

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

BLACKFORD COUNTY SCHOOLS
BLACKFORD COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
09/24/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	David A. Bowman Randi L. Libby	01-01-12 to 04-30-14 05-01-14 to 12-31-15
Superintendent of Schools	Kenneth R. Kline Scot D. Croner	07-01-12 to 06-30-13 07-01-13 to 06-30-16
President of the School Board	John Payne	01-01-12 to 12-31-15



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Blackford County Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, 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, 2012 to June 30, 2014.

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, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

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.


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 7, 2015, 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.


Paul D. Joyce, CPA
State Examiner

July 7, 2015



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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 BLACKFORD COUNTY SCHOOLS, BLACKFORD 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 Blackford County Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated July 7, 2015, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be material weaknesses.

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

Compliance and Other Matters

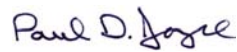
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

Blackford County Schools' 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 7, 2015

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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.

BLACKFORD COUNTY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 2,284,285	\$ 12,457,855	\$ 11,847,472	\$ 9,063	\$ 2,903,731	\$ 11,817,989	\$ 12,285,760	\$ 1,805	\$ 2,437,765
Debt Service	773,018	2,157,587	2,370,500	197,492	757,597	2,424,169	2,372,500	(1,198)	808,068
School Pension Debt	119,947	364,751	386,572	-	98,126	656,033	387,088	-	367,071
Capital Projects	362,357	840,483	995,451	57,143	264,532	589,649	806,903	-	47,278
School Transportation	395,501	471,651	636,279	64,395	295,268	471,729	649,068	650	118,579
School Bus Replacement	42,755	77,279	89,387	15,687	46,334	116,042	82,378	-	79,998
Rainy Day	10,000	-	-	-	10,000	-	-	-	10,000
School Lunch	834,160	889,161	821,455	-	901,866	880,308	962,012	-	820,162
Textbook Rental	427,990	147,616	161,972	614	414,248	153,138	147,943	1,198	420,641
Educational License Plates	5,221	244	1,969	-	3,496	171	396	-	3,271
SAFE School Haven 2012-13	-	1,937	1,937	-	-	-	-	-	-
Kindergarten Countdown 2014	-	-	-	-	-	4,500	-	-	4,500
Rhoton - NS	-	2,560	2,560	-	-	-	-	-	-
Kindergarten Countdown 2013	-	6,100	-	-	6,100	-	2,925	-	3,175
Kindergarten Countdown	109	-	-	-	109	-	-	-	109
Foundation Comprehensive Literacy Model 2012-13	9,000	-	9,000	-	-	-	-	-	-
BCCF - Camp Invention 2014	-	1,000	1,000	-	-	2,000	2,000	-	-
Foundation Face The Future	2,100	-	2,100	-	-	-	-	-	-
Foundation Jr. High Indiana Academy 2011-12	4,740	-	3,750	-	990	-	990	-	-
County Drug-Free 2011-12	1,000	-	1,000	-	-	-	-	-	-
Jennerjahn Awards	-	845	845	-	-	-	-	-	-
Foundation Jr. High Positive Behavior	1,500	-	1,500	-	-	-	-	-	-
WOW Comprehensive Literacy 2013	2,500	-	2,500	-	-	-	-	-	-
WOW Jr. High Career Carnival	680	-	680	-	-	-	-	-	-
3M Camp Invention 2012	-	-	-	-	-	2,500	2,500	-	-
Foundation Innovative Education	2,190	-	2,190	-	-	-	-	-	-
Foundation Youth Entrepreneurs	2,000	-	2,000	-	-	-	-	-	-
Ball Brothers Comprehensive Literacy Model	24,000	-	240	-	23,760	-	19,436	-	4,324
BCCF - Rock Star 2012-13	-	3,500	3,500	-	-	-	-	-	-
BCCF - Science 4U	-	4,918	4,918	-	-	-	-	-	-
Rock Star Donations	-	1,000	1,000	-	-	-	-	-	-
BCCF - MS Meet Teacher	-	2,750	466	-	2,284	-	-	-	2,284
BCCF - SS -Say No Club	-	500	500	-	-	-	-	-	-
Northside Fence	-	-	-	-	-	1,500	1,500	-	-
Science 4U - 2013-14	-	-	-	-	-	4,075	2,680	-	1,395

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

BLACKFORD COUNTY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014
(Continued)

