

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

BROWN COUNTY SCHOOLS  
BROWN COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
09/21/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carol S. Owens Julia Smith	07-01-14 to 07-31-17 08-01-17 to 06-30-19
Superintendent of Schools	David Shaffer Dr. Laura Hammack	07-01-14 to 06-30-16 07-01-16 to 06-30-19
President of the School Board	Carolyn V. Bowden Judy Hardwick Stephanie Kritzer Steve Miller, Jr.	07-01-14 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statement**

We have audited the accompanying financial statement of the Brown County Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statement***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from 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 to 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, 2014 to June 30, 2016.

***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, 2014 to June 30, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated August 22, 2018, 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 solely 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 effectiveness of the School Corporation's 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

August 22, 2018



**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](http://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 BROWN COUNTY SCHOOLS, BROWN 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 Brown County Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated August 22, 2018, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation'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 2016-001 and 2016-002 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002.

**Brown County Schools' Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

August 22, 2018

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

BROWN COUNTY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH  
AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 5,717,265	\$ 13,866,144	\$ 13,901,293	\$ 44,577	\$ 5,726,693	\$ 13,993,642	\$ 14,036,220	\$ (1,440,743)	\$ 4,243,372
Referendum Tax Levy	16,653	136,224	-	(136,223)	16,654	139,288	7,244	(64,047)	84,651
Debt Service	1,059,676	2,830,975	2,582,349	(82,440)	1,225,862	2,881,816	2,733,001	(109,405)	1,265,272
Retirement/Severance Bond Debt Service	45,847	23,388	66,648	-	2,587	-	-	-	2,587
Capital Projects	1,127,335	1,949,179	2,655,299	(11,625)	409,590	1,970,319	1,607,707	-	772,202
School Transportation	2,856,267	2,756,528	3,008,655	(9,900)	2,594,240	2,880,049	3,125,912	-	2,348,377
School Bus Replacement	182,169	135,946	-	-	318,115	154,671	371,992	-	100,794
Rainy Day	885,177	300,000	947,771	36,436	273,842	40,228	792,024	1,302,144	824,190
Retirement/Severance Bond	501,522	-	204,144	(242,571)	54,807	62,918	109,057	-	8,668
Post-Retirement/Severance Future Benefits	189,449	836	310,803	242,571	122,053	45,637	167,690	-	-
2010 Science GO Bond	6,757	-	-	(6,757)	-	-	-	-	-
GO Bond 2012 Elementary Science Labs	441,993	-	422,201	(19,792)	-	-	-	-	-
School Lunch	91,567	1,126,185	1,108,011	(8,125)	101,616	1,028,385	1,074,024	-	55,977
Textbook Rental	53,696	213,476	141,270	61,163	187,065	220,116	248,326	109,405	268,260
Self-Insurance	266,595	2,868,984	2,995,495	-	140,084	3,431,656	3,551,405	-	20,335
Levy Excess	-	-	-	-	-	2,787	-	-	2,787
Educational License Plates	2,381	244	-	(2,550)	75	263	-	-	338
Donations	-	-	-	-	-	21,489	21,335	929	1,083
McDonald's Grant Greller JH	22	489	489	(22)	-	-	-	-	-
BCJHS We The People Donations	14,935	20,719	31,269	-	4,385	-	-	-	4,385
BCJHS Weather Bug Grant	27,495	-	27,495	-	-	-	-	-	-
Driver's Education Fund	13,415	310	12,866	(859)	-	-	-	-	-
Bryan Pitcher Estate Interest	-	-	-	-	-	117	-	107	224
Bryan Pitcher Estate	5,076	(76)	-	-	5,000	-	-	-	5,000
Psi Iota Xi	-	-	-	-	-	-	-	296	296
Helms/Thelma Fleener Estate Interest	-	-	-	-	-	59	-	78	137
Helms/Thelma Fleener Estate	5,000	-	-	-	5,000	-	-	-	5,000
Rotary Teacher of the Year	2,138	-	545	-	1,593	1,600	208	-	2,985
BC Community Foundation	-	976	-	-	976	200	1,114	-	62
Instructional Support	1,470	199	740	-	929	46,872	42,436	7,663	13,028
Bryan Pitcher Interest-2014	31	76	-	-	107	-	-	(107)	-
Psi Iota Xi-2014	296	-	-	-	296	-	-	(296)	-
Fleener Estate Interest	78	-	-	-	78	-	-	(78)	-
Local At Risk Grant	267	-	-	(267)	-	-	-	-	-
Superintendent	144	-	-	-	144	-	-	-	144
Extra-Curricular Activities	41	1,417	1,458	-	-	795	795	-	-
BCJHS Extra Curricular Activities	3,796	3,072	6,868	-	-	2,464	2,464	-	-
BCIS ECA	-	-	-	-	-	1,389	1,354	-	35
BC Intermediate Sch Opera 13-14	5,837	-	-	(5,837)	-	-	-	(36)	(36)
BC Schools Humane Society Grant	2,199	-	-	-	2,199	-	-	-	2,199
IU Tuition Replacement CR Bnk	320	-	-	-	320	-	-	-	320
Family Literacy Pre-School	1,425	2,850	2,383	-	1,892	3,625	3,825	-	1,692
Peers LCC Donation 03	53	-	-	(53)	-	-	-	-	-

