

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

BROWNSTOWN CENTRAL COMMUNITY
SCHOOL CORPORATION
JACKSON COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
07/15/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Patsy A. Hess	07-01-12 to 06-30-16
Superintendent of Schools	Roger L. Bane James Terrell Greg Walker	07-01-12 to 06-30-13 07-01-13 to 12-31-14 01-01-15 to 12-31-17
President of the School Board	Jack L. Montgomery Mary Ann S. Spray	07-01-12 to 03-11-13 03-12-13 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE BROWNSTOWN CENTRAL COMMUNITY
SCHOOL CORPORATION, JACKSON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Brownstown Central Community School Corporation (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 as listed in the Table of Contents.

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 May 5, 2016, 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

May 5, 2016



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302 WEST WASHINGTON STREET
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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 BROWNSTOWN CENTRAL COMMUNITY
SCHOOL CORPORATION, JACKSON 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 Brownstown Central Community School Corporation (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 May 5, 2016, 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 2014-001 and 2014-002, 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 2014-002.

Brownstown Central 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

May 5, 2016

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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.

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BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

Fund	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	\$ 1,675,989	\$ 10,555,413	\$ 11,033,894	\$ 1,468	\$ 1,198,976	\$ 10,352,135	\$ 10,887,454	\$ -	\$ 663,657
Debt Service	555,776	1,282,530	1,321,000	(13,390)	503,916	1,332,276	1,319,500	-	516,692
Retirement/Severance Bond Debt Service	63,220	156,416	186,541	-	33,095	57,426	90,521	-	-
Capital Projects	458,016	1,360,709	1,257,281	(13,189)	548,255	1,602,288	1,465,512	-	685,031
School Transportation	405,697	909,413	951,095	29,431	393,446	940,735	949,404	-	384,777
School Bus Replacement	268,657	280,555	157,828	(2,852)	388,532	284,439	156,137	-	516,834
Rainy Day	1,533,562	-	-	-	1,533,562	-	91,954	-	1,441,608
Construction Fund - BCMS	1,725	-	1,725	-	-	-	182,764	1,875,000	1,692,236
Construction Fund - BCHS	-	-	-	-	-	-	89,462	1,875,000	1,785,538
School Lunch	265,950	782,350	866,413	-	181,887	688,386	737,588	-	132,685
Textbook Rental	9,406	85,925	79,997	-	15,334	198,708	113,517	-	100,525
Educational License Plates	2,194	-	-	-	2,194	-	-	-	2,194
Alternative Education	1,708	-	-	-	1,708	-	-	-	1,708
Early Intervention Grant	1,500	-	-	-	1,500	-	-	-	1,500
IDOE 2012 Intervention Grant	-	30,000	19,316	-	10,684	-	9,622	-	1,062
Project Lead The Way (ECHO 15)	513	1,314	1,827	-	-	-	-	-	-
Scharbrough Memorial Fund	26	-	-	(26)	-	-	-	-	-
Shake Scholarship Fund	33,337	133	200	-	33,270	100	125	-	33,245
Btown Health Cen. Scholarship	34,141	640	1,500	-	33,281	354	1,000	-	32,635
Community Foundation - JC Turf Project	-	-	-	-	-	8,822	922	-	7,900
125 Reimbursement Refund Fund	3,447	-	-	-	3,447	2,053	-	-	5,500
Universal Service Fund	23,085	17,808	29,989	-	10,904	20,632	24,361	-	7,175
School Recycling Learning Grant	594	-	594	-	-	-	-	-	-
G/T 2012-2013	-	32,231	32,231	-	-	-	-	-	-
G/T 2011-2012	28,851	-	28,851	-	-	32,768	3,259	-	29,509
School Connectivity	4,193	6,057	6,157	-	4,093	5,880	5,528	-	4,445
Pepsi Agreement	-	-	-	-	-	11,000	-	-	11,000
Economic Education Grant	313	-	-	(313)	-	-	-	-	-
Title I 2012-2013	-	176,150	193,512	-	(17,362)	37,004	19,642	-	-
Title I 2011-2012	(31,283)	59,616	28,333	-	-	151,446	166,561	-	(15,115)
Title I Juvenile Home 2012-2013	-	8,279	8,693	-	(414)	952	538	-	-
Title I Juvenile Home 2011-2012	(809)	1,810	1,001	-	-	17,580	23,591	-	(6,011)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	39,267	43,226	-	(3,959)	30,245	26,286	-	-
Title IV, Part A 2007-2008	1,129	-	-	(1,129)	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	(10,903)	70,509	64,235	-	(4,629)	76,929	76,894	-	(4,594)
Title III - Language Instruction	328	-	328	-	-	-	-	-	-
Education Jobs	(4,847)	11,646	6,799	-	-	-	-	-	-
Payroll Withholdings	105,210	2,914,493	2,991,921	-	27,782	3,000,170	2,979,111	-	48,841
Totals	\$ 5,430,725	\$ 18,783,264	\$ 19,314,487	\$ -	\$ 4,899,502	\$ 18,852,328	\$ 19,421,253	\$ 3,750,000	\$ 8,080,577

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

BROWNSTOWN CENTRAL 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, 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.

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

Funding Policy and Annual Pension Cost

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

BROWNSTOWN CENTRAL 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
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.

C. Additional Pension Plans

The School Corporation also contributes to additional pension plans unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash as a result of the funds being set up for reimbursable grants and the reimbursements for expenditures made by the School Corporation not being received by June 30, 2013 and 2014.

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporations*

The School Corporation has entered into capital leases with Brownstown District School Building Corporation and Brownstown Middle School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Lease payments during the years June 30, 2013 and 2014, totaled \$1,321,000 and \$1,319,500, respectively.

Note 9. *Other Postemployment Benefits*

The School Corporation provides medical benefits to eligible retirees and their spouses, which pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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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.

BROWNSTOWN CENTRAL 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction Fund - BCMS
Cash and investments - beginning	\$ 1,675,989	\$ 555,776	\$ 63,220	\$ 458,016	\$ 405,697	\$ 268,657	\$ 1,533,562	\$ 1,725
Receipts:								
Local sources	124,648	1,282,530	156,416	1,360,709	906,545	280,555	-	-
Intermediate sources	160	-	-	-	-	-	-	-
State sources	10,416,967	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	13,638	-	-	-	2,868	-	-	-
Total receipts	10,555,413	1,282,530	156,416	1,360,709	909,413	280,555	-	-
Disbursements:								
Current:								
Instruction	7,753,223	-	-	-	-	-	-	-
Support services	3,045,713	-	-	465,065	951,095	157,828	-	-
Noninstructional services	234,958	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	792,216	-	-	-	1,725
Debt services	-	1,321,000	186,541	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	11,033,894	1,321,000	186,541	1,257,281	951,095	157,828	-	1,725
Excess (deficiency) of receipts over disbursements	(478,481)	(38,470)	(30,125)	103,428	(41,682)	122,727	-	(1,725)
Other financing sources (uses):								
Transfers in	1,468	-	-	-	29,431	-	-	-
Transfers out	-	(13,390)	-	(13,189)	-	(2,852)	-	-
Total other financing sources (uses)	1,468	(13,390)	-	(13,189)	29,431	(2,852)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(477,013)	(51,860)	(30,125)	90,239	(12,251)	119,875	-	(1,725)
Cash and investments - ending	\$ 1,198,976	\$ 503,916	\$ 33,095	\$ 548,255	\$ 393,446	\$ 388,532	\$ 1,533,562	\$ -

BROWNSTOWN CENTRAL 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)

	Construction Fund - BCHS	School Lunch	Textbook Rental	Educational License Plates	Alternative Education	Early Intervention Grant	IDOE 2012 Intervention Grant	Project Lead The Way (ECHO 15)
Cash and investments - beginning	\$ -	\$ 265,950	\$ 9,406	\$ 2,194	\$ 1,708	\$ 1,500	\$ -	\$ 513
Receipts:								
Local sources	-	369,548	85,925	-	-	-	30,000	1,314
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	9,870	-	-	-	-	-	-
Federal sources	-	402,932	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	782,350	85,925	-	-	-	30,000	1,314
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	79,997	-	-	-	19,316	1,827
Noninstructional services	-	866,413	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	866,413	79,997	-	-	-	19,316	1,827
Excess (deficiency) of receipts over disbursements	-	(84,063)	5,928	-	-	-	10,684	(513)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(84,063)	5,928	-	-	-	10,684	(513)
Cash and investments - ending	\$ -	\$ 181,887	\$ 15,334	\$ 2,194	\$ 1,708	\$ 1,500	\$ 10,684	\$ -

BROWNSTOWN CENTRAL 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)