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
BCCF - Red Ribbon	-	-	-	-	-	1,500	-	-	1,500
Mentoring Moms	1,636	230	-	-	1,866	-	-	-	1,866
CAPE Carryover	74,089	-	72,991	-	1,098	-	-	-	1,098
Gifted and Talented 2012-13	-	31,486	27,768	-	3,718	-	3,718	-	-
Gifted and Talented	8,444	-	8,444	-	-	30,835	14,220	-	16,615
Non-English Speaking Programs	3,217	-	-	-	3,217	-	-	-	3,217
School Technology	4,204	22,886	10,165	-	16,925	35,377	52,302	-	-
Excess PTRC Distributions	267,291	150,054	-	(335,331)	82,014	163,863	-	-	245,877
Title I 2012-13	-	374,539	429,475	-	(54,936)	54,936	-	-	-
Title I	-	74,870	120,340	45,470	-	350,488	375,119	-	(24,631)
CO-OP 2012-13	-	416,276	512,655	-	(96,379)	96,379	-	-	-
CO-OP	-	135,852	135,852	-	-	384,578	419,868	-	(35,290)
CO-OP Prof Dev	-	-	-	-	-	1,141	1,141	-	-
Area 18 Perkins 2013-14	-	-	-	-	-	19,911	19,911	-	-
Area 18 Perkins 2012-13	-	16,602	16,602	-	-	-	-	-	-
Medicaid Reimbursement	64,700	23,691	1,668	(8,625)	78,098	21,277	1,006	(1,506)	96,863
Improving Teaching Quality, No Child Left, Title II, Part A	-	60,250	14,780	(45,470)	-	10,611	10,611	-	-
Title II 2012-14	-	-	-	-	-	89,610	89,116	-	494
Rural Schools and Low Income Program	-	-	-	-	-	29,785	29,785	-	-
Title VI Rural Low-Income	-	-	-	-	-	-	8,000	-	(8,000)
Title III - Language Instruction	892	-	-	-	892	-	-	-	892
Education Jobs	-	8,614	8,614	-	-	-	-	-	-
Clearing Accounts	108,930	10,316,444	10,272,730	-	152,644	10,122,574	10,030,676	-	244,542
Totals	<u>\$ 5,838,456</u>	<u>\$ 29,063,531</u>	<u>\$ 28,984,827</u>	<u>\$ 438</u>	<u>\$ 5,917,598</u>	<u>\$ 28,536,668</u>	<u>\$ 28,781,552</u>	<u>\$ 949</u>	<u>\$ 5,673,663</u>

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

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

C. Cash and Investments

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

D. Receipts

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

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

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

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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

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:

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 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
One North Capitol, 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. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of grant fund expenditures that have not been reimbursed by the end of the fiscal year.

Note 8. Restatement

For the year ended June 30, 2013, 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.

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Fund Name	Balance as of June 30, 2012	Prior Period Adjustment	Balance as of July 1, 2012
Textbook Rental	\$ 432,395	\$ (4,405)	\$ 427,990

Note 9. Holding Corporation

The School Corporation has entered into a capital lease with Blackford County School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the school years ended June 30, 2013 and 2014, totaled \$2,370,500 and \$2,372,500, respectively.

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OTHER INFORMATION - UNAUDITED

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. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

BLACKFORD COUNTY SCHOOLS
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	School Pension Debt	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 2,284,285	\$ 773,018	\$ 119,947	\$ 362,357	\$ 395,501	\$ 42,755	\$ 10,000	\$ 834,160	\$ 427,990
Receipts:									
Local sources	80,795	2,157,587	364,751	840,483	471,651	77,279	-	300,018	68,444
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	12,179,118	-	-	-	-	-	-	8,680	76,617
Federal sources	62,562	-	-	-	-	-	-	580,239	-
Interfund loans	120,818	-	-	-	-	-	-	-	-
Other	14,562	-	-	-	-	-	-	224	2,555
Total receipts	12,457,855	2,157,587	364,751	840,483	471,651	77,279	-	889,161	147,616
Disbursements:									
Current:									
Instruction	6,662,959	-	-	-	-	-	-	-	-
Support services	5,026,494	-	-	626,795	636,279	89,387	-	-	161,972
Noninstructional services	158,019	-	-	-	-	-	-	821,455	-
Facilities acquisition and construction	-	-	-	368,656	-	-	-	-	-
Debt services	-	2,370,500	386,572	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	11,847,472	2,370,500	386,572	995,451	636,279	89,387	-	821,455	161,972
Excess (deficiency) of receipts over disbursements	610,383	(212,913)	(21,821)	(154,968)	(164,628)	(12,108)	-	67,706	(14,356)
Other financing sources (uses):									
Sale of capital assets	438	-	-	-	-	-	-	-	-
Transfers in	8,625	198,106	-	57,143	73,097	15,687	-	-	614
Transfers out	-	(614)	-	-	(8,702)	-	-	-	-
Total other financing sources (uses)	9,063	197,492	-	57,143	64,395	15,687	-	-	614
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	619,446	(15,421)	(21,821)	(97,825)	(100,233)	3,579	-	67,706	(13,742)
Cash and investments - ending	\$ 2,903,731	\$ 757,597	\$ 98,126	\$ 264,532	\$ 295,268	\$ 46,334	\$ 10,000	\$ 901,866	\$ 414,248

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

	Educational License Plates	SAFE School Haven 2012-13	Kindergarten Countdown 2014	Rhoton - NS	Kindergarten Countdown 2013	Kindergarten Countdown	Foundation Comprehensive Literacy Model 2012-13	BCCF - Camp Invention 2014	Foundation Face The Future
Cash and investments - beginning	\$ 5,221	\$ -	\$ -	\$ -	\$ -	\$ 109	\$ 9,000	\$ -	\$ 2,100
Receipts:									
Local sources	-	-	-	2,560	6,100	-	-	1,000	-
Intermediate sources	244	-	-	-	-	-	-	-	-
State sources	-	1,937	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	244	1,937	-	2,560	6,100	-	-	1,000	-
Disbursements:									
Current:									
Instruction	-	-	-	2,560	-	-	-	1,000	-
Support services	1,969	1,937	-	-	-	-	9,000	-	2,100
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	1,969	1,937	-	2,560	-	-	9,000	1,000	2,100
Excess (deficiency) of receipts over disbursements	(1,725)	-	-	-	6,100	-	(9,000)	-	(2,100)
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	(1,725)	-	-	-	6,100	-	(9,000)	-	(2,100)
Cash and investments - ending	\$ 3,496	\$ -	\$ -	\$ -	\$ 6,100	\$ 109	\$ -	\$ -	\$ -

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

	Foundation Jr. High Indiana Academy 2011-12	County Drug-Free 2011-12	Jennerjahn Awards	Foundation Jr. High Positive Behavior	WOW Comprehensive Literacy 2013	WOW Jr. High Career Carnival	3M Camp Invention 2012	Foundation Innovative Education	Foundation Youth Entrepreneurs
Cash and investments - beginning	\$ 4,740	\$ 1,000	\$ -	\$ 1,500	\$ 2,500	\$ 680	\$ -	\$ 2,190	\$ 2,000
Receipts:									
Local sources	-	-	845	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	845	-	-	-	-	-	-
Disbursements:									
Current:									
Instruction	-	1,000	-	1,500	-	570	-	1,654	2,000
Support services	3,750	-	-	-	2,500	110	-	536	-
Noninstructional services	-	-	845	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	3,750	1,000	845	1,500	2,500	680	-	2,190	2,000
Excess (deficiency) of receipts over disbursements	(3,750)	(1,000)	-	(1,500)	(2,500)	(680)	-	(2,190)	(2,000)
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	(3,750)	(1,000)	-	(1,500)	(2,500)	(680)	-	(2,190)	(2,000)
Cash and investments - ending	\$ 990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Ball Brothers Comprehensive Literacy Model	BCCF - Rock Star 2012-13	BCCF - Science 4U	Rock Star Donations	BCCF - MS Meet Teacher	BCCF - SS - Say No Club	Northside Fence	Science 4U 2013-14	BCCF - Red Ribbon
Cash and investments - beginning	\$ 24,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	3,500	4,918	1,000	2,750	500	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	3,500	4,918	1,000	2,750	500	-	-	-
Disbursements:									
Current:									
Instruction	-	3,500	4,600	1,000	466	500	-	-	-
Support services	240	-	318	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	240	3,500	4,918	1,000	466	500	-	-	-
Excess (deficiency) of receipts over disbursements	(240)	-	-	-	2,284	-	-	-	-
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	(240)	-	-	-	2,284	-	-	-	-
Cash and investments - ending	\$ 23,760	\$ -	\$ -	\$ -	\$ 2,284	\$ -	\$ -	\$ -	\$ -

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

	Mentoring Moms	CAPE Carryover	Gifted and Talented 2012-13	Gifted and Talented	Non-English Speaking Programs	School Technology	Excess PTRC Distributions	Title I 2012-13	Title I
Cash and investments - beginning	\$ 1,636	\$ 74,089	\$ -	\$ 8,444	\$ 3,217	\$ 4,204	\$ 267,291	\$ -	\$ -
Receipts:									
Local sources	230	-	-	-	-	18,494	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	31,486	-	-	4,392	150,054	-	-
Federal sources	-	-	-	-	-	-	-	374,539	74,870
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	230	-	31,486	-	-	22,886	150,054	374,539	74,870
Disbursements:									
Current:									
Instruction	-	72,991	26,627	8,444	-	10,165	-	160,951	66,725
Support services	-	-	1,141	-	-	-	-	268,524	10,828
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	42,787
Total disbursements	-	72,991	27,768	8,444	-	10,165	-	429,475	120,340
Excess (deficiency) of receipts over disbursements	230	(72,991)	3,718	(8,444)	-	12,721	150,054	(54,936)	(45,470)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	45,470
Transfers out	-	-	-	-	-	-	(335,331)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(335,331)	-	45,470
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	230	(72,991)	3,718	(8,444)	-	12,721	(185,277)	(54,936)	-
Cash and investments - ending	\$ 1,866	\$ 1,098	\$ 3,718	\$ -	\$ 3,217	\$ 16,925	\$ 82,014	\$ (54,936)	\$ -

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

	CO-OP 2012-13	CO-OP	CO-OP Prof Dev	Area 18 Perkins 2013-14	Area 18 Perkins 2012-13	Medicaid Reimbursement	Improving Teaching Quality, No Child Left Title II, Part A
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,700	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	416,276	135,852	-	-	16,602	23,691	60,250
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>416,276</u>	<u>135,852</u>	<u>-</u>	<u>-</u>	<u>16,602</u>	<u>23,691</u>	<u>60,250</u>
Disbursements:							
Current:							
Instruction	497,807	58,033	-	-	16,602	-	-
Support services	14,848	-	-	-	-	1,668	14,568
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	77,819	-	-	-	-	212
Total disbursements	<u>512,655</u>	<u>135,852</u>	<u>-</u>	<u>-</u>	<u>16,602</u>	<u>1,668</u>	<u>14,780</u>
Excess (deficiency) of receipts over disbursements	<u>(96,379)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,023</u>	<u>45,470</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(8,625)	(45,470)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,625)</u>	<u>(45,470)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(96,379)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,398</u>	<u>-</u>
Cash and investments - ending	<u>\$ (96,379)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,098</u>	<u>\$ -</u>

BLACKFORD COUNTY SCHOOLS
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 II 2012-14	Rural Schools and Low Income Program	Title VI Rural Low-Income	Title III - Language Instruction	Education Jobs	Clearing Accounts	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 892	\$ -	\$ 108,930	\$ 5,838,456
Receipts:							
Local sources	-	-	-	-	-	-	4,402,905
Intermediate sources	-	-	-	-	-	-	244
State sources	-	-	-	-	-	-	12,452,284
Federal sources	-	-	-	-	8,614	-	1,753,495
Interfund loans	-	-	-	-	-	-	120,818
Other	-	-	-	-	-	10,316,444	10,333,785
Total receipts	-	-	-	-	8,614	10,316,444	29,063,531
Disbursements:							
Current:							
Instruction	-	-	-	-	8,614	-	7,610,268
Support services	-	-	-	-	-	-	6,874,964
Noninstructional services	-	-	-	-	-	-	980,319
Facilities acquisition and construction	-	-	-	-	-	-	368,656
Debt services	-	-	-	-	-	-	2,757,072
Nonprogrammed charges	-	-	-	-	-	10,272,730	10,272,730
Interfund loans	-	-	-	-	-	-	120,818
Total disbursements	-	-	-	-	8,614	10,272,730	28,984,827
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	43,714	78,704
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	438
Transfers in	-	-	-	-	-	-	398,742
Transfers out	-	-	-	-	-	-	(398,742)
Total other financing sources (uses)	-	-	-	-	-	-	438
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	43,714	79,142
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 892	\$ -	\$ 152,644	\$ 5,917,598

BLACKFORD COUNTY SCHOOLS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014

	General	Debt Service	School Pension Debt	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 2,903,731	\$ 757,597	\$ 98,126	\$ 264,532	\$ 295,268	\$ 46,334	\$ 10,000	\$ 901,866	\$ 414,248
Receipts:									
Local sources	74,600	2,424,169	656,033	589,649	465,568	116,042	-	300,455	78,195
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	11,673,850	-	-	-	-	-	-	7,621	73,599
Federal sources	63,711	-	-	-	-	-	-	570,511	-
Other	5,828	-	-	-	6,161	-	-	1,721	1,344
Total receipts	11,817,989	2,424,169	656,033	589,649	471,729	116,042	-	880,308	153,138
Disbursements:									
Current:									
Instruction	6,633,939	-	-	-	-	-	-	-	-
Support services	5,484,571	-	-	316,742	649,068	82,378	-	-	147,943
Noninstructional services	167,250	-	-	-	-	-	-	962,012	-
Facilities acquisition and construction	-	-	-	490,161	-	-	-	-	-
Debt services	-	2,372,500	387,088	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	12,285,760	2,372,500	387,088	806,903	649,068	82,378	-	962,012	147,943
Excess (deficiency) of receipts over disbursements	(467,771)	51,669	268,945	(217,254)	(177,339)	33,664	-	(81,704)	5,195
Other financing sources (uses):									
Sale of capital assets	299	-	-	-	650	-	-	-	-
Transfers in	1,506	-	-	-	-	-	-	-	1,198
Transfers out	-	(1,198)	-	-	-	-	-	-	-
Total other financing sources (uses)	1,805	(1,198)	-	-	650	-	-	-	1,198
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(465,966)	50,471	268,945	(217,254)	(176,689)	33,664	-	(81,704)	6,393
Cash and investments - ending	\$ 2,437,765	\$ 808,068	\$ 367,071	\$ 47,278	\$ 118,579	\$ 79,998	\$ 10,000	\$ 820,162	\$ 420,641

BLACKFORD COUNTY SCHOOLS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Educational License Plates	SAFE School Haven 2012-13	Kindergarten Countdown 2014	Rhoton - NS	Kindergarten Countdown 2013	Kindergarten Countdown	Foundation Comprehensive Literacy Model 2012-13	BCCF - Camp Invention 2014	Foundation Face The Future
Cash and investments - beginning	\$ 3,496	\$ -	\$ -	\$ -	\$ 6,100	\$ 109	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	4,500	-	-	-	-	2,000	-
Intermediate sources	171	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	171	-	4,500	-	-	-	-	2,000	-
Disbursements:									
Current:									
Instruction	-	-	-	-	2,925	-	-	2,000	-
Support services	396	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	396	-	-	-	2,925	-	-	2,000	-
Excess (deficiency) of receipts over disbursements	(225)	-	4,500	-	(2,925)	-	-	-	-
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	(225)	-	4,500	-	(2,925)	-	-	-	-
Cash and investments - ending	\$ 3,271	\$ -	\$ 4,500	\$ -	\$ 3,175	\$ 109	\$ -	\$ -	\$ -

BLACKFORD COUNTY SCHOOLS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Foundation Jr. High Indiana Academy 2011-12	County Drug-Free 2011-12	Jennerjahn Awards	Foundation Jr. High Positive Behavior	WOW Comprehensive Literacy 2013	WOW Jr. High Career Carnival	3M Camp Invention 2012	Foundation Innovative Education	Foundation Youth Entrepreneurs
Cash and investments - beginning	\$ 990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	2,500	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	2,500	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	2,500	-	-
Support services	990	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	990	-	-	-	-	-	2,500	-	-
Excess (deficiency) of receipts over disbursements	(990)	-	-	-	-	-	-	-	-
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	(990)	-	-	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BLACKFORD COUNTY SCHOOLS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Ball Brothers Comprehensive Literacy Model	BCCF - Rock Star 2012-13	BCCF - Science 4U	Rock Star Donations	BCCF - MS Meet Teacher	BCCF - SS - Say No Club	Northside Fence	Science 4U 2013-14	BCCF - Red Ribbon
Cash and investments - beginning	\$ 23,760	\$ -	\$ -	\$ -	\$ 2,284	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	1,500	4,075	1,500
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	1,500	4,075	1,500
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	2,680	-
Support services	19,436	-	-	-	-	-	1,500	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	19,436	-	-	-	-	-	1,500	2,680	-
Excess (deficiency) of receipts over disbursements	(19,436)	-	-	-	-	-	-	1,395	1,500
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	(19,436)	-	-	-	-	-	-	1,395	1,500
Cash and investments - ending	\$ 4,324	\$ -	\$ -	\$ -	\$ 2,284	\$ -	\$ -	\$ 1,395	\$ 1,500

BLACKFORD COUNTY SCHOOLS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Mentoring Moms	CAPE Carryover	Gifted and Talented 2012-13	Gifted and Talented	Non-English Speaking Programs	School Technology	Excess PTRC Distributions	Title I 2012-13	Title I
Cash and investments - beginning	\$ 1,866	\$ 1,098	\$ 3,718	\$ -	\$ 3,217	\$ 16,925	\$ 82,014	\$ (54,936)	\$ -
Receipts:									
Local sources	-	-	-	-	-	21,002	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	30,835	-	4,140	163,863	-	-
Federal sources	-	-	-	-	-	-	-	54,936	350,488
Other	-	-	-	-	-	10,235	-	-	-
Total receipts	-	-	-	30,835	-	35,377	163,863	54,936	350,488
Disbursements:									
Current:									
Instruction	-	-	3,718	14,161	-	52,302	-	-	153,361
Support services	-	-	-	59	-	-	-	-	221,758
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	3,718	14,220	-	52,302	-	-	375,119
Excess (deficiency) of receipts over disbursements	-	-	(3,718)	16,615	-	(16,925)	163,863	54,936	(24,631)
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	-	-	(3,718)	16,615	-	(16,925)	163,863	54,936	(24,631)
Cash and investments - ending	\$ 1,866	\$ 1,098	\$ -	\$ 16,615	\$ 3,217	\$ -	\$ 245,877	\$ -	\$ (24,631)

BLACKFORD COUNTY SCHOOLS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	CO-OP 2012-13	CO-OP	CO-OP Prof Dev	Area 18 Perkins 2013-14	Area 18 Perkins 2012-13	Medicaid Reimbursement	Improving Teaching Quality, No Child Left Title II, Part A
Cash and investments - beginning	\$ (96,379)	\$ -	\$ -	\$ -	\$ -	\$ 78,098	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	96,379	384,578	-	19,911	-	21,277	10,611
Other	-	-	1,141	-	-	-	-
Total receipts	96,379	384,578	1,141	19,911	-	21,277	10,611
Disbursements:							
Current:							
Instruction	-	403,879	-	19,911	-	-	-
Support services	-	15,989	1,141	-	-	1,006	10,611
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	419,868	1,141	19,911	-	1,006	10,611
Excess (deficiency) of receipts over disbursements	96,379	(35,290)	-	-	-	20,271	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(1,506)	-
Total other financing sources (uses)	-	-	-	-	-	(1,506)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	96,379	(35,290)	-	-	-	18,765	-
Cash and investments - ending	\$ -	\$ (35,290)	\$ -	\$ -	\$ -	\$ 96,863	\$ -

BLACKFORD COUNTY SCHOOLS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Title II 2012-14	Rural Schools and Low Income Program	Title VI Rural Low-Income	Title III - Language Instruction	Education Jobs	Clearing Accounts	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 892	\$ -	\$ 152,644	\$ 5,917,598
Receipts:							
Local sources	-	-	-	-	-	-	4,741,788
Intermediate sources	-	-	-	-	-	-	171
State sources	-	-	-	-	-	-	11,953,908
Federal sources	89,610	29,785	-	-	-	-	1,691,797
Other	-	-	-	-	-	10,122,574	10,149,004
Total receipts	89,610	29,785	-	-	-	10,122,574	28,536,668
Disbursements:							
Current:							
Instruction	2,500	24,000	8,000	-	-	-	7,325,876
Support services	86,616	5,785	-	-	-	-	7,045,989
Noninstructional services	-	-	-	-	-	-	1,129,262
Facilities acquisition and construction	-	-	-	-	-	-	490,161
Debt services	-	-	-	-	-	-	2,759,588
Nonprogrammed charges	-	-	-	-	-	10,030,676	10,030,676
Total disbursements	89,116	29,785	8,000	-	-	10,030,676	28,781,552
Excess (deficiency) of receipts over disbursements	494	-	(8,000)	-	-	91,898	(244,884)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	949
Transfers in	-	-	-	-	-	-	2,704
Transfers out	-	-	-	-	-	-	(2,704)
Total other financing sources (uses)	-	-	-	-	-	-	949
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	494	-	(8,000)	-	-	91,898	(243,935)
Cash and investments - ending	\$ 494	\$ -	\$ (8,000)	\$ 892	\$ -	\$ 244,542	\$ 5,673,663

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

Government	Accounts Payable	Accounts Receivable
Governmental activities	\$ 159,973	\$ 59,921

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2014

		Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Lessor	Purpose			
Governmental activities:				
Blackford County School Building Corporation	Additions and Renovations	<u>\$ 2,371,500</u>	12-31-2005	12-31-2017
Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year	
Type	Purpose			
Governmental activities:				
General obligation bonds	Pension Severance Debt	<u>\$ 1,525,000</u>	<u>\$ 192,836</u>	

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BLACKFORD COUNTY SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2014

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

	Ending Balance
Governmental activities:	
Land	\$ 135,000
Buildings	36,198,514
Improvements other than buildings	1,254,943
Machinery, equipment, and vehicles	<u>5,639,253</u>
Total capital assets	<u><u>\$ 43,227,710</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

Report on Compliance for Each Major Federal Program

We have audited the Blackford County Schools' (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. 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, 2012 to June 30, 2014.

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 2014-004. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance 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.

Report on Internal Control Over Compliance

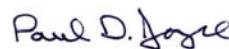
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over 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 2014-002 and 2014-003 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 7, 2015

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster	Indiana Department of Education	10.553			
School Breakfast Program			FY12-13 FY13-14	\$ 116,233 -	\$ - 116,470
Total - School Breakfast Program				116,233	116,470
National School Lunch Program	Indiana Department of Education	10.555			
			FY12-13 FY13-14	524,539 -	- 514,812
Total - National School Lunch Program				524,539	514,812
Summer Food Service Program for Children	Indiana Department of Education	10.559			
			FY12-13 FY13-14	5,451 -	- 3,554
Total - Summer Food Service Program for Children				5,451	3,554
Total - Child Nutrition Cluster				646,223	634,836
Total - Department of Agriculture				646,223	634,836
<u>Department of Education</u>					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			12-0515 13-0515 14-0515	74,870 374,539 -	- 54,936 350,488
Total - Title I Grants to Local Educational Agencies				449,409	405,424
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027			
			14212-010-PN01 14213-010-PN01 14214-010-PN01 99914-010-TA01	135,852 416,276 - -	- 96,379 383,438 1,141
Total - Special Education - Grants to States				552,128	480,958
Total - Special Education Cluster (IDEA)				552,128	480,958

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

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Education (continued)</u>					
Career and Technical Education - Basic Grants to States	Bluffton-Harrison Metropolitan School District	84.048			
			12-4700-8445	16,602	-
			13-4700-8445	-	19,911
Total - Career and Technical Education - Basic Grants to States				16,602	19,911
Rural Education	Indiana Department of Education	84.358			
			FY13-14	-	29,785
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			11-0515	60,250	10,611
			12-0515	-	89,610
Total - Improving Teacher Quality State Grants				60,250	100,221
Education Jobs Fund	Indiana Department of Education	84.410			
			FY12-13	8,614	-
Total - Department of Education				1,087,003	1,036,299
Total federal awards expended				\$ 1,733,226	\$ 1,671,135

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

BLACKFORD COUNTY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the 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 5-11-1-25), 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, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	Year Ended June 30, 2013	Year Ended June 30, 2014
Child Nutrition Cluster:			
Food Commodities:			
National School Lunch Program	10.555	\$ 65,984	\$ 64,224

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; 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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Findings

FINDING 2014-001 - 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 were not detected.

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

During the audit of the SEFA, we noted the School Corporation omitted food commodities received for the Child Nutrition Cluster grants and recognized disbursements rather than receipts for the Title I Grants to Local Educational Agencies grants and the Special Education Cluster grants for the fiscal year ending June 30, 2013. During the fiscal year ending June 30, 2014, the Child Nutrition Cluster grants, a Title I Grants to Local Educational Agencies grant, a Special Education Cluster grant, and the Improving Teacher Quality State Grants were omitted. Audit adjustments of \$89,633 and \$795,622 for fiscal years ending June 30, 2013 and 2014, respectively, were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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.

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(Continued)

- (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."

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, SPECIAL TESTS AND PROVISIONS

Federal Agency: Department of Education

Federal Program: Special Education - Grants to States

CFDA Number: 84.027

Federal Award Number and Year (or Other Identifying Number): 14212-010-PN01, 14213-010-PN01,
14214-010-PN01, 99914-10-TA01,
FY 12-13, FY 13-14

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 the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions (Schoolwide Programs).

For the requirements of Activities Allowed or Unallowed and Allowable Costs/Cost Principles, the controls in place have not been adequately documented. The Deputy Treasurer reviews a Distribution Detail of all employees paid with Special Education funds for each payroll period to ensure that only appropriate employees were paid from Special Education funds; however, no documentation was provided for audit of the review.

For the requirement of Special Tests and Provisions, specifically, Schoolwide Programs, the controls in place were not implemented consistently. For fiscal year 2013, the School Board approved the School Improvement Plan for each school in the School Corporation. For fiscal year 2014 however, there was no approval given by the School Board for updates or revisions, based on updated testing and academic performance results, to the School Improvement Plans.

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 program.

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 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.

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(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 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 compliance requirements listed above.

FINDING 2014-003 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, REPORTING, SPECIAL TESTS AND PROVISIONS

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-0515, 13-0515, 14-0515, FY 12-13,
FY 13-14

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 the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Reporting, and Special Tests and Provisions (Schoolwide Programs).

For the requirements of Activities Allowed or Unallowed and Allowable Costs/Cost Principles, the controls in place have not been adequately documented. The Deputy Treasurer reviews a Distribution Detail of all employees paid with Special Education funds for each payroll period to ensure that only appropriate employees were paid from Special Education funds; however, no documentation was provided for audit of the review. In addition, there were no controls to ensure that Time and Effort Logs were completed for substitute teachers nor were the completed logs consistently signed by a supervisor to verify accuracy.

There was a lack of segregation of duties related to the Reporting compliance requirements. The Deputy Treasurer was the sole person responsible for the preparation of the monthly Request for Reimbursement and the Annual Expenditure Reports.

For the requirement of Special Tests and Provisions, specifically, Schoolwide Programs, the controls in place were not implemented consistently. For fiscal year 2013, the School Board approved the School Improvement Plan for each school in the School Corporation. For fiscal year 2014 however, there was no approval given by the School Board for updates or revisions, based on updated testing and academic performance results, to the School Improvement Plans.

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

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 program.

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 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 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 compliance requirements listed above.

FINDING 2014-004 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-0515, 13-0515, 14-0515, FY 12-13,
FY 13-14

Pass-Through Entity: Indiana Department of Education

The School Corporation officials did not prepare Time and Effort Logs for substitute teachers who were paid from Title I funds as required to support their time worked on the Title I program.

OMB Circular A-87, Attachment B, paragraph 8.h. states in part:

"(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee."

BLACKFORD COUNTY SCHOOLS
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(Continued)

"(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards. . . . Such documentary support will be required where employees work on: (a) more than one Federal award, (b) A Federal award and a non-Federal award, . . ."

Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School.

We recommended that the School Corporation prepare and maintain Time and Effort Logs for all employees paid from Title I funds.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.



BLACKFORD COUNTY SCHOOLS

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State Board of Accounts
302 Washington St., Room E418
Indianapolis, Indiana 46204-2765

CORRECTIVE ACTION PLAN **July 7, 2015**

FINDING 2014 - 001 – PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Randi Libby
Contact Phone Number: 765-348-7550

Description of Corrective Action Plan: The district understands the need and benefit of strong internal controls. When preparing the Schedule of Expenditures of Federal Awards (SEFA) the treasurer and deputy treasurer will review all reported information to ensure accuracy. The deputy treasurer will prepare the document(s) and the treasurer will review and approve. During completion of the SEFA the district will utilize the Catalog of Federal Domestic Assistance to verify proper name and CFDA number.

Anticipated Completion Date: Immediately

FINDING 2014-002 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, SPECIAL TESTS AND PROVISIONS

Contact Person Responsible for Corrective Action: Randi Libby
Contact Phone Number: 765-348-7550

Description of Corrective Action Plan: The district understands the need and benefit of strong internal controls. When preparing the monthly reimbursement reports the treasurer, payroll clerk and deputy treasurer review all reported information including payroll distribution to ensure accuracy. The payroll clerk and deputy treasurer will prepare the document(s) and the treasurer will review and approve.

The district will annually receive approval by the School Board for updates or revisions to the school improvement plans. These plans will be reviewed and updated based on academic performance results.

Anticipated Completion Date: Immediately

FINDING 2014-003 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, REPORTING, SPECIAL TESTS AND PROVISIONS

Contact Person Responsible for Corrective Action: Randi Libby
Contact Phone Number: 765-348-7550

Description of Corrective Action Plan: The district understands the need and benefit of strong internal controls. When preparing the monthly reimbursement reports the treasurer, payroll clerk and deputy treasurer review all reported information including payroll distribution to ensure accuracy. The payroll clerk and deputy treasurer will prepare the document(s) and the treasurer will review and approve.

Dr. Scot Croner
Superintendent

Mrs. Randi Libby
Executive Treasurer

Dr. James Trinkle II
Coordinator of Special
Education



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The district will annually receive approval by the School Board for updates or revisions to the school improvement plans. These plans will be reviewed and updated based on academic performance results

Anticipated Completion Date: Immediately

FINDING 2014-004 – ALLOWABLE COSTS/COST PRINCIPLES

Contact Person Responsible for Corrective Action: Randi Libby

Contact Phone Number: 765-348-7550

Description of Corrective Action Plan: The district understands the requirement for split funded positions to have a time and effort log for any one person paid from multiple funds. The district will ensure each split funded employee will complete a time and effort log. The building principal will review and approve for payroll. The payroll clerk will prepare payroll documentation along with all split distributions. Once l be reviewed and the treasurer will approve.

Anticipated Completion Date: Immediately

Randi Libby
(Signature)

Executive Treasurer

(Title)

07/07/2015

(Date)

Dr. Scot Croner
Superintendent

Mrs. Randi Libby
Executive Treasurer

Dr. James Trinkle II
Coordinator of Special
Education

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.