BROWN COUNTY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH  
AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
Peers Grant 09-10 LCC	299	-	-	(299)	-	-	-	-	-
BCIS PBIS Grant	-	-	-	-	-	9,037	9,037	-	-
BCJHS PBIS Grant	-	-	-	-	-	3,818	3,818	-	-
VBS PBIS Grant	-	-	-	-	-	4,639	4,639	-	-
SES PBIS Grant	-	-	-	-	-	4,244	4,244	-	-
HES PBIS Grant	-	-	-	-	-	3,523	3,523	-	-
BC Career Resource Center	306,408	166,875	299,960	144,023	317,346	155,875	279,499	64,047	257,769
Special Donations Library Helmsburg Formative Assessment	2,027	-	1,227	-	800	-	-	-	800
High Ability Grant 2010-2011	1	-	-	-	1	-	1	-	-
High Ability Grant 2011-2012	153	-	-	-	153	-	153	-	-
HA 13-14 Grant	2,630	-	2,630	-	-	-	-	-	-
High Ability Grant 2014-2015	-	31,365	24,549	-	6,816	-	6,816	-	-
High Ability Grant 2015-2016	-	-	-	-	-	32,982	32,523	-	459
Medicaid Reimbursement	940	-	-	-	940	-	-	-	940
Secured Schools Safety Grant	-	14,362	14,189	-	173	46,625	-	(46,798)	-
School Technology	67,717	125,772	192,789	(700)	-	129,150	286,019	156,869	-
Senator David Ford Technology	-	5,699	5,699	-	-	29,995	29,995	-	-
Title I 2013-2014	(150)	57,467	57,317	-	-	-	-	-	-
Title I 2014-2015	-	320,750	334,617	(442)	(14,309)	72,863	58,546	(8)	-
Title I 2015-2016	-	-	-	-	-	298,020	306,558	8	(8,530)
Title I 2011-2012	8	-	-	(8)	-	-	-	-	-
Special Ed IDEA 2013-14	(150)	37,682	37,532	-	-	-	-	-	-
Technical Assistance	-	5,516	5,516	-	-	5,491	5,491	-	-
Spec Ed IDEA 2014-2015	-	427,434	441,917	(300)	(14,783)	57,216	42,433	-	-
Spec Ed IDEA 2015-2016	-	-	-	-	-	432,728	445,327	-	(12,599)
Spec Ed IDEA 2016-2017	-	-	-	-	-	-	2,805	-	(2,805)
Special Ed Preschool 2015-2016	-	-	-	-	-	14,593	14,593	-	-
Title IV Drug Free School 09-10	2	-	-	-	2	-	-	-	2
Title II A 2012-2013	(36)	34,179	34,142	-	1	-	-	-	1
Title II A 2014-2015	-	39,335	42,209	-	(2,874)	39,400	36,526	-	-
Title II A 2015-2016	-	-	-	-	-	37,187	42,942	-	(5,755)
School Lunch Equipment	-	-	-	-	-	14,936	14,936	-	-
Payroll Withholding	(36,546)	257,723	49,057	-	172,120	73,764	56,767	-	189,117
General Obligation Bond of 2014	-	2,515	1,731,667	2,393,615	664,463	672	607,287	-	57,848
Totals	\$ 13,871,690	\$ 27,764,815	\$ 31,703,069	\$ 2,393,615	\$ 12,327,051	\$ 28,397,143	\$ 30,192,611	\$ -	\$ 10,531,583

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

BROWN COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

School Corporation, as used herein, shall include, but is not limited to, the following: 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.* Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

*Intermediate sources.* Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

BROWN COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*State sources.* Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Federal sources.* Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Interfund loans.* Amounts 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.* Amounts received from various sources, including, but not limited to, the following: 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.* Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

*Support services.* Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

*Noninstructional services.* Amounts disbursed for food service operations and community service operations.

*Facilities acquisition and construction.* Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

*Debt service.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

*Nonprogrammed charges.* Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

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

*F. Other Financing Sources and Uses*

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

BROWN COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Proceeds of long-term debt.* Amounts received in relation to the issuance of bonds or other long-term debt issues.

*Transfers in.* Amounts 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.* Amounts 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

BROWN COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: 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

BROWN COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

**B. Teachers' Retirement Fund**

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

**Note 7. Negative Receipts and Disbursements**

The financial statement contains some receipts and/or disbursements which appear as negative entries. Interfund loan transactions to cover overdrawn cash balances at calendar or fiscal year end were reversed shortly after the close of the calendar or fiscal year, which resulted in negative interfund loan receipt and disbursement balances. Since the original entry and the correction were made in separate periods, a negative receipt/disbursement was shown in the current period.

BROWN COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This was a result of funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015 and 2016.

**Note 9. Holding Corporation**

The School Corporation has entered into a capital lease with Brown County High School and Nashville School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ending December 31, 2015 and 2016, totaled \$112,000 and \$152,000, respectively.

The School Corporation has entered into a capital lease dated December 4, 2014, with the Brown County School MultiSchool Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. The first lease payment is due on June 30, 2017.

