency: Department of Education

Federal Programs: Special Education- Grants to States (IDEA Part B), ARRA- Special Education- Grants to States, Recovery Act

CFDA Numbers: 84.027, 84.391

Federal Award Numbers and Years (or Other Identifying Numbers): 1411-052-PN11, 1412-052-PN01, 1413-052-PN01, 33310-052-SN01

Pass-Through Entity: Indiana Department of Education

Corrective Action Planned:

Batesville Community School Corporation will review and implement procedures involving current staff that would provide, to some degree, additional segregation of duties. However, management and governance have determined that the cost of employing additional staff to provide segregation of duties would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent in the internal control structure.

W. S. R. C.
(Official Signature)

Superintendent
(Title)

7/15/14
(Date)

BATESVILLE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on July 15, 2014, with Todd W. Nobbe, Treasurer, and Dr. James S. Roberts, Superintendent of Schools, and on July 21, 2014, with Chris R. Lowery, President of the School Board. The officials concurred with our audit findings.