	Scharbrough Memorial Fund	Shake Scholarship Fund	Btown Health Cen. Scholarship	Community Foundation - JC Turf Project	125 Reimbursement Refund Fund	Universal Service Fund	School Recycling Learning Grant	G/T 2012-2013
Cash and investments - beginning	\$ 26	\$ 33,337	\$ 34,141	\$ -	\$ 3,447	\$ 23,085	\$ 594	\$ -
Receipts:								
Local sources	-	133	640	-	-	17,808	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	32,231
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	133	640	-	-	17,808	-	32,231
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	32,231
Support services	-	-	-	-	-	29,989	-	-
Noninstructional services	-	-	-	-	-	-	594	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	200	1,500	-	-	-	-	-
Total disbursements	-	200	1,500	-	-	29,989	594	32,231
Excess (deficiency) of receipts over disbursements	-	(67)	(860)	-	-	(12,181)	(594)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(26)	-	-	-	-	-	-	-
Total other financing sources (uses)	(26)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(26)	(67)	(860)	-	-	(12,181)	(594)	-
Cash and investments - ending	\$ -	\$ 33,270	\$ 33,281	\$ -	\$ 3,447	\$ 10,904	\$ -	\$ -

BROWNSTOWN CENTRAL 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)

	G/T 2011-2012	School Connectivity	Pepsi Agreement	Economic Education Grant	Title I 2012-2013	Title I 2011-2012	Title I Juvenile Home 2012-2013	Title I Juvenile Home 2011-2012
Cash and investments - beginning	\$ 28,851	\$ 4,193	\$ -	\$ 313	\$ -	\$ (31,283)	\$ -	\$ (809)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	6,057	-	-	-	-	-	-
Federal sources	-	-	-	-	176,150	59,616	8,279	1,810
Other	-	-	-	-	-	-	-	-
Total receipts	-	6,057	-	-	176,150	59,616	8,279	1,810
Disbursements:								
Current:								
Instruction	28,851	-	-	-	190,512	28,333	8,693	1,001
Support services	-	6,157	-	-	3,000	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	28,851	6,157	-	-	193,512	28,333	8,693	1,001
Excess (deficiency) of receipts over disbursements	(28,851)	(100)	-	-	(17,362)	31,283	(414)	809
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(313)	-	-	-	-
Total other financing sources (uses)	-	-	-	(313)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(28,851)	(100)	-	(313)	(17,362)	31,283	(414)	809
Cash and investments - ending	\$ -	\$ 4,093	\$ -	\$ -	\$ (17,362)	\$ -	\$ (414)	\$ -

BROWNSTOWN CENTRAL 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)

	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Title IV, Part A 2007-2008	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ 1,129	\$ (10,903)	\$ 328	\$ (4,847)	\$ 105,210	\$ 5,430,725
Receipts:							
Local sources	-	-	-	-	-	-	4,616,771
Intermediate sources	-	-	-	-	-	-	160
State sources	-	-	-	-	-	-	10,465,125
Federal sources	39,267	-	70,509	-	11,646	-	770,209
Other	-	-	-	-	-	2,914,493	2,930,999
Total receipts	39,267	-	70,509	-	11,646	2,914,493	18,783,264
Disbursements:							
Current:							
Instruction	-	-	-	328	6,799	-	8,049,971
Support services	43,226	-	64,235	-	-	-	4,867,448
Noninstructional services	-	-	-	-	-	-	1,101,965
Facilities acquisition and construction	-	-	-	-	-	-	793,941
Debt services	-	-	-	-	-	-	1,507,541
Nonprogrammed charges	-	-	-	-	-	2,991,921	2,993,621
Total disbursements	43,226	-	64,235	328	6,799	2,991,921	19,314,487
Excess (deficiency) of receipts over disbursements	(3,959)	-	6,274	(328)	4,847	(77,428)	(531,223)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	30,899
Transfers out	-	(1,129)	-	-	-	-	(30,899)
Total other financing sources (uses)	-	(1,129)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,959)	(1,129)	6,274	(328)	4,847	(77,428)	(531,223)
Cash and investments - ending	\$ (3,959)	\$ -	\$ (4,629)	\$ -	\$ -	\$ 27,782	\$ 4,899,502

BROWNSTOWN CENTRAL 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, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction Fund - BCMS
Cash and investments - beginning	\$ 1,198,976	\$ 503,916	\$ 33,095	\$ 548,255	\$ 393,446	\$ 388,532	\$ 1,533,562	\$ -
Receipts:								
Local sources	116,517	1,332,276	57,426	1,602,288	940,735	284,439	-	-
Intermediate sources	135	-	-	-	-	-	-	-
State sources	10,235,483	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	10,352,135	1,332,276	57,426	1,602,288	940,735	284,439	-	-
Disbursements:								
Current:								
Instruction	7,575,254	-	-	-	-	-	83,408	-
Support services	3,079,844	-	-	495,267	949,404	156,137	8,546	-
Noninstructional services	230,515	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	970,245	-	-	-	182,764
Debt services	1,841	1,319,500	90,521	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	10,887,454	1,319,500	90,521	1,465,512	949,404	156,137	91,954	182,764
Excess (deficiency) of receipts over disbursements	(535,319)	12,776	(33,095)	136,776	(8,669)	128,302	(91,954)	(182,764)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,875,000
Total other financing sources (uses)	-	-	-	-	-	-	-	1,875,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(535,319)	12,776	(33,095)	136,776	(8,669)	128,302	(91,954)	1,692,236
Cash and investments - ending	\$ 663,657	\$ 516,692	\$ -	\$ 685,031	\$ 384,777	\$ 516,834	\$ 1,441,608	\$ 1,692,236

BROWNSTOWN CENTRAL 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, 2014
(Continued)

	Construction Fund - BCHS	School Lunch	Textbook Rental	Educational License Plates	Alternative Education	Early Intervention Grant	IDOE 2012 Intervention Grant	Project Lead The Way (ECHO 15)
Cash and investments - beginning	\$ -	\$ 181,887	\$ 15,334	\$ 2,194	\$ 1,708	\$ 1,500	\$ 10,684	\$ -
Receipts:								
Local sources	-	357,863	198,708	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	330,523	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	688,386	198,708	-	-	-	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	113,517	-	-	-	9,622	-
Noninstructional services	-	737,588	-	-	-	-	-	-
Facilities acquisition and construction	89,462	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	89,462	737,588	113,517	-	-	-	9,622	-
Excess (deficiency) of receipts over disbursements	(89,462)	(49,202)	85,191	-	-	-	(9,622)	-
Other financing sources (uses):								
Proceeds of long-term debt	1,875,000	-	-	-	-	-	-	-
Total other financing sources (uses)	1,875,000	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,785,538	(49,202)	85,191	-	-	-	(9,622)	-
Cash and investments - ending	\$ 1,785,538	\$ 132,685	\$ 100,525	\$ 2,194	\$ 1,708	\$ 1,500	\$ 1,062	\$ -

BROWNSTOWN CENTRAL 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, 2014
 (Continued)

	Scharbrough Memorial Fund	Shake Scholarship Fund	Btown Health Cen. Scholarship	Community Foundation - JC Turf Project	125 Reimbursement Refund Fund	Universal Service Fund	School Recycling Learning Grant	G/T 2012-2013
Cash and investments - beginning	\$ -	\$ 33,270	\$ 33,281	\$ -	\$ 3,447	\$ 10,904	\$ -	\$ -
Receipts:								
Local sources	-	100	354	8,822	2,053	20,632	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	100	354	8,822	2,053	20,632	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	922	-	24,361	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	125	1,000	-	-	-	-	-
Total disbursements	-	125	1,000	922	-	24,361	-	-
Excess (deficiency) of receipts over disbursements	-	(25)	(646)	7,900	2,053	(3,729)	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(25)	(646)	7,900	2,053	(3,729)	-	-
Cash and investments - ending	\$ -	\$ 33,245	\$ 32,635	\$ 7,900	\$ 5,500	\$ 7,175	\$ -	\$ -

BROWNSTOWN CENTRAL 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, 2014
(Continued)

	G/T 2011-2012	School Connectivity	Pepsi Agreement	Economic Education Grant	Title I 2012-2013	Title I 2011-2012	Title I Juvenile Home 2012-2013	Title I Juvenile Home 2011-2012
Cash and investments - beginning	\$ -	\$ 4,093	\$ -	\$ -	\$ (17,362)	\$ -	\$ (414)	\$ -
Receipts:								
Local sources	-	-	11,000	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	32,768	5,880	-	-	-	-	-	-
Federal sources	-	-	-	-	37,004	151,446	952	17,580
Other	-	-	-	-	-	-	-	-
Total receipts	32,768	5,880	11,000	-	37,004	151,446	952	17,580
Disbursements:								
Current:								
Instruction	3,259	-	-	-	19,642	166,561	538	23,591
Support services	-	5,528	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	3,259	5,528	-	-	19,642	166,561	538	23,591
Excess (deficiency) of receipts over disbursements	29,509	352	11,000	-	17,362	(15,115)	414	(6,011)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	29,509	352	11,000	-	17,362	(15,115)	414	(6,011)
Cash and investments - ending	\$ 29,509	\$ 4,445	\$ 11,000	\$ -	\$ -	\$ (15,115)	\$ -	\$ (6,011)

BROWNSTOWN CENTRAL 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, 2014
(Continued)

	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Title IV, Part A 2007-2008	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ (3,959)	\$ -	\$ (4,629)	\$ -	\$ -	\$ 27,782	\$ 4,899,502
Receipts:							
Local sources	-	-	-	-	-	-	4,933,213
Intermediate sources	-	-	-	-	-	-	135
State sources	-	-	-	-	-	-	10,274,131
Federal sources	30,245	-	76,929	-	-	-	644,679
Other	-	-	-	-	-	3,000,170	3,000,170
Total receipts	30,245	-	76,929	-	-	3,000,170	18,852,328
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	7,872,253
Support services	26,286	-	76,894	-	-	-	4,946,328
Noninstructional services	-	-	-	-	-	-	968,103
Facilities acquisition and construction	-	-	-	-	-	-	1,242,471
Debt services	-	-	-	-	-	-	1,411,862
Nonprogrammed charges	-	-	-	-	-	2,979,111	2,980,236
Total disbursements	26,286	-	76,894	-	-	2,979,111	19,421,253
Excess (deficiency) of receipts over disbursements	3,959	-	35	-	-	21,059	(568,925)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	3,750,000
Total other financing sources (uses)	-	-	-	-	-	-	3,750,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,959	-	35	-	-	21,059	3,181,075
Cash and investments - ending	\$ -	\$ -	\$ (4,594)	\$ -	\$ -	\$ 48,841	\$ 8,080,577

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BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 715,063</u>	<u>\$ 139,556</u>

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
RICOH	Copier Lease	\$ 48,840	11/1/2012	10/31/2017
Brownstown Middle School Building Corporation - 2009 Series	Remodel M.S. and H.S.	48,000	11/10/2009	1/1/2025 *
Brownstown District School Building Corporation - 2005 Series	New Constuction and Remodeling	1,273,000	3/8/2005	6/30/2018
Brownstown Middle School Building Corporation - 2014 Series	New Constuction and Remodeling	259,250	3/11/2014	12/31/2025 **
Sun Trust Equipment Finance	Performance Contract	<u>78,520</u>	6/14/2007	1/15/2018
Total of annual lease payments		<u><u>\$ 1,707,610</u></u>		

* - The amount due annually varies between \$48,000 and \$223,000.

** - Semi-Annual lease payments begin June 30, 2016. The amount due annually varies between \$259,250 and \$875,500.

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
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	\$ 1,816,500
Buildings	18,379,123
Improvements other than buildings	207,709
Machinery, equipment, and vehicles	4,718,437
Construction in progress	<u>480,242</u>
Total capital assets	<u><u>\$ 25,602,011</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 BROWNSTOWN CENTRAL COMMUNITY
SCHOOL CORPORATION, JACKSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Brownstown Central 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, 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 items 2014-004 and 2014-005. 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 2014-003, 2014-004, and 2014-005 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

May 5, 2016

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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.

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
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					
School Breakfast Program	Indiana Department of Education	10.553	3695	\$ 80,544	\$ 68,833
National School Lunch Program	Indiana Department of Education	10.555	3695	379,735	356,926
Total - Child Nutrition Cluster				460,279	425,759
Total - Department of Agriculture				460,279	425,759
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
FY 2011-2012, Part D, Subpart 2			12-3695	1,811	-
FY 2011-2012			12-3695	59,616	-
FY 2012-2013, Part D, Subpart 2			13-3695	8,279	952
FY 2012-2013			13-3695	176,150	37,004
FY 2013-2014, Part D, Subpart 2			14-3695	-	17,580
FY 2013-14			14-3695	-	151,446
Total - Title I, Part A Cluster				245,856	206,982
Special Education Cluster (IDEA)					
Special Education-Grants to States	Indiana Department of Education	84.027			
Special Education Improvement Award			EDS # A58-3-13-DL-1488	39,267	30,245
FY 2011 Federal Part B 611			14211-049-PN01	41,631	-
FY 2012 Federal Part B 611			14212-049-PN01	79,625	43,328
FY 2013 Federal Part B 611			14213-049-PN01	233,652	73,593
FY 2014 Federal Part B 611			14214-049-PN01	-	206,662
Total - Special Education-Grants to States				394,175	353,828

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

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
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>					
Special Education Cluster (IDEA) (continued)					
Special Education - Preschool Grants	Indiana Department of Education	84.173			
FY 2011 Federal Part B 619			45711-049-PN01	790	-
FY 2012 Federal Part B 619			45712-049-PN01	1,806	1,259
FY 2013 Federal Part B 619			45713-049-PN01	7,505	2,795
FY 2014 Federal Part B 619			45714-049-PN01	-	7,506
Total - Special Education - Preschool Grants				10,101	11,560
Total - Special Education Cluster (IDEA)				404,276	365,388
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
FY 2010-11			10-3695	21,576	-
FY 2011-12			11-3695	48,933	28,655
FY 2012-13			12-3695	-	48,274
Total - Improving Teacher Quality State Grants				70,509	76,929
Education Jobs Fund	Indiana Department of Education	84.410			
FY 2010-11			11-3695	11,646	-
Total - Department of Education				732,287	649,299
<u>Department of Health and Human Services</u>					
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	Indiana State Department of Health	93.938	3695	-	450
Preventive Health and Health Services Block Grant	Indiana State Department of Health	93.991	3695	-	100
Total - Department of Health and Human Services				-	550
Total federal awards expended				\$ 1,192,566	\$ 1,075,608

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

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) 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 SEFA.

Program Title	2013	2014
Child Nutrition Cluster:		
Food Commodities:		
National School Lunch Program	\$ 57,347	\$ 55,056

Note 3. Orange-Lawrence-Jackson-Martin-Greene Joint Services

The School Corporation is a member of a Special Education Cooperative (Cooperative). As a result, some of the School Corporation's Special Education Cluster activity, presented as federal awards expended in the SEFA, is not presented as receipts and disbursements in the financial statement. This activity is reported on the financial statement of the Cooperative.

BROWNSTOWN CENTRAL 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:

Name of Federal Program or Cluster

Special Education Cluster (IDEA)
Title I, Part A Cluster

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 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

Management of the School Corporation had not established a proper system of internal control. An evaluation of the School Corporation's system of internal control had not been conducted. Management had not conducted a risk assessment related to the School Corporation's financial reporting and transactions.

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

There was a deficiency in the internal control system of the School Corporation related to financial transactions and reporting considered to be a material weakness as described below:

Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts, disbursements, and cash and investments of the School Lunch fund. One individual was responsible for performing the reconciliation of the depository account balance with the record balance, preparing and making bank deposits, reconciling daily cash collections, recording receipts and disbursements transactions in the ledger, and preparing the financial information of the School Lunch fund for the Form 9.

Context

The School Corporation did not have a proper system of internal controls over financial transactions and reporting during the audit period.

Criteria

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)

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish controls would have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

***FINDING 2014-002 - PREPARATION OF THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS***

Condition

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). Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

The Treasurer prepared the SEFA; however, there were no controls in place to verify the accuracy of the information and amounts prior to submission.

During the audit of the SEFA, there were the following errors:

1. Federal expenditures for 16 grants during the 2012-2013 school year totaling of \$1,192,566 were not reported.
2. Two state grants with expenditures of \$38,684 were reported for the 2013-2014 school year.
3. Federal expenditures for two grants were reported incorrectly for the 2013-2014 school year, resulting in an understatement of \$217.
4. Fourteen federal grants during the 2013-2014 school year with expenditures of \$858,308 were omitted.

The errors noted above resulted in a total understatement of \$2,012,407. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Context

The School Corporation did not have a proper system of internal controls over the preparation of the SEFA during the audit period.

Criteria

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)

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

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."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Failure to have a proper system of internal control in place that operated effectively would have enabled material misstatements of the SEFA to remain undetected and the SEFA contained the errors identified in the *Condition*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

Section III - Federal Award Findings and Questioned Costs

***FINDING 2014-003 - INTERNAL CONTROL OVER TITLE I
GRANTS TO LOCAL EDUCATIONAL AGENCIES***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 12-3695, 13-3695, 14-3695

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had 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, Cash Management, Eligibility, Period of Availability, and Reporting.

Activities Allowed or Unallowed

The Treasurer prepared and submitted the monthly Reimbursement Form. There were no controls in place to ensure that all costs submitted for reimbursement were for activities allowed by the Title I program.

Cash Management

The Treasurer prepared and submitted the monthly Reimbursement Form. There were no controls in place to ensure that all costs submitted for reimbursement had been incurred and paid prior to requesting reimbursement.

Eligibility

The Technology Technician prepared and submitted the Real Time Data. There were no control procedures in place to ensure the accuracy of the Real Time Data prior to submission.

Period of Availability

The Treasurer prepared and submitted the monthly Reimbursement Form. There were no controls in place to ensure that all costs submitted for reimbursement were incurred during the period of availability.

Reporting

The Treasurer prepared and submitted the monthly Reimbursement Form and Annual Expenditure Reports. There were no controls in place to ensure that the Reimbursement Forms and Annual Expenditure Reports were accurate and complete.

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

Context

The School Corporation did not have a proper system of internal controls over Activities Allowed or Unallowed, Cash Management, Eligibility, Period of Availability, and Reporting compliance requirements related to the Title I Grants to Local Educational Agencies during the audit period.

Criteria

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."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed 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 would have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

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 Numbers and Years (or Other Identifying Numbers): 12-3695, 13-3695, 14-3695

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

During the audit period, the School Corporation paid four employees from Title I program fund; however, the two Semi-Annual Certification Activity Reports for fiscal year 2012-2013 included only three of the four employees and for fiscal year 2013-2014 included only two of the employees.

Context

Four Semi-Annual Certification Activity Reports did not include all employees paid from Title I program funds.

Criteria

OMB Circular A-87, Attachment B, section 8(h)(3) states in part:

"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 semiannually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee."

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 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."

Cause

The School Corporation did not have a system in place to ensure compliance with the Allowable Cost/Cost Principles compliance requirements.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements would have resulted in the loss of federal funds to the School Corporation.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish policies and procedures to ensure compliance with the Allowable Costs/Cost Principles requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2014-005 - SPECIAL TESTS AND PROVISIONS

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 12-3695, 13-3695, 14-3695

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

The School Corporation lacked adequate supporting documentation for students removed from the cohort.

Context

Seventy percent of students tested that were removed from the cohort lacked adequate supporting documentation.

Criteria

34 CFR 200.19(b)(1)(ii)(B) states:

"To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.

- (1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma.

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

- (2) A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort."

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."

Cause

The School Corporation did not have a system in place to ensure compliance with the requirements for Special Tests and Provision - Annual Report Card, High School Graduation Rate.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements would have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish policies and procedures to ensure compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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AUDITEE PREPARED DOCUMENT

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

BROWNSTOWN CENTRAL HIGH SCHOOL

500 North Elm Street
Brownstown, Indiana 47220

Joseph Sheffer
Principal
(812) 358-3453



Mark DeHart
Assistant Principal
Athletic Director
(812) 358-3453

CORRECTIVE ACTION PLAN

FINDING 2014-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Sandra Hall/Joe Sheffer
Contact Phone Number: 812-358-3453

We concur with the finding.

Views of Responsible Official:

Description of Corrective Action Plan:

Internal controls established to separate incompatible activities related to receipts, disbursements, cash and investments of School Lunch are as follows:

1. This is in reference to the Brownstown Central High School. A receipt will be written by the Lunch Fund Treasurer to the cashier at the time money is passed to the Lunch Fund Treasurer for deposit into the Lunch Fund Account. The Lunch Fund Treasurer will print out a BCHS Bank Deposit report containing a list of money entered into accounts by the cashier. This will be used when preparing the bank deposit. The Food Service Coordinator will sign off on report stating the report and bank deposit are in balance and money will then be taken to the bank for deposit by the Lunch Fund Treasurer. Upon completion of the deposit, a copy of the bank's deposit receipt will then be attached to the bank deposit report verified earlier by the Food Service Coordinator.
2. This is in reference to the Brownstown Central Middle School. The Middle School will adopt the same policy as the Brownstown Elementary School by entering and making their own deposits. Bank deposit ticket will then be sent to the Lunch Fund Treasurer who will then write a receipt to be returned to the appropriate school.
3. This is in reference to all Financial Reports being submitted for approval. The Lunch Fund Treasurer will prepare the financial reports, sign as the person preparing and submit them to the Food Service Coordinator. The Food Service Coordinator will then check and sign the reports indicating approval of the report before passing the information to the School Board or Corporation Treasurer.

Anticipated Completion Date: May 1, 2016

Joseph Sheffer
(Signature)

Principal / Food Service Director
(Title)

4-21-2016
(Date)

Brownstown Central Community School Corporation

608 W. Commerce Street - Brownstown, IN 47220 - Telephone (812) 358-4271 - Fax (812) 358-5303

CORRECTIVE ACTION PLAN

Finding 2014-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Patsy Hess, Treasurer
Contact Phone Number: 812-358-4271

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

Internal controls established to insure a proper system is in place to prevent, detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA).

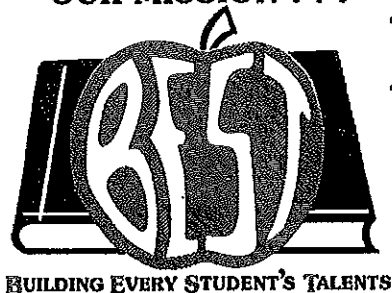
1. The Corporation Treasurer will work with department heads to prepare the SEFA on Gateway. The Corporation Treasurer will supply the Business Manager with all information available in order to approve and verify the accuracy of the information and amounts on Gateway.
2. Corporation Treasurer will keep a list of all Federal programs received including the name of the pass-through entity and identifying numbers and CFDA number or other identifying number when the CFDA information is not available.

Anticipated Completion Date: May 1, 2016

Patsy Hess
(Signature)

Treasurer
(Title)

4-26-16
(Date)



BROWNSTOWN

Mr. Thomas McCool
Principal

Mr. Mike Kelley
Asst. Principal

Mrs. Jill Miller
Guidance Counselor

ELEMENTARY • SCHOOL

CORRECTIVE ACTION PLAN

Finding 2014-003 – INTERNAL CONTROL OVER TITLE 1 GRANTS TO LOCAL EDUCATIONAL AGENCIES

Contact Person Responsible for Corrective Action: Thomas McCool
Contact Phone Number: 812-358-3680

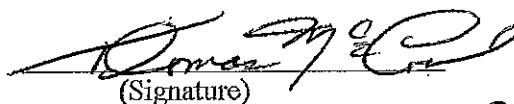
Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

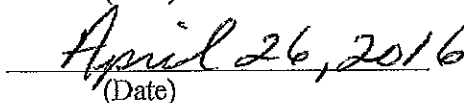
Internal controls established to insure the School is in compliance with the Grant Agreement and Compliance requirements.

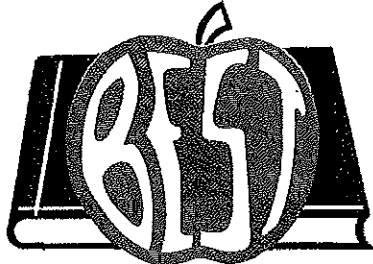
1. The Title 1 Director will verify all information submitted to the technology technician in order to submit Real Time Report.
2. Concerning expenditures, the Superintendent will verify all expenditures concerning Federal Grants and also verify all reimbursement requests prepared by the Corporation Treasurer to avoid substantial risk of invalid transactions.

Anticipated Completion Date: May 1, 2016


(Signature)


(Title)


(Date)



BUILDING EVERY STUDENT'S TALENTS

BROWNSTOWN

Mr. Thomas McCool
Principal

Mr. Mike Kelley
Asst. Principal

Mrs. Jill Miller
Guidance Counselor

ELEMENTARY • SCHOOL

CORRECTIVE ACTION PLAN

Finding 2014-004 – ALLOWABLE COST/COST PRINCIPLES

Contact Person Responsible for Corrective Action: Thomas McCool
Contact Phone Number: 812-358-3680

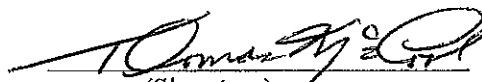
Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

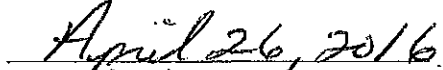
System developed to report the Time/Effort and Semi-Annual Certifications.

1. The Title 1 Director will complete the Time/Effort and Semi Annual Certifications. The Superintendent and Treasurer will sign each copy. A copy of the reports will be kept in the Title One files and a copy will be given to the Treasurer.
2. Title 1 Director will place the names of the Title One employees in the Title 1 Grant application folder

Anticipated Completion Date: May 31, 2016


(Signature)


(Title)


(Date)

BROWNSTOWN CENTRAL HIGH SCHOOL

500 North Elm Street
Brownstown, Indiana 47220

Joseph Sheffer
Principal
(812) 358-3453



Mark DeHart
Assistant Principal
Athletic Director
(812) 358-3453

CORRECTIVE ACTION PLAN

FINDING 2014-005 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Joe Sheffer/Derrick Koch/Jami Stuckwisch/Becky Perry
Contact Phone Number: 812-358-3453

We concur with the finding.

Views of Responsible Official:

Description of Corrective Action Plan:

Internal controls established to ensure adequate documentation is gathered when a student withdraws from Brownstown Central High School are as follows:

1. Guidance counselors, guidance secretary and administration will watch the video provided by the DOE on graduation rate and cohort training.
2. Guidance counselors will obtain a request for records from the school the student plans to attend. This request for records request will be placed in the student's permanent file.
3. Parents will have to sign a homeschool document when they withdraw their child to homeschool. This document encourages parents to register for homeschooling on the DOE website.
4. Administration will make every effort to track down students that leave during the summer, move out-of-state or for other miscellaneous reasons to obtain proper documentation.

Anticipated Completion Date: May 1, 2016

Joseph Sheffer
(Signature)

Principal
(Title)

4-21-2016
(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.