**Note 10. Subsequent Events**

A \$650,000 General Obligation Bond was issued August 10, 2016, for the purchase of buses. In addition, a \$3,000,000 General Obligation Bond was issued on April 26, 2018, for building and security projects.

**Note 11. Other Postemployment Benefits**

The School Corporation provides life insurance benefits to the former Superintendent of Schools. 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.

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#### OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 Indiana Gateway for Government Units 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 School Corporation's Financial Reports 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.

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 5,717,265	\$ 16,653	\$ 1,059,676	\$ 45,847	\$ 1,127,335	\$ 2,856,267	\$ 182,169	\$ 885,177
Receipts:								
Local sources	273,794	136,224	2,830,975	23,388	1,949,179	2,755,139	135,946	-
Intermediate sources	25	-	-	-	-	-	-	-
State sources	13,429,672	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	300,000
Other receipts	162,653	-	-	-	-	1,389	-	-
Total receipts	13,866,144	136,224	2,830,975	23,388	1,949,179	2,756,528	135,946	300,000
Disbursements:								
Instruction	9,199,517	-	-	-	-	-	-	135,994
Support services	4,086,388	-	-	-	1,805,725	3,003,073	-	358,820
Noninstructional services	315,388	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	849,574	5,582	-	452,957
Debt service	-	-	2,582,349	66,648	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	300,000	-	-	-	-	-	-	-
Total disbursements	13,901,293	-	2,582,349	66,648	2,655,299	3,008,655	-	947,771
Excess (deficiency) of receipts over disbursements	(35,149)	136,224	248,626	(43,260)	(706,120)	(252,127)	135,946	(647,771)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	44,577	-	-	-	-	-	-	36,436
Transfers out	-	(136,223)	(82,440)	-	(11,625)	(9,900)	-	-
Total other financing sources (uses)	44,577	(136,223)	(82,440)	-	(11,625)	(9,900)	-	36,436
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,428	1	166,186	(43,260)	(717,745)	(262,027)	135,946	(611,335)
Cash and investments - ending	\$ 5,726,693	\$ 16,654	\$ 1,225,862	\$ 2,587	\$ 409,590	\$ 2,594,240	\$ 318,115	\$ 273,842

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits	2010 Science GO Bond	GO Bond 2012 Elementary Science Labs	School Lunch	Textbook Rental	Self- Insurance	Levy Excess
Cash and investments - beginning	\$ 501,522	\$ 189,449	\$ 6,757	\$ 441,993	\$ 91,567	\$ 53,696	\$ 266,595	\$ -
Receipts:								
Local sources	-	836	-	-	427,353	123,938	2,868,984	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	13,383	89,538	-	-
Federal sources	-	-	-	-	684,941	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	508	-	-	-
Total receipts	-	836	-	-	1,126,185	213,476	2,868,984	-
Disbursements:								
Instruction	-	310,803	-	-	-	-	-	-
Support services	207,917	-	-	44,545	51,382	141,238	2,995,495	-
Noninstructional services	-	-	-	-	1,056,629	-	-	-
Facilities acquisition and construction	-	-	-	377,656	-	32	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	(3,773)	-	-	-	-	-	-	-
Total disbursements	204,144	310,803	-	422,201	1,108,011	141,270	2,995,495	-
Excess (deficiency) of receipts over disbursements	(204,144)	(309,967)	-	(422,201)	18,174	72,206	(126,511)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	242,571	-	-	-	61,163	-	-
Transfers out	(242,571)	-	(6,757)	(19,792)	(8,125)	-	-	-
Total other financing sources (uses)	(242,571)	242,571	(6,757)	(19,792)	(8,125)	61,163	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(446,715)	(67,396)	(6,757)	(441,993)	10,049	133,369	(126,511)	-
Cash and investments - ending	\$ 54,807	\$ 122,053	\$ -	\$ -	\$ 101,616	\$ 187,065	\$ 140,084	\$ -

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	Educational License Plates	Donations	McDonald's Grant Greller JH	BCJHS We The People Donations	BCJHS Weather Bug Grant	Driver's Education Fund	Bryant Pitcher Estate Interest
Cash and investments - beginning	\$ 2,381	\$ -	\$ 22	\$ 14,935	\$ 27,495	\$ 13,415	\$ -
Receipts:							
Local sources	-	-	489	20,719	-	310	-
Intermediate sources	244	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	244	-	489	20,719	-	310	-
Disbursements:							
Instruction	-	-	489	31,269	-	12,866	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	27,495	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	489	31,269	27,495	12,866	-
Excess (deficiency) of receipts over disbursements	244	-	-	(10,550)	(27,495)	(12,556)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(2,550)	-	(22)	-	-	(859)	-
Total other financing sources (uses)	(2,550)	-	(22)	-	-	(859)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,306)	-	(22)	(10,550)	(27,495)	(13,415)	-
Cash and investments - ending	\$ 75	\$ -	\$ -	\$ 4,385	\$ -	\$ -	\$ -

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Bryan Pitcher Estate	Psi lota Xi	Helms/Thelma Fleener Estate Interest	Helms/Thelma Fleener Estate	Rotary Teacher of the Year	BC Community Foundation	Instructional Support
Cash and investments - beginning	\$ 5,076	\$ -	\$ -	\$ 5,000	\$ 2,138	\$ -	\$ 1,470
Receipts:							
Local sources	(76)	-	-	-	-	976	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	199
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	(76)	-	-	-	-	976	199
Disbursements:							
Instruction	-	-	-	-	545	-	541
Support services	-	-	-	-	-	-	199
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	545	-	740
Excess (deficiency) of receipts over disbursements	(76)	-	-	-	(545)	976	(541)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(76)	-	-	-	(545)	976	(541)
Cash and investments - ending	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ 1,593	\$ 976	\$ 929

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	Bryan Pitcher Interest-2014	Psi Lota Xi-2014	Fleener Estate Interest	Local At Risk Grant	Superintendent	Extra- Curricular Activities	BCJHS Extra Curricular Activities
Cash and investments - beginning	\$ 31	\$ 296	\$ 78	\$ 267	\$ 144	\$ 41	\$ 3,796
Receipts:							
Local sources	76	-	-	-	-	1,417	3,072
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	76	-	-	-	-	1,417	3,072
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	1,458	6,868
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	1,458	6,868
Excess (deficiency) of receipts over disbursements	76	-	-	-	-	(41)	(3,796)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(267)	-	-	-
Total other financing sources (uses)	-	-	-	(267)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	76	-	-	(267)	-	(41)	(3,796)
Cash and investments - ending	\$ 107	\$ 296	\$ 78	\$ -	\$ 144	\$ -	\$ -

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	BCIS ECA	BC Intermediate Sch Opera 13-14	BC Schools Humane Society Grant	IU Tuition Replacement CR Bnk	Family Literacy Pre-School	Peers LCC Donation 03	Peers Grant 09-10 LCC
Cash and investments - beginning	\$ -	\$ 5,837	\$ 2,199	\$ 320	\$ 1,425	\$ 53	\$ 299
Receipts:							
Local sources	-	-	-	-	2,850	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	2,850	-	-
Disbursements:							
Instruction	-	-	-	-	2,383	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	2,383	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	467	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(5,837)	-	-	-	(53)	(299)
Total other financing sources (uses)	-	(5,837)	-	-	-	(53)	(299)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(5,837)	-	-	467	(53)	(299)
Cash and investments - ending	\$ -	\$ -	\$ 2,199	\$ 320	\$ 1,892	\$ -	\$ -

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2015

	BCIS PBIS Grant	BCJHS PBIS Grant	VBS PBIS Grant	SES PBIS Grant	HES PBIS Grant	BC Career Resource Center	Special Donations Library Helmsburg
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 306,408	\$ 2,027
Receipts:							
Local sources	-	-	-	-	-	111,583	-
Intermediate sources	-	-	-	-	-	55,292	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	166,875	-
Disbursements:							
Instruction	-	-	-	-	-	299,682	-
Support services	-	-	-	-	-	1	1,227
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	277	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	299,960	1,227
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(133,085)	(1,227)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	145,223	-
Transfers out	-	-	-	-	-	(1,200)	-
Total other financing sources (uses)	-	-	-	-	-	144,023	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	10,938	(1,227)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317,346	\$ 800

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2015

	Formative Assessment	High Ability Grant 2010-2011	High Ability Grant 2011-2012	HA 13-14 Grant	High Ability Grant 2014-2015	High Ability Grant 2015-2016	Medicaid Reimbursement
Cash and investments - beginning	\$ -	\$ 1	\$ 153	\$ 2,630	\$ -	\$ -	\$ 940
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	31,365	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	31,365	-	-
Disbursements:							
Instruction	-	-	-	2,630	24,549	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	-	2,630	24,549	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	(2,630)	6,816	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(2,630)	6,816	-	-
Cash and investments - ending	\$ -	\$ 1	\$ 153	\$ -	\$ 6,816	\$ -	\$ 940

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2015

	Secured Schools Safety Grant	School Technology	Senator David Ford Technology	Title I 2013-2014	Title I 2014-2015	Title I 2015-2016	Title I 2011-2012
Cash and investments - beginning	\$ -	\$ 67,717	\$ -	\$ (150)	\$ -	\$ -	\$ 8
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	50,000	-	-	-	-	-	-
Federal sources	-	68,552	-	59,072	320,750	-	-
Interfund loans	(35,638)	57,220	5,699	(1,605)	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	14,362	125,772	5,699	57,467	320,750	-	-
Disbursements:							
Instruction	-	-	-	57,317	334,617	-	-
Support services	14,189	192,789	5,699	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	14,189	192,789	5,699	57,317	334,617	-	-
Excess (deficiency) of receipts over disbursements	173	(67,017)	-	150	(13,867)	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	8	-	-
Transfers out	-	(700)	-	-	(450)	-	(8)
Total other financing sources (uses)	-	(700)	-	-	(442)	-	(8)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	173	(67,717)	-	150	(14,309)	-	(8)
Cash and investments - ending	\$ 173	\$ -	\$ -	\$ -	\$ (14,309)	\$ -	\$ -

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	Special Ed IDEA 2013-14	Technical Assistance	Spec Ed IDEA 2014-2015	Spec Ed IDEA 2015-2016	Spec Ed IDEA 2016-2017	Special Ed Preschool 2015-2016	Title IV Drug Free School 09-10
Cash and investments - beginning	\$ (150)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	63,808	5,516	427,434	-	-	-	-
Interfund loans	(26,126)	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	37,682	5,516	427,434	-	-	-	-
Disbursements:							
Instruction	37,532	5,516	441,917	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	37,532	5,516	441,917	-	-	-	-
Excess (deficiency) of receipts over disbursements	150	-	(14,483)	-	-	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(300)	-	-	-	-
Total other financing sources (uses)	-	-	(300)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	150	-	(14,783)	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ (14,783)	\$ -	\$ -	\$ -	\$ 2

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	Title II A 2012-2013	Title II A 2014-2015	Title II A 2015-2016	School Lunch Equipment	Payroll Withholding	General Obligation Bond of 2014	Totals
Cash and investments - beginning	\$ (36)	\$ -	\$ -	\$ -	\$ (36,546)	\$ -	\$ 13,871,690
Receipts:							
Local sources	-	-	-	-	-	2,515	11,669,687
Intermediate sources	-	-	-	-	-	-	55,561
State sources	-	-	-	-	-	-	13,613,958
Federal sources	37,501	39,335	-	-	-	-	1,707,108
Interfund loans	(3,322)	-	-	-	-	-	296,228
Other receipts	-	-	-	-	257,723	-	422,273
Total receipts	34,179	39,335	-	-	257,723	2,515	27,764,815
Disbursements:							
Instruction	34,142	42,209	-	-	-	-	10,974,518
Support services	-	-	-	-	-	-	12,908,687
Noninstructional services	-	-	-	-	-	-	1,380,343
Facilities acquisition and construction	-	-	-	-	-	1,731,667	3,445,240
Debt service	-	-	-	-	-	-	2,648,997
Nonprogrammed charges	-	-	-	-	49,057	-	49,057
Interfund loans	-	-	-	-	-	-	296,227
Total disbursements	34,142	42,209	-	-	49,057	1,731,667	31,703,069
Excess (deficiency) of receipts over disbursements	37	(2,874)	-	-	208,666	(1,729,152)	(3,938,254)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	2,393,615	2,393,615
Transfers in	-	-	-	-	-	-	529,978
Transfers out	-	-	-	-	-	-	(529,978)
Total other financing sources (uses)	-	-	-	-	-	2,393,615	2,393,615
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	37	(2,874)	-	-	208,666	664,463	(1,544,639)
Cash and investments - ending	\$ 1	\$ (2,874)	\$ -	\$ -	\$ 172,120	\$ 664,463	\$ 12,327,051

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 5,726,693	\$ 16,654	\$ 1,225,862	\$ 2,587	\$ 409,590	\$ 2,594,240	\$ 318,115	\$ 273,842
Receipts:								
Local sources	530,151	139,288	2,881,816	-	1,961,150	2,872,311	154,671	40,228
Intermediate sources	27	-	-	-	-	-	-	-
State sources	13,459,462	-	-	-	-	-	-	-
Federal sources	4,002	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	9,169	7,738	-	-
Total receipts	13,993,642	139,288	2,881,816	-	1,970,319	2,880,049	154,671	40,228
Disbursements:								
Instruction	9,575,829	-	-	-	-	-	-	232,613
Support services	4,110,855	7,244	-	-	1,342,783	3,125,912	371,992	457,267
Noninstructional services	349,536	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	264,924	-	-	-
Debt service	-	-	2,733,001	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	102,144
Total disbursements	14,036,220	7,244	2,733,001	-	1,607,707	3,125,912	371,992	792,024
Excess (deficiency) of receipts over disbursements	(42,578)	132,044	148,815	-	362,612	(245,863)	(217,321)	(751,796)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	46,799	6,701	61,163	-	-	-	-	1,302,144
Transfers out	(1,487,542)	(70,748)	(170,568)	-	-	-	-	-
Total other financing sources (uses)	(1,440,743)	(64,047)	(109,405)	-	-	-	-	1,302,144
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,483,321)	67,997	39,410	-	362,612	(245,863)	(217,321)	550,348
Cash and investments - ending	\$ 4,243,372	\$ 84,651	\$ 1,265,272	\$ 2,587	\$ 772,202	\$ 2,348,377	\$ 100,794	\$ 824,190

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits	2010 Science GO Bond	GO Bond 2012 Elementary Science Labs	School Lunch	Textbook Rental	Self- Insurance	Levy Excess
Cash and investments - beginning	\$ 54,807	\$ 122,053	\$ -	\$ -	\$ 101,616	\$ 187,065	\$ 140,084	\$ -
Receipts:								
Local sources	-	-	-	-	423,253	129,576	3,431,656	2,787
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	8,633	85,140	-	-
Federal sources	-	-	-	-	596,086	5,400	-	-
Interfund loans	62,918	45,637	-	-	-	-	-	-
Other receipts	-	-	-	-	413	-	-	-
Total receipts	62,918	45,637	-	-	1,028,385	220,116	3,431,656	2,787
Disbursements:								
Instruction	-	167,690	-	-	-	-	-	-
Support services	45,000	-	-	-	48,585	248,326	1,902,424	-
Noninstructional services	-	-	-	-	1,025,439	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	1,648,981	-
Interfund loans	64,057	-	-	-	-	-	-	-
Total disbursements	109,057	167,690	-	-	1,074,024	248,326	3,551,405	-
Excess (deficiency) of receipts over disbursements	(46,139)	(122,053)	-	-	(45,639)	(28,210)	(119,749)	2,787
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	109,405	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	109,405	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(46,139)	(122,053)	-	-	(45,639)	81,195	(119,749)	2,787
Cash and investments - ending	\$ 8,668	\$ -	\$ -	\$ -	\$ 55,977	\$ 268,260	\$ 20,335	\$ 2,787

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Educational License Plates	Donations	McDonald's Grant Greller JH	BCJHS We The People Donations	BCJHS Weather Bug Grant	Driver's Education Fund	Bryant Pitcher Estate Interest
Cash and investments - beginning	\$ 75	\$ -	\$ -	\$ 4,385	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	2,979	-	-	-	-	117
Intermediate sources	263	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	18,510	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	263	21,489	-	-	-	-	117
Disbursements:							
Instruction	-	(154)	-	-	-	-	-
Support services	-	21,489	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	21,335	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	263	154	-	-	-	-	117
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	929	-	-	-	-	107
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	929	-	-	-	-	107
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	263	1,083	-	-	-	-	224
Cash and investments - ending	\$ 338	\$ 1,083	\$ -	\$ 4,385	\$ -	\$ -	\$ 224

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Bryan Pitcher Estate	Psi lota Xi	Helms/Thelma Fleener Estate Interest	Helms/Thelma Fleener Estate	Rotary Teacher of the Year	BC Community Foundation	Instructional Support
Cash and investments - beginning	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ 1,593	\$ 976	\$ 929
Receipts:							
Local sources	-	-	59	-	1,600	200	46,872
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	59	-	1,600	200	46,872
Disbursements:							
Instruction	-	-	-	-	208	1,114	42,436
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	208	1,114	42,436
Excess (deficiency) of receipts over disbursements	-	-	59	-	1,392	(914)	4,436
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	296	78	-	-	-	8,592
Transfers out	-	-	-	-	-	-	(929)
Total other financing sources (uses)	-	296	78	-	-	-	7,663
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	296	137	-	1,392	(914)	12,099
Cash and investments - ending	\$ 5,000	\$ 296	\$ 137	\$ 5,000	\$ 2,985	\$ 62	\$ 13,028

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Bryan Pitcher Interest-2014	Psi Lota Xi-2014	Fleener Estate Interest	Local At Risk Grant	Superintendent	Extra- Curricular Activities	BCJHS Extra Curricular Activities
Cash and investments - beginning	\$ 107	\$ 296	\$ 78	\$ -	\$ 144	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	795	2,464
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	795	2,464
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	795	2,464
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	795	2,464
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(107)	(296)	(78)	-	-	-	-
Total other financing sources (uses)	(107)	(296)	(78)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(107)	(296)	(78)	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 144	\$ -	\$ -

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	BCIS ECA	BC Intermediate Sch Opera 13-14	BC Schools Humane Society Grant	IU Tuition Replacement CR Bnk	Family Literacy Pre-School	Peers LCC Donation 03	Peers Grant 09-10 LCC
Cash and investments - beginning	\$ -	\$ -	\$ 2,199	\$ 320	\$ 1,892	\$ -	\$ -
Receipts:							
Local sources	1,354	-	-	-	3,625	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	35	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	1,389	-	-	-	3,625	-	-
Disbursements:							
Instruction	-	-	-	-	3,825	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	1,354	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	1,354	-	-	-	3,825	-	-
Excess (deficiency) of receipts over disbursements	35	-	-	-	(200)	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(36)	-	-	-	-	-
Total other financing sources (uses)	-	(36)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	35	(36)	-	-	(200)	-	-
Cash and investments - ending	\$ 35	\$ (36)	\$ 2,199	\$ 320	\$ 1,692	\$ -	\$ -

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	BCIS PBIS Grant	BCJHS PBIS Grant	VBS PBIS Grant	SES PBIS Grant	HES PBIS Grant	BC Career Resource Center	Special Donations Library Helmsburg
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317,346	\$ 800
Receipts:							
Local sources	6,481	360	-	-	-	100,932	-
Intermediate sources	-	-	-	-	-	54,943	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	2,556	3,458	4,639	4,244	3,523	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	9,037	3,818	4,639	4,244	3,523	155,875	-
Disbursements:							
Instruction	9,037	3,818	4,639	4,244	3,523	279,372	-
Support services	-	-	-	-	-	127	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	9,037	3,818	4,639	4,244	3,523	279,499	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(123,624)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	70,748	-
Transfers out	-	-	-	-	-	(6,701)	-
Total other financing sources (uses)	-	-	-	-	-	64,047	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	(59,577)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 257,769	\$ 800

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Formative Assessment	High Ability Grant 2010-2011	High Ability Grant 2011-2012	HA 13-14 Grant	High Ability Grant 2014-2015	High Ability Grant 2015-2016	Medicaid Reimbursement
Cash and investments - beginning	\$ -	\$ 1	\$ 153	\$ -	\$ 6,816	\$ -	\$ 940
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	32,982	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	32,982	-
Disbursements:							
Instruction	-	-	-	-	6,771	32,523	-
Support services	-	1	153	-	45	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	1	153	-	6,816	32,523	-
Excess (deficiency) of receipts over disbursements	-	(1)	(153)	-	(6,816)	459	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	19,972	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	19,972	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,972	(1)	(153)	-	(6,816)	459	-
Cash and investments - ending	\$ 19,972	\$ -	\$ -	\$ -	\$ -	\$ 459	\$ 940

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Secured Schools Safety Grant	School Technology	Senator David Ford Technology	Title I 2013-2014	Title I 2014-2015	Title I 2015-2016	Title I 2011-2012
Cash and investments - beginning	\$ 173	\$ -	\$ -	\$ -	\$ (14,309)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	46,625	-	-	-	-	-	-
Federal sources	-	84,260	29,995	-	72,863	298,020	-
Interfund loans	-	44,890	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	46,625	129,150	29,995	-	72,863	298,020	-
Disbursements:							
Instruction	-	-	-	-	58,346	294,850	-
Support services	-	286,019	24,296	-	200	11,708	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	5,699	-	-	-	-
Total disbursements	-	286,019	29,995	-	58,546	306,558	-
Excess (deficiency) of receipts over disbursements	46,625	(156,869)	-	-	14,317	(8,538)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	258,978	-	-	-	8	-
Transfers out	(46,798)	(102,109)	-	-	(8)	-	-
Total other financing sources (uses)	(46,798)	156,869	-	-	(8)	8	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(173)	-	-	-	14,309	(8,530)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,530)	\$ -

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Special Ed IDEA 2013-14	Technical Assistance	Spec Ed IDEA 2014-2015	Spec Ed IDEA 2015-2016	Spec Ed IDEA 2016-2017	Special Ed Preschool 2015-2016	Title IV Drug Free School 09-10
Cash and investments - beginning	\$ -	\$ -	\$ (14,783)	\$ -	\$ -	\$ -	\$ 2
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	5,491	57,216	432,728	-	14,593	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	5,491	57,216	432,728	-	14,593	-
Disbursements:							
Instruction	-	5,491	34,897	445,327	2,805	14,593	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	7,536	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	5,491	42,433	445,327	2,805	14,593	-
Excess (deficiency) of receipts over disbursements	-	-	14,783	(12,599)	(2,805)	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	14,783	(12,599)	(2,805)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (12,599)	\$ (2,805)	\$ -	\$ 2

BROWN COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Title II A 2012-2013	Title II A 2014-2015	Title II A 2015-2016	School Lunch Equipment	Payroll Withholding	General Obligation Bond of 2014	Totals
Cash and investments - beginning	\$ 1	\$ (2,874)	\$ -	\$ -	\$ 172,120	\$ 664,463	\$ 12,327,051
Receipts:							
Local sources	-	-	-	-	-	672	12,735,397
Intermediate sources	-	-	-	-	-	-	55,233
State sources	-	-	-	-	-	-	13,632,842
Federal sources	-	39,400	37,187	14,936	-	-	1,710,687
Interfund loans	-	-	-	-	-	-	171,900
Other receipts	-	-	-	-	73,764	-	91,084
Total receipts	-	39,400	37,187	14,936	73,764	672	28,397,143
Disbursements:							
Instruction	-	35,198	42,942	-	-	-	11,301,937
Support services	-	-	-	-	-	-	12,004,426
Noninstructional services	-	-	-	-	-	-	1,379,588
Facilities acquisition and construction	-	-	-	14,936	-	607,287	887,147
Debt service	-	-	-	-	-	-	2,733,001
Nonprogrammed charges	-	1,328	-	-	56,767	-	1,714,612
Interfund loans	-	-	-	-	-	-	171,900
Total disbursements	-	36,526	42,942	14,936	56,767	607,287	30,192,611
Excess (deficiency) of receipts over disbursements	-	2,874	(5,755)	-	16,997	(606,615)	(1,795,468)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	1,885,920
Transfers out	-	-	-	-	-	-	(1,885,920)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,874	(5,755)	-	16,997	(606,615)	(1,795,468)
Cash and investments - ending	\$ 1	\$ -	\$ (5,755)	\$ -	\$ 189,117	\$ 57,848	\$ 10,531,583

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BROWN COUNTY SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,982,742</u>	<u>\$ 1,407,382</u>

BROWN COUNTY SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Brown County High School and Nashville School Building Corporation	BCHS and Nashville Elementary Lease	\$ 941,500	1/15/2013	1/15/2021
US BANKCORP EQUIPMENT FINANCE INC.	COPIERS FOR ALL SCHOOLS	<u>57,420</u>	7/14/2015	7/13/2020
Total of annual lease payments		<u>\$ 998,920</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities: General obligation bonds	ELEMENTARY SCIENCE LABS	HS SCIENCE LAB RENOVATION AND TECHNOLOGY BOND	\$ 3,890,000	\$ 966,900
General obligation bonds	QSCB BOND		1,346,000	161,729
Notes and loans payable	Emergency Loan from State		<u>2,500,000</u>	<u>1,022,500</u>
Total governmental activities			<u>7,736,000</u>	<u>2,151,129</u>
Totals			<u>\$ 8,734,920</u>	<u>\$ 2,151,129</u>

BROWN COUNTY SCHOOLS  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2016

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

	Ending Balance
Governmental activities:	
Land	\$ 2,429,990
Infrastructure	345,000
Buildings	80,060,000
Improvements other than buildings	950,000
Machinery, equipment, and vehicles	1,123,560
Construction in progress	1,250,000
Books and other	<u>650,000</u>
Total capital assets	<u>\$ 86,808,550</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

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

**Report on Compliance for Each Major Federal Program**

We have audited the Brown County Schools' (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016. 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. Except as discussed in the following paragraph, 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 Special Education Cluster (IDEA)***

As described in item 2016-009 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with Special Education Cluster (IDEA) regarding Matching, Level of Effort, Earmarking. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

***Qualified Opinion on Special Education Cluster (IDEA)***

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of Special Education Cluster (IDEA) regarding Matching, Level of Effort, Earmarking, described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on Special Education Cluster for the period of July 1, 2014 to June 30, 2016.

***Unmodified Opinion on the Other Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2014 to June 30, 2016.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003, 2016-004, 2016-005, 2016-006, and 2016-007. 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will

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

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 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, and 2016-009 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

August 22, 2018

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.

BROWN COUNTY SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2015 and 2016

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	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program 2014-15			FY 2015	\$ -	\$ 164,895	\$ -	\$ -
School Breakfast Program 2015-16 FUND 0800			FY 2016	-	-	-	145,495
Total - School Breakfast Program				-	164,895	-	145,495
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program 2014-15			FY 2015	-	527,393	-	-
School Lunch Program 2015-16 FUND 2993			FY 2016	-	-	-	449,624
Commodities			14/15 - 15/16	-	68,487	-	75,561
Total - National School Lunch Program				-	595,880	-	525,185
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Feeding FUND 0800			FY 2015	-	-	-	10,278
Total - Child Nutrition Cluster				-	760,775	-	680,958
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education	10.579					
Federal Food Service Equipment Grant FUND 7958			EDS#A58-6-16SS-0076	-	-	-	14,936
Total - Department of Agriculture				-	760,775	-	695,894
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Sp Ed IDEA 2013-2014			FY 2014	-	63,808	-	-
Sp Ed IDEA 2014-15			FY 2015	-	427,434	-	57,216
Special Education IDEA 2015-2016 FUND 5258			14216-085-PN01	-	-	-	432,728
SP ED Technical Assistants			99910-92-TA01	-	5,516	-	5,491
Total - Special Education Grants to States				-	496,758	-	495,435

BROWN COUNTY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2015 and 2016

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	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Special Education Preschool Grants Special Education Preschool Grants 14-15 Special Education PreSchool 15-16 FUND 5405	Indiana Department of Education	84.173	FY 2015 14216-085-PN01	- -	14,725 -	- -	- 14,593
Total - Special Education Preschool Grants				-	14,725	-	14,593
Total - Special Education Cluster (IDEA)				-	511,483	-	510,028
Adult Education - Basic Grants to States BC CRC Adult Education Region 8 Partnership Grant 2014-15 BC CRC Adult Education Region 8 Partnership Grant 7.1.2015-9.30.2015 FUND 2993 Brown County Career Resource Center - 7/1/14-9/30/14	Monroe County Community School Corporation	84.002	C1-4-AE-3-41 C1-4-AE-3-41 C-1-4-AE-3-41 C-1-4-AE-3-41	- - - -	11,933 - 13,905 13,167	- - - -	- 13,271 - -
Total - Adult Education - Basic Grants to States				-	39,005	-	13,271
Title I Grants to Local Educational Agencies Title I 2013-2014 Title I 2014-15 Title I 2015-2016 FUND 4117	Indiana Department of Education	84.010	FY 2014 FY 2015 16-0670	- - -	59,072 320,758 -	- - -	- 72,863 298,028
Total - Title I Grants to Local Educational Agencies				-	379,830	-	370,891
Supporting Effective Instruction State Grants Improving Teacher Quality State Grants 2013-14 Improving Teacher Quality State Grants 2014-15 Improving Teacher Quality State Grants 2015-16 FUND 6846	Indiana Department of Education	84.367	S367A140013 S367A150015 FFY2015 S367A150015	- - -	37,501 39,335 -	- - -	- 39,400 37,187
Total - Supporting Effective Instruction State Grants				-	76,836	-	76,587
Total - Department of Education				-	1,007,154	-	970,777
Total federal awards expended				\$ -	\$ 1,767,929	\$ -	\$ 1,666,671

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

BROWN COUNTY 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 under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

BROWN COUNTY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified as to the Child Nutrition Cluster; Qualified as to the Special Education Cluster (IDEA)
Any audit finding disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

                    Name of Federal Program or Cluster                      
Child Nutrition Cluster  
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2016-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat of Finding 2014-001 from the immediately prior audit report.

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

*Condition*

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The SEFA was prepared by one employee with no evidence of a review or oversight process to ensure the information was correct and agreed to the supporting documentation.

The SEFA presented for audit contained errors which included the reporting of the state share of Adult Education - Basic Grants to States, a state grant for Secured Schools, and the omission of the National School Lunch Program commodities noncