

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

BEECH GROVE CITY SCHOOLS
MARION COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
08/04/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis	11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis	20-31
Schedule of Payables and Receivables	32
Schedule of Leases and Debt	33
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	36-38
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	41
Notes to Schedule of Expenditures of Federal Awards	42
Schedule of Findings and Questioned Costs	43-53
Auditee Prepared Documents:	
Summary Schedule of Prior Audit Findings	56-57
Corrective Action Plan	58-61
Other Reports	62

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brian Tomamichel Cathy Statzer	07-01-12 to 06-30-14 07-01-14 to 06-30-16
Superintendent of Schools	Dr. Paul Kaiser	07-01-12 to 06-30-16
President of School Board	Jannis King Beth Prindle	07-01-12 to 12-31-14 01-01-15 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE BEECH GROVE CITY SCHOOLS, MARION COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Beech Grove City 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, and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

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 June 20, 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

June 20, 2016



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 BEECH GROVE CITY SCHOOLS, MARION 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 Beech Grove City 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 June 20, 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002.

Beech Grove City 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

June 20, 2016

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

BEECH GROVE CITY 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

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	\$ 920,186	\$ 19,243,656	\$ 18,944,959	\$ -	\$ 1,218,883	\$ 20,411,870	\$ 19,833,173	\$ (113,830)	\$ 1,683,750
Referendum Tax Levy	1,021,257	2,093,273	2,881,934	-	232,596	2,255,254	1,965,629	719,500	1,241,721
Debt Service	904,585	4,220,865	5,019,263	-	106,187	4,830,548	3,993,783	(719,500)	223,452
Retirement/Severance Bond Debt Service	109,720	574,109	650,305	-	33,524	622,399	630,227	-	25,696
Capital Projects	319,675	810,729	621,827	-	508,577	516,926	251,649	(700,000)	73,854
School Transportation	71,099	654,392	442,576	-	282,915	305,815	548,653	-	40,077
School Bus Replacement	17,486	40,417	-	-	57,903	35,951	93,389	-	465
Rainy Day	700,550	7,680	496,009	-	212,221	-	902,130	700,000	10,091
Retirement/Severance Bond	527,140	469	188,778	-	338,831	-	149,079	113,830	303,582
Construction	(154,855)	-	-	154,855	-	-	-	-	-
School Lunch	604,981	1,381,739	1,604,793	-	381,927	1,481,631	1,231,127	-	632,431
Textbook Rental	19,302	254,798	210,167	-	63,933	276,230	149,977	-	190,186
Playground	-	-	-	-	-	5,000	-	-	5,000
Alternative Education	5,690	9,333	-	-	15,023	35,403	-	-	50,426
SAFE School Haven	1,612	-	21,000	-	(19,388)	14,500	(4,888)	-	-
HP ECA Account	-	22	-	-	22	-	22	-	-
Scholarships and Awards	1,286	-	-	-	1,286	-	-	-	1,286
Construction, Remodeling, and Equipping Buildings	-	-	-	-	-	1,345,175	1,349,968	-	(4,793)
Miscellaneous Programs	-	-	-	-	-	500	-	-	500
HP Donations	-	4,185	-	-	4,185	2,675	800	-	6,060
CE Donations	-	2,012	175	-	1,837	1,360	2,057	-	1,140
SG Donations	-	200	-	-	200	1,204	1,028	-	376
BGMS Donations	-	200	-	-	200	583	-	-	783
BGHS Donations	-	500	-	-	500	-	70	-	430
HEA Donations	-	-	-	-	-	393	185	-	208
SG Stem Grant 2013	-	500	-	-	500	-	260	-	240
Common School Technology	-	-	-	-	-	526,624	528,094	-	(1,470)
G.T. High Ability Grant	34,899	36,269	68,091	-	3,077	35,280	32,899	-	5,458
Chamber of Commerce Grant	16,699	-	11,020	-	5,679	9,379	3,183	-	11,875
CS Science ADDT	-	1,987,076	1,987,076	-	-	-	-	-	-
CS Science 2012	-	253,900	253,900	-	-	-	-	-	-
Secured Schools Safety Grant	-	-	-	-	-	-	27,914	-	(27,914)
Non-English Speaking Programs P.L. 273-1999	-	6,010	43,734	-	(37,724)	7,226	(30,498)	-	-
School Technology	8,548	4,317	-	-	12,865	3,445	-	-	16,310
Performance Based Awards	4,279	-	-	-	4,279	157,654	163,219	-	(1,286)
Senator David Ford Technology	-	53,779	53,779	-	-	11,223	11,223	-	-
Excess PTRC Distributions	26,109	-	-	-	26,109	-	-	-	26,109
High School Grant	7,834	3,040	7,337	-	3,537	-	3,537	-	-
Title I	27,381	483,825	664,458	-	(153,252)	677,708	545,191	-	(20,735)
Title I - IPS	-	-	-	-	-	37	-	-	37
Title V Grant	355	-	-	-	355	-	-	-	355
Title IV Grant	425	-	1,835	-	(1,410)	-	(1,410)	-	-
Walmart Grant	-	999	619	-	380	1,001	575	-	806
CICF - BGHS Library	-	8,000	6,641	-	1,359	8,750	900	-	9,209
Techpoint	-	1,190	1,033	-	157	-	71	-	86
21st Century Learning Center	7,101	127,585	211,550	-	(76,864)	257,203	185,108	-	(4,769)
Improving Teaching Quality, No Child Left, Title II, Part A	(3,034)	6,646	9,538	-	(5,926)	65,970	71,800	-	(11,756)
ITQ, Enhanced Education Through Technology, Title II, Part D	(5,016)	46,481	55,480	-	(14,015)	-	(14,015)	-	-
TIF/TAP Grant	(9,175)	669,286	863,778	-	(203,667)	1,200,477	1,018,410	-	(21,600)
Excellence In Performance	-	-	7,779	-	(7,779)	-	(7,779)	-	-
Education Jobs	-	9,832	9,832	-	-	-	-	-	-
Payroll Clearing	206,805	172,016	456,705	-	(77,884)	193,766	180,776	-	(64,895)
Totals	\$ 5,392,924	\$ 33,169,330	\$ 35,795,971	\$ 154,855	\$ 2,921,138	\$ 35,299,160	\$ 33,817,516	\$ -	\$ 4,402,781

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

BEECH GROVE CITY 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.

State sources, which 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.

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

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

Nonprogrammed charges, which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, 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.

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Other Financing Sources and Uses

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

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

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.

BEECH GROVE CITY 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

BEECH GROVE CITY 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. Negative Disbursements

The financial statement contains some disbursements which appear as negative entries. This is a result of the errors made in the prior period that were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative disbursement was shown in the current period.

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. Several are the result of the funds being set up for reimbursable grants. Other funds with cash balance deficits are the result of disbursements exceeding receipts.

Note 9. Holding Corporations

The School Corporation has entered into capital leases with Beech Grove Central Schools Building Corporation and Beech Grove Multi-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 2013 and 2014 totaled \$4,056,500 and \$3,191,000, respectively.

Note 10. Subsequent Events

On January 13, 2015, the School Board approved the Preliminary Determination Resolution to issue bonds and enter a lease in order to finance the renovation and retrofitting of the heating, ventilation, and air conditioning systems at all of the School Corporation's schools, and the renovation and upgrading of the Beech Grove High School Performing Arts facility, at an estimated cost of not more than \$8,800,000 and an estimated increase to the property tax rate for debt service by not more than 15 cents per \$100 of assessed valuation. On February 4, 2015, the Indiana Department of Local Government Finance reviewed and approved the language for the above proposal as a referendum to the voters in the area served by the School Corporation.

Note 11. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: medical and dental. These benefits 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.

(This page intentionally left blank.)

OTHER INFORMATION - UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. 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.

BEECH GROVE CITY 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	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 920,186	\$ 1,021,257	\$ 904,585	\$ 109,720	\$ 319,675	\$ 71,099	\$ 17,486	\$ 700,550	\$ 527,140
Receipts:									
Local sources	23,997	1,299,926	3,148,413	325,925	808,398	554,231	40,417	-	-
State sources	18,384,041	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	693,347	948,333	248,184	-	-	-	-	-
Interfund loans	-	100,000	-	-	-	100,000	-	-	-
Other	835,618	-	124,119	-	2,331	161	-	7,680	469
Total receipts	19,243,656	2,093,273	4,220,865	574,109	810,729	654,392	40,417	7,680	469
Disbursements:									
Current:									
Instruction	14,130,308	-	-	-	-	-	-	15,000	188,778
Support services	4,290,770	1,865,007	-	-	118,639	182,576	-	13,910	-
Noninstructional services	313,501	-	-	-	-	-	-	-	-
Facilities acquisition and construction	19,665	61,915	-	-	86,791	-	-	467,099	-
Debt services	190,715	855,012	5,019,263	650,305	416,397	160,000	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	100,000	-	-	-	100,000	-	-	-
Total disbursements	18,944,959	2,881,934	5,019,263	650,305	621,827	442,576	-	496,009	188,778
Excess (deficiency) of receipts over disbursements	298,697	(788,661)	(798,398)	(76,196)	188,902	211,816	40,417	(488,329)	(188,309)
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	298,697	(788,661)	(798,398)	(76,196)	188,902	211,816	40,417	(488,329)	(188,309)
Cash and investments - ending	\$ 1,218,883	\$ 232,596	\$ 106,187	\$ 33,524	\$ 508,577	\$ 282,915	\$ 57,903	\$ 212,221	\$ 338,831

BEECH GROVE CITY 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)

	Construction	School Lunch	Textbook Rental	Playground	Alternative Education	SAFE School Haven	HP ECA Account	Scholarships and Awards	Construction, Remodeling, and Equipping Buildings
Cash and investments - beginning	\$ (154,855)	\$ 604,981	\$ 19,302	\$ -	\$ 5,690	\$ 1,612	\$ -	\$ 1,286	\$ -
Receipts:									
Local sources	-	324,131	118,046	-	-	-	-	-	-
State sources	-	8,001	136,327	-	9,333	-	-	-	-
Federal sources	-	1,039,893	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	9,714	425	-	-	-	22	-	-
Total receipts	-	1,381,739	254,798	-	9,333	-	22	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	4,865	19,452	-	-	-	-	-	-
Noninstructional services	-	1,287,509	-	-	-	21,000	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	190,715	-	-	-	-	-	-
Nonprogrammed charges	-	312,419	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,604,793	210,167	-	-	21,000	-	-	-
Excess (deficiency) of receipts over disbursements	-	(223,054)	44,631	-	9,333	(21,000)	22	-	-
Other financing sources (uses):									
Proceeds of long-term debt	154,855	-	-	-	-	-	-	-	-
Total other financing sources (uses)	154,855	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	154,855	(223,054)	44,631	-	9,333	(21,000)	22	-	-
Cash and investments - ending	\$ -	\$ 381,927	\$ 63,933	\$ -	\$ 15,023	\$ (19,388)	\$ 22	\$ 1,286	\$ -

BEECH GROVE CITY 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)

	Miscellaneous Programs	HP Donations	CE Donations	SG Donations	BGMS Donations	BGHS Donations	HEA Donations	SG Stem Grant 2013	Common School Technology
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	4,185	2,012	200	200	500	-	500	-
Total receipts	-	4,185	2,012	200	200	500	-	500	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	175	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	175	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	4,185	1,837	200	200	500	-	500	-
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	-	4,185	1,837	200	200	500	-	500	-
Cash and investments - ending	\$ -	\$ 4,185	\$ 1,837	\$ 200	\$ 200	\$ 500	\$ -	\$ 500	\$ -

BEECH GROVE CITY 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)

	G. T. High Ability Grant	Chamber of Commerce Grant	CS Science ADDT	CS Science 2012	Secured School Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology	Performance Based Awards	Senator David Ford Technology
Cash and investments - beginning	\$ 34,899	\$ 16,699	\$ -	\$ -	\$ -	\$ -	\$ 8,548	\$ 4,279	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	36,269	-	1,987,076	253,900	-	6,010	4,317	-	53,779
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	36,269	-	1,987,076	253,900	-	6,010	4,317	-	53,779
Disbursements:									
Current:									
Instruction	68,091	11,020	-	-	-	43,734	-	-	38,595
Support services	-	-	-	253,900	-	-	-	-	14,724
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	1,987,076	-	-	-	-	-	460
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	68,091	11,020	1,987,076	253,900	-	43,734	-	-	53,779
Excess (deficiency) of receipts over disbursements	(31,822)	(11,020)	-	-	-	(37,724)	4,317	-	-
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	(31,822)	(11,020)	-	-	-	(37,724)	4,317	-	-
Cash and investments - ending	\$ 3,077	\$ 5,679	\$ -	\$ -	\$ -	\$ (37,724)	\$ 12,865	\$ 4,279	\$ -

BEECH GROVE CITY 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)

	Excess PTRC Distributions	High School Grant	Title I	Title I - IPS	Title V Grant	Title IV Grant	Walmart Grant	CICF - BGHS Library	Techpoint
Cash and investments - beginning	\$ 26,109	\$ 7,834	\$ 27,381	\$ -	\$ 355	\$ 425	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	3,040	3,032	-	-	-	999	8,000	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	480,793	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	1,190
Total receipts	-	3,040	483,825	-	-	-	999	8,000	1,190
Disbursements:									
Current:									
Instruction	-	7,337	664,458	-	-	1,835	-	-	-
Support services	-	-	-	-	-	-	-	6,641	1,033
Noninstructional services	-	-	-	-	-	-	619	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	7,337	664,458	-	-	1,835	619	6,641	1,033
Excess (deficiency) of receipts over disbursements	-	(4,297)	(180,633)	-	-	(1,835)	380	1,359	157
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	-	(4,297)	(180,633)	-	-	(1,835)	380	1,359	157
Cash and investments - ending	\$ 26,109	\$ 3,537	\$ (153,252)	\$ -	\$ 355	\$ (1,410)	\$ 380	\$ 1,359	\$ 157

BEECH GROVE CITY 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)

	21st Century Learning Center	Improving Teaching Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	TIF/TAP Grant	Excellence In Performance	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ 7,101	\$ (3,034)	\$ (5,016)	\$ (9,175)	\$ -	\$ -	\$ 206,805	\$ 5,392,924
Receipts:								
Local sources	-	-	-	-	-	-	-	6,658,555
State sources	-	-	-	-	-	-	-	20,879,053
Federal sources	127,585	6,646	46,481	669,286	-	9,832	-	2,380,516
Temporary loans	-	-	-	-	-	-	-	1,889,864
Interfund loans	-	-	-	-	-	-	-	200,000
Other	-	-	-	-	-	-	172,016	1,161,342
Total receipts	<u>127,585</u>	<u>6,646</u>	<u>46,481</u>	<u>669,286</u>	<u>-</u>	<u>9,832</u>	<u>172,016</u>	<u>33,169,330</u>
Disbursements:								
Current:								
Instruction	-	9,538	12,587	772,225	7,779	9,832	-	15,981,117
Support services	211,550	-	42,893	91,553	-	-	-	7,117,688
Noninstructional services	-	-	-	-	-	-	-	1,622,629
Facilities acquisition and construction	-	-	-	-	-	-	-	2,623,006
Debt services	-	-	-	-	-	-	-	7,482,407
Nonprogrammed charges	-	-	-	-	-	-	456,705	769,124
Interfund loans	-	-	-	-	-	-	-	200,000
Total disbursements	<u>211,550</u>	<u>9,538</u>	<u>55,480</u>	<u>863,778</u>	<u>7,779</u>	<u>9,832</u>	<u>456,705</u>	<u>35,795,971</u>
Excess (deficiency) of receipts over disbursements	<u>(83,965)</u>	<u>(2,892)</u>	<u>(8,999)</u>	<u>(194,492)</u>	<u>(7,779)</u>	<u>-</u>	<u>(284,689)</u>	<u>(2,626,641)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	154,855
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,855</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(83,965)</u>	<u>(2,892)</u>	<u>(8,999)</u>	<u>(194,492)</u>	<u>(7,779)</u>	<u>-</u>	<u>(284,689)</u>	<u>(2,471,786)</u>
Cash and investments - ending	<u>\$ (76,864)</u>	<u>\$ (5,926)</u>	<u>\$ (14,015)</u>	<u>\$ (203,667)</u>	<u>\$ (7,779)</u>	<u>\$ -</u>	<u>\$ (77,884)</u>	<u>\$ 2,921,138</u>

BEECH GROVE CITY 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	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,218,883	\$ 232,596	\$ 106,187	\$ 33,524	\$ 508,577	\$ 282,915	\$ 57,903	\$ 212,221	\$ 338,831
Receipts:									
Local sources	43,286	1,444,528	3,793,680	386,622	499,498	305,767	35,951	-	-
State sources	19,953,424	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	795,476	1,036,868	235,777	-	-	-	-	-
Other	415,160	15,250	-	-	17,428	48	-	-	-
Total receipts	20,411,870	2,255,254	4,830,548	622,399	516,926	305,815	35,951	-	-
Disbursements:									
Current:									
Instruction	14,455,506	45,000	-	-	-	-	-	-	149,079
Support services	4,788,507	1,000,293	-	-	172,703	548,653	93,389	11,513	-
Noninstructional services	440,583	-	-	-	-	-	-	-	-
Facilities acquisition and construction	48,577	40,621	-	-	78,946	-	-	77,492	-
Debt services	100,000	879,715	3,993,783	630,227	-	-	-	813,125	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	19,833,173	1,965,629	3,993,783	630,227	251,649	548,653	93,389	902,130	149,079
Excess (deficiency) of receipts over disbursements	578,697	289,625	836,765	(7,828)	265,277	(242,838)	(57,438)	(902,130)	(149,079)
Other financing sources (uses):									
Transfers in	-	719,500	-	-	-	-	-	700,000	113,830
Transfers out	(113,830)	-	(719,500)	-	(700,000)	-	-	-	-
Total other financing sources (uses)	(113,830)	719,500	(719,500)	-	(700,000)	-	-	700,000	113,830
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	464,867	1,009,125	117,265	(7,828)	(434,723)	(242,838)	(57,438)	(202,130)	(35,249)
Cash and investments - ending	\$ 1,683,750	\$ 1,241,721	\$ 223,452	\$ 25,696	\$ 73,854	\$ 40,077	\$ 465	\$ 10,091	\$ 303,582

BEECH GROVE CITY 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)

	Construction	School Lunch	Textbook Rental	Playground	Alternative Education	SAFE School Haven	HP ECA Account	Scholarships and Awards	Construction, Remodeling, and Equipping Buildings
Cash and investments - beginning	\$ -	\$ 381,927	\$ 63,933	\$ -	\$ 15,023	\$ (19,388)	\$ 22	\$ 1,286	\$ -
Receipts:									
Local sources	-	316,314	130,557	-	-	-	-	-	-
State sources	-	8,476	145,673	-	35,403	14,500	-	-	1,344,828
Federal sources	-	1,151,873	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	4,968	-	5,000	-	-	-	-	347
Total receipts	-	1,481,631	276,230	5,000	35,403	14,500	-	-	1,345,175
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	22	-	-
Support services	-	36,530	59,262	-	-	-	-	-	-
Noninstructional services	-	1,194,597	-	-	-	(4,888)	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,349,968
Debt services	-	-	90,715	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,231,127	149,977	-	-	(4,888)	22	-	1,349,968
Excess (deficiency) of receipts over disbursements	-	250,504	126,253	5,000	35,403	19,388	(22)	-	(4,793)
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	-	250,504	126,253	5,000	35,403	19,388	(22)	-	(4,793)
Cash and investments - ending	\$ -	\$ 632,431	\$ 190,186	\$ 5,000	\$ 50,426	\$ -	\$ -	\$ 1,286	\$ (4,793)

BEECH GROVE CITY 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)

	Miscellaneous Programs	HP Donations	CE Donations	SG Donations	BGMS Donations	BGHS Donations	HEA Donations	SG Stem Grant 2013	Common School Technology
Cash and investments - beginning	\$ -	\$ 4,185	\$ 1,837	\$ 200	\$ 200	\$ 500	\$ -	\$ 500	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	526,624
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	500	2,675	1,360	1,204	583	-	393	-	-
Total receipts	500	2,675	1,360	1,204	583	-	393	-	526,624
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	260	-
Support services	-	800	2,057	1,028	-	70	185	-	528,094
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	800	2,057	1,028	-	70	185	260	528,094
Excess (deficiency) of receipts over disbursements	500	1,875	(697)	176	583	(70)	208	(260)	(1,470)
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	500	1,875	(697)	176	583	(70)	208	(260)	(1,470)
Cash and investments - ending	\$ 500	\$ 6,060	\$ 1,140	\$ 376	\$ 783	\$ 430	\$ 208	\$ 240	\$ (1,470)

BEECH GROVE CITY 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)

	G.T. High Ability Grant	Chamber of Commerce Grant	CS Science ADDT	CS Science 2012	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology	Performance Based Awards	Senator David Ford Technology
Cash and investments - beginning	\$ 3,077	\$ 5,679	\$ -	\$ -	\$ -	\$ (37,724)	\$ 12,865	\$ 4,279	\$ -
Receipts:									
Local sources	-	9,379	-	-	-	-	-	-	-
State sources	35,280	-	-	-	-	7,226	3,445	157,654	11,223
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	35,280	9,379	-	-	-	7,226	3,445	157,654	11,223
Disbursements:									
Current:									
Instruction	32,899	3,183	-	-	-	(30,498)	-	157,429	11,223
Support services	-	-	-	-	27,914	-	-	5,790	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	32,899	3,183	-	-	27,914	(30,498)	-	163,219	11,223
Excess (deficiency) of receipts over disbursements	2,381	6,196	-	-	(27,914)	37,724	3,445	(5,565)	-
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	2,381	6,196	-	-	(27,914)	37,724	3,445	(5,565)	-
Cash and investments - ending	\$ 5,458	\$ 11,875	\$ -	\$ -	\$ (27,914)	\$ -	\$ 16,310	\$ (1,286)	\$ -

BEECH GROVE CITY 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)

	Excess PTRC Distributions	High School Grant	Title I	Title I - IPS	Title V Grant	Title IV Grant	Walmart Grant	CICF - BGHS Library	Techpoint
Cash and investments - beginning	\$ 26,109	\$ 3,537	\$ (153,252)	\$ -	\$ 355	\$ (1,410)	\$ 380	\$ 1,359	\$ 157
Receipts:									
Local sources	-	-	13,785	37	-	-	1,001	8,750	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	663,923	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	677,708	37	-	-	1,001	8,750	-
Disbursements:									
Current:									
Instruction	-	3,537	545,191	-	-	(1,410)	-	-	-
Support services	-	-	-	-	-	-	-	900	71
Noninstructional services	-	-	-	-	-	-	575	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	3,537	545,191	-	-	(1,410)	575	900	71
Excess (deficiency) of receipts over disbursements	-	(3,537)	132,517	37	-	1,410	426	7,850	(71)
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	-	(3,537)	132,517	37	-	1,410	426	7,850	(71)
Cash and investments - ending	\$ 26,109	\$ -	\$ (20,735)	\$ 37	\$ 355	\$ -	\$ 806	\$ 9,209	\$ 86

BEECH GROVE CITY 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)

	21st Century Learning Center	Improving Teaching Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	TIF/TAP Grant	Excellence In Performance	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ (76,864)	\$ (5,926)	\$ (14,015)	\$ (203,667)	\$ (7,779)	\$ -	\$ (77,884)	\$ 2,921,138
Receipts:								
Local sources	-	-	-	-	-	-	-	6,989,155
State sources	-	-	-	-	-	-	-	22,243,756
Federal sources	257,203	65,970	-	1,200,477	-	-	-	3,339,446
Temporary loans	-	-	-	-	-	-	-	2,068,121
Other	-	-	-	-	-	-	193,766	658,682
Total receipts	<u>257,203</u>	<u>65,970</u>	<u>-</u>	<u>1,200,477</u>	<u>-</u>	<u>-</u>	<u>193,766</u>	<u>35,299,160</u>
Disbursements:								
Current:								
Instruction	-	71,800	-	945,007	(7,779)	-	-	16,380,449
Support services	185,108	-	(14,015)	73,403	-	-	-	7,522,255
Noninstructional services	-	-	-	-	-	-	-	1,630,867
Facilities acquisition and construction	-	-	-	-	-	-	-	1,595,604
Debt services	-	-	-	-	-	-	-	6,507,565
Nonprogrammed charges	-	-	-	-	-	-	180,776	180,776
Total disbursements	<u>185,108</u>	<u>71,800</u>	<u>(14,015)</u>	<u>1,018,410</u>	<u>(7,779)</u>	<u>-</u>	<u>180,776</u>	<u>33,817,516</u>
Excess (deficiency) of receipts over disbursements	<u>72,095</u>	<u>(5,830)</u>	<u>14,015</u>	<u>182,067</u>	<u>7,779</u>	<u>-</u>	<u>12,989</u>	<u>1,481,643</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	1,533,330
Transfers out	-	-	-	-	-	-	-	(1,533,330)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>72,095</u>	<u>(5,830)</u>	<u>14,015</u>	<u>182,067</u>	<u>7,779</u>	<u>-</u>	<u>12,989</u>	<u>1,481,643</u>
Cash and investments - ending	<u>\$ (4,769)</u>	<u>\$ (11,756)</u>	<u>\$ -</u>	<u>\$ (21,600)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (64,895)</u>	<u>\$ 4,402,781</u>

BEECH GROVE CITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 282,465</u>	<u>\$ 130,989</u>

BEECH GROVE CITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Apple Inc	Apple Computers	\$ 91,742	04/10/14	08/10/17
Fifth Third Bank	Lease 2011 Technology Tablets	<u>381,430</u>	01/01/12	07/01/15
Total governmental activities		<u>473,172</u>		
Total of annual lease payments		<u>\$ 473,172</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Beech Grove Multi-School Building Corporation:			
Capital lease	HS/MS Lease Rental 1996	\$ 9,135,000	\$ 1,242,500
Capital lease	Kindergarten Center Lease Rental 2001	7,071,855	1,195,000
Beech Grove Central Schools Building Corporation:			
Capital lease	QSCB 2009	1,565,000	157,500
Capital lease	HS HVAC Lease Rental 2011	4,260,000	248,000
Capital lease	Taxable Ad Valorem Property Tax Series 2014	6,350,000	275,500
General obligation bonds	Lease Career Center 2009	147,819	28,437
General obligation bonds	Lease Career Center Bond 2007	120,468	34,330
General obligation bonds	Pension Bonds of 2005	4,280,000	458,520
Common School loan	Common School Loan A1477	90,406	45,994
Common School loan	Common School Loan A1483	86,507	35,381
Common School loan	Common School Loan A1537	122,150	49,959
Common School loan	Common School Loan A1616	203,120	52,684
Common School loan	Common School Loan A0603	2,000,000	177,000
Common School loan	Common School Loan A0575	<u>641,667</u>	<u>83,417</u>
Total governmental activities		<u>36,073,992</u>	<u>4,084,222</u>
Totals		<u>\$ 36,073,992</u>	<u>\$ 4,084,222</u>

(This page intentionally left blank.)

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE BEECH GROVE CITY SCHOOLS, MARION COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Beech Grove City 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.

Basis for Qualified Opinion on the Special Education Cluster

As described in items 2014-007 and 2014-008 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles, Cash Management, and Reporting that are applicable to its Special Education Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on the Special Education Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Special Education Cluster* paragraph, 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 the Special Education Cluster for the period of July 1, 2012 to June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2012 to June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 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

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

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, 2014-006, 2014-007, 2014-008, and 2014-009 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

June 20, 2016

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.

(This page intentionally left blank.)

BEECH GROVE CITY 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					
School Breakfast Program	Indiana Department of Education	10.553	FY 2013	\$ 245,995	\$ -
			FY 2014	-	263,837
National School Lunch Program	Indiana Department of Education	10.555	FY 2013	844,069	-
			FY 2014	-	919,842
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2013	10,571	-
			FY 2014	-	17,446
Total - Child Nutrition Cluster				<u>1,100,635</u>	<u>1,201,125</u>
Child and Adult Care Food Program	Indiana Department of Education	10.558	FY 2013	20,543	-
			FY 2014	-	38,725
Total - Child and Adult Care Food Program				<u>20,543</u>	<u>38,725</u>
Total - Department of Agriculture				<u>1,121,178</u>	<u>1,239,850</u>
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	12-5380	70,060	-
			13-5380	410,733	151,503
			14-5380	-	512,420
Total - Title I, Part A Cluster				<u>480,793</u>	<u>663,923</u>
Special Education Cluster					
Special Education - Grants to States	Indiana Department of Education	84.027			
FY 2012 Federal Part B 611			14212-053-PN01	199,870	1,461
FY 2013 Federal Part B 611			14213-053-PN01	378,180	205,537
FY 2014 Federal Part B 611			14214-053-PN01	-	377,850
FY 2014 Federal Technical Assistance			99914-053-PN01	-	1,129
Total - Special Education - Grants to States				<u>578,050</u>	<u>585,977</u>
Special Education - Preschool Grants	Indiana Department of Education	84.173			
FY 2012 Federal Part B 619			45712-053-PN01	3,874	-
FY 2013 Federal Part B 619			45713-053-PN01	10,767	4,339
FY 2014 Federal Part B 619			45714-053-PN01	-	10,154
Total - Special Education - Preschool Grants				<u>14,641</u>	<u>14,493</u>
Total - Special Education Cluster				<u>592,691</u>	<u>600,470</u>
Educational Technology State Grants Cluster					
Educational Technology State Grants	Indiana Department of Education	84.318	S318X050014	46,481	-
Teacher Incentive Fund Cluster					
Teacher Incentive Fund	Indiana Department of Education	84.374	S374A100020	669,286	1,200,477
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287	S287C100014	127,585	257,203
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	S367A090013	6,646	65,970
Education Jobs Fund	Indiana Department of Education	84.410	7000S410A100015	9,832	-
Total - Department of Education				<u>1,933,314</u>	<u>2,788,043</u>
Total federal awards expended				<u>\$ 3,054,492</u>	<u>\$ 4,027,893</u>

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

BEECH GROVE CITY SCHOOLS
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	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 81,285	\$ 87,977

Note 3. Special Education Cooperative

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

BEECH GROVE CITY 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 for all programs except Special Education Cluster which was Qualified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Title I, Part A Cluster
	Special Education Cluster
	Teacher Incentive Fund Cluster
84.287	Twenty-First Century Community Learning Centers

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the financial statement. The School Corporation did not have procedures in place to ensure the compiled information was complete and accurate prior to presenting to the auditors. The School

BEECH GROVE CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Corporation should have proper controls in place over the preparation of the financial statement to ensure accurate reporting of fund activity. Without a proper system of internal control in place that operates effectively, material misstatements of the financial statement could remain undetected.

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

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

FINDING 2014-002 - INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

During the audit of the SEFA, we noted the following errors:

- The National School Lunch Program (CFDA #10.555) expenditures were understated by \$10,571 in FY12/13 and \$8,139 in FY13/14 due to the omission of Federal Administrative Reimbursements.
- The School Breakfast Program (CFDA #10.553) expenditures were overstated by \$316 in FY13/14, National School Lunch Program (CFDA #10.555) expenditures were overstated by \$5,877 in FY12/13 and \$16,644 in FY13/14, and the Summer Food Service Program for Children (CFDA #10.559) expenditures were overstated by \$14,666 in FY12/13 and \$21,765 in FY13/14 due to the inclusion of Child and Adult Care Food Program (CFDA #10.558) reimbursements.
- The Child and Adult Care Food Program (CFDA #10.558) expenditures of \$20,543 in FY12/13 and \$38,725 in FY13/14 were omitted from the presented SEFA.
- The Title I Grants to Local Educational Agencies (CFDA #84.010) expenditures were overstated by \$3,032 in FY12/13 and \$20,174 in FY13/14 due to the inclusion of non-federal reimbursements.
- The Educational Technology State Grants (CFDA #84.318) expenditures of \$46,481 in FY12/13 were omitted from the presented SEFA.
- The Improving Teacher Quality State Grants (CFDA #84.367) expenditures were overstated by \$9,594 due to inclusion of expenditures reimbursed in the subsequent fiscal year.

BEECH GROVE CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- The Education Jobs Fund (CFDA #84.410) expenditures were understated by \$5,516 due to omission of reimbursed expenditures.
- The Twenty-First Century Community Learning Centers (CFDA #84.287) program was incorrectly named as 21st Century Learning.
- The Special Education Cluster (CFDA #84.027 and #84.173) expenditures of \$592,691 in FY 12/13 and \$600,471 in FY 13/14 were omitted from the presented SEFA.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

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.

BEECH GROVE CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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."

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE 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): 12-5380, 13-5380, 14-5380

Pass-Through Entity: Indiana Department of Education

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: Cash Management, Eligibility, Level of Effort, Earmarking, Reporting, and Special Tests and Provisions Related to Participation of Private School Children, Schoolwide Programs, Highly Qualified Teachers and Paraprofessionals, and Annual Report, High School Graduation Rate.

One individual prepared and monitored the School Corporation's compliance with these requirements. There was no documentation presented for audit indicating proper controls were in place over these areas.

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 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.

BEECH GROVE CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

The failure to establish internal controls would have enabled 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 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE TEACHER INCENTIVE FUND

Federal Agency: Department of Education

Federal Program: Teacher Incentive Fund

CFDA Number: 84.374

Federal Award Number and Year (or Other Identifying Number): S374A100020

Pass-Through Entity: Indiana Department of Education

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: Cash Management and Reporting.

One individual prepared and monitored the School Corporation's compliance with these requirements. There was no documentation presented for audit indicating proper controls were in place over these areas.

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 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. . . ."

BEECH GROVE CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The failure to establish internal controls would have enabled 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 2014-005 - CASH MANAGEMENT - TEACHER INCENTIVE FUND

Federal Agency: Department of Education
Federal Program: Teacher Incentive Fund
CFDA Number: 84.374
Federal Award Number and Year (or Other Identifying Number): S374A100020
Pass-Through Entity: Indiana Department of Education

The School Corporation's grant is funded on a reimbursement basis which means program costs must be paid for by entity funds before reimbursement is requested. The School Corporation requested stipends in the amount of \$263,210 on the reimbursement claim dated December 6, 2012, and stipends in the amount of \$80,561 on the reimbursement claim dated December 11, 2012, but actually paid these stipends on December 21, 2012. The School Corporation requested stipends in the amount of \$75,564 on the reimbursement claim dated January 29, 2013, but actually paid these stipends on February 15, 2013. This resulted in a total prepayment of \$419,335.

The prepayment of expenses indicates noncompliance with the Cash Management requirement as set forth by the grant agreement. Additionally, failure to comply with the grant agreement may cause future funding to be reduced by the pass-through agency.

34 CFR 80.21 states in part:

" . . . (b) *Basic standard.* Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205. . . .

(d) *Reimbursement.* Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. . . ."

31 CFR 205.12 (b)(5) states: "Reimbursable funding means that a Federal Program Agency transfers Federal funds to a State after that State has already paid out the funds for Federal assistance program purposes."

We recommended that the School Corporation officials ensure that only actual disbursements are included on future reimbursement requests.

BEECH GROVE CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-006 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS

Federal Agency: Department of Education
Federal Program: Twenty-First Century Community Learning Centers
CFDA Number: 84.287
Federal Award Number and Year (or Other Identifying Number): S287C100014
Pass-Through Entity: Indiana Department of Education

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: Cash Management, Level of Effort, Reporting, and Special Tests and Provisions Related to Participation of Private School Children and Schoolwide Programs.

One individual prepared and monitored the School Corporation's compliance with these requirements. There was no documentation presented for audit indicating proper controls were in place over these areas.

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 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 would have enabled 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.

BEECH GROVE CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-007 - CASH MANAGEMENT AND REPORTING

Federal Agency: Department of Education

Federal Programs: Special Education - Grants to States, Special Education - Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-053-PN01, 14213-053-PN01,
14214-053-PN01, 99914-053-PN01,
45712-053-PN01, 45713-053-PN01,
45714-053-PN01

Pass-Through Entity: Indiana Department of Education

The School Corporation is a member of Southside Special Services of Marion County (Cooperative). The Cooperative operates the Special Education program and manages the Special Education grant funds for all member schools.

An effective internal control system, which includes segregation of duties, had not been established to ensure compliance with the grant agreement and Cash Management and Reporting compliance requirements.

Requests for Reimbursement were prepared and filed by the Cooperative's Treasurer and the School Corporation's Treasurer. Adequate policies and procedures had not been designed or implemented to ensure that required reports were accurately prepared and that the expenditures submitted for reimbursement were paid prior to the request.

Requests for Reimbursement prepared by the Cooperative's Treasurer were not based on the actual amounts paid. The requests included the year to date expenses paid per the appropriation report less reimbursements already received.

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. . . ."

34 CFR 80.21 states in part:

". . . (b) *Basic standard.* Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205. . . ."

(d) *Reimbursement.* Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. . . ."

BEECH GROVE CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

31 CFR 205.12 (b)(5) states: "Reimbursable funding means that a Federal Program Agency transfers Federal funds to a State after that State has already paid out the funds for Federal assistance program purposes."

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial Reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . ."

The failure to establish internal controls enabled 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 and that reimbursement requests be based on actual expenditures.

FINDING 2014-008 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education

Federal Programs: Special Education - Grants to States, Special Education - Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-053-PN01, 14213-053-PN01,
14214-053-PN01, 99914-053-PN01,
45712-053-PN01, 45713-053-PN01,
45714-053-PN01

Pass-Through Entity: Indiana Department of Education

The School Corporation is a member of Southside Special Services of Marion County (Cooperative). The Cooperative operates the Special Education program and manages the Special Education grant funds for all member schools.

An effective internal control system, which includes segregation of duties, had not been established to ensure compliance with the grant agreement and Allowable Costs/Cost Principles compliance requirement.

The School Corporation had not designed or implemented adequate policies or procedures to ensure that certifications were prepared in accordance with program requirements. The Cooperative failed to maintain required certifications on some of their full and part-time employees who worked solely on and were paid from the Special Education grants during the audit period.

BEECH GROVE CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

OMB Circular A-87, Attachment B, item 8(h)(3), states:

"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 first hand knowledge of the work performed by the employee."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirement 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 requirement listed above and that required certifications be completed for applicable employees.

FINDING 2014-009 - LEVEL OF EFFORT AND PERIOD OF AVAILABILITY

Federal Agency: Department of Education

Federal Programs: Special Education - Grants to States, Special Education - Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-053-PN01, 14213-053-PN01,
14214-053-PN01, 99914-053-PN01,
45712-053-PN01, 45713-053-PN01,
45714-053-PN01

Pass-Through Entity: Indiana Department of Education

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: Level of Effort and Period of Availability.

Level of Effort

The Treasurer and Assistant Superintendents worked together to perform the Maintenance of Effort calculation. There was no control in place to ensure the accuracy of this calculation.

Period of Availability

The School Corporation Treasurer reviewed the ledger and expenditures for the grant in regard to the Period of Availability monthly; however, there was no evidence of this review.

BEECH GROVE CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 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 programs. 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.

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 programs. 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 would have enabled 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.

(This page intentionally left blank.)

AUDITEE PREPARED DOCUMENTS

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

Beech Grove City Schools

5334 Hornet Avenue
Beech Grove, IN 46107-2306
Phone (317) 788-4481
Fax (317) 782-4065
www.bgcs.k12.in.us



SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-2: CASH MANAGEMENT – TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS

Federal Agency: U.S. DEPARTMENT OF EDUCATION
Federal Program: Twenty-First Century Community Learning Centers
CFDA Number: 84.287
Federal Award Number and Year): S287C100014
Pass-Through Entity: Indiana Department of Education

Beginning in June 2011, the School Corporation's grant is funded on the reimbursement basis so program costs must be paid for by entity funds before reimbursement is requested. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the grantor and the disbursement. The School Corporation prepared and submitted reimbursement requests but did not attach the supporting documentation for the requests. The grant expenditures were tested with no exceptions noted and the final expenditure reports were determined to be properly prepared and supported by the appropriate expenditure documentation.

The lack of expenditure documentation indicates noncompliance with the cash management requirement as set forth by the grant agreement. Additionally, failure to comply with the grant agreement may cause future funding to be reduced by the pass-through agency.

FINDING 2012-1: CASH MANAGEMENT – TEACHERS INCENTIVE FUND

Federal Agency: U.S. DEPARTMENT OF EDUCATION
Federal Program: Teachers Incentive Fund
CFDA Number: 84.374
Project Number: S374A100020
Pass-Through Entity: Indiana Department of Education

The School Corporation's grant is funded on a reimbursement basis so program costs must be paid for by entity funds before reimbursement is requested. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the grantor and the disbursement. The School Corporation requested the entire Master Stipend amount of \$50,000 and the entire Mentor Stipend amount of \$70,000 on the reimbursement claim dated 12/15/11 but actually paid the stipends over a 26 pay schedule. Therefore, the actual expenses to the reimbursement date were Master Stipends of \$17,307.90 and Mentor Stipends of \$48,462.12 which resulted in a prepayment of \$54,229.98. This was observed spent prior to the grant period ending date.

The prepayment of expenses indicates noncompliance with the cash management requirement as set forth by the grant agreement. Additionally, failure to comply with the grant agreement may cause future funding to be reduced by the pass-through agency.

We recommend that the School Corporation Officials ensure that only actual disbursements are included on future reimbursement requests.

Beech Grove City Schools

5334 Hornet Avenue
Beech Grove, IN 46107-2306
Phone (317) 788-4481
Fax (317) 782-4065
www.bgcs.k12.in.us



Catherine Statzew
(Signature)

Treasurer
(Title)

November 18, 2014
(Date)

Beech Grove City Schools

5334 Hornet Avenue
Beech Grove, IN 46107-2306
Phone (317) 788-4481
Fax (317) 782-4065
www.bgcs.k12.in.us



June 20, 2016

Finding 2014-001

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS
AND REPORTING**

Contact Person: Cathy Statzer
Title of Contact Person: Corporation Treasurer
Contact Number: (317) 788-4481
Anticipated Completion Date: Immediately

Corrective Action Plan

All vouchers are processed by the Treasurer, reviewed and approved by the Assistant Superintendent of Business, reviewed by the Superintendent and presented to the School Board on a monthly basis.

Finding 2014-002

**INTERNAL CONTROLS OVER THE PREPARATION OF THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Contact Person: Cathy Statzer
Title of Contact Person: Corporation Treasurer
Contact Number: (317) 788-4481
Anticipated Completion Date: Immediately

Corrective Action Plan

We believe these errors were due to learning the new financial program. Going forward I will compile the SEFA information and have Dr. Keeley's approval before submission. Also, we have more information on the account numbers and the specifics to show expenditures more easily.

Finding 2014-003

INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

Contact Person: Cathy Statzer
Title of Contact Person: Corporation Treasurer
Contact Number: (317) 788-4481
Anticipated Completion Date: Immediately

Corrective Action Plan

Since the retirement of the last Grant Coordinator, Dr. Hammack and I have discussed several things we are changing to improve the accuracy of the information for the Title I Grant. Changing the Fund Number to correlate with the year of the grant, having Dr. Hammack approve all requests for reimbursements and review expenditures before submission, and setting up a spreadsheet to help with end of year reporting are just of the few changes we have implemented.

Finding 2014-004

INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE TEACHER INCENTIVE FUND

Contact Person: Cathy Statzer
Title of Contact Person: Corporation Treasurer
Contact Number: (317) 788-4481
Anticipated Completion Date: Immediately

Corrective Action Plan

Dr. Keeley and I have discussed several things we are changing to improve the accuracy of the information for the Teacher Incentive Fund. Changing the Fund Number to correlate with the year of the grant, and having Dr. Keeley approve all requests for reimbursements and review expenditures before submission will establish desired controls.

Finding 2014-005

CASH MANAGEMENT – TEACHERS INCENTIVE FUND CLUSTER

Contact Person: Cathy Statzer
Title of Contact Person: Corporation Treasurer
Contact Number: (317) 788-4481
Anticipated Completion Date: Immediately

Corrective Action Plan

The School Corporation no longer request disbursements of fund prior to the funds being spent. Expenditure lines have also been moved solely into the Teachers Incentive Fund for better expense tracking and grant management to ensure that funds are requested only once spent.

Finding 2014-006

INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS

Contact Person: Cathy Statzer
Title of Contact Person: Corporation Treasurer
Contact Number: (317) 788-4481
Anticipated Completion Date: Immediately

Corrective Action Plan

Dr. Keeley and I have discussed several things we are changing to improve the accuracy of the information for the Twenty-First Century Community Learning Centers. Changing the Fund Number to correlate with the year of the grant, having Jescee Sellas, Grant Coordinator, and Dr. Keeley approve all requests for reimbursements and review expenditures before submission. All Reports, Level of Effort, and Special Tests and Provisions related to Private School Children and Schoolwide Programs will be complied and submitted by the Grant Coordinator with a copy being submitted to the Treasurer for review by Dr. Hammack.

Finding 2014-007

CASH MANAGEMENT AND REPORTING

Contact Person: Cathy Statzer
Title of Contact Person: Corporation Treasurer
Contact Number: (317) 788-4481
Anticipated Completion Date: Immediately

Corrective Action Plan

A separate fund will be added for more accuracy on reporting those individuals or purchases that apply to the Part B IDEA Grant. The Treasurer, Grant Administrator and Assistant Superintendent of Business will review all expenditures and approve all requests before submission.

Finding 2014-008

ALLOWABLE COSTS/COST PRINCIPLES

Contact Person: Cathy Statzer
Title of Contact Person: Corporation Treasurer
Contact Number: (317) 788-4481
Anticipated Completion Date: Immediately

Corrective Action Plan

Certifications and reports will be compiled and maintained by the Grant Administrator with a copy maintained by the Treasurer with Grant information to determine Allowable Cost/Cost Principles (Time & Effort). For employees funded by RISE, a copy of the Time & Effort Report will be submitted to us for compliance with the Time & Effort reports.

Finding 2014-009

Contact Person: Cathy Statzer
Title of Contact Person: Corporation Treasurer
Contact Number: (317) 788-4481
Anticipated Completion Date: Immediately

LEVEL OF EFFORT AND PERIOD OF AVAILABILITY

Corrective Action Plan

Level of Effort – The Treasurer, Grant Administrator and Assistant Superintendent of Business work together to perform the Maintenance of Effort calculation and will have the Superintendent sign off on the final calculation to ensure accuracy.

Period of Availability – Period of availability is noted at start of the grant with reminders set up on the calendar. On a monthly basis, expenses are reviewed with the Assistant Superintendent of Business with him approving each voucher. Before the claim is submitted the Grant Administrator reviews the claim and approves. A month before the grant expires and reminder comes up and an email is sent to the Grant Administrator reminding them of the ending of the specific grant. The Grant Administrator approves the Year End Report. Each Grant has a specific fund for each grant each year. At the end of the availability of the Grant and new fund number is issued and the old one is made inactive.



(Signature)

Corporation Treasurer
(Title)

June 20, 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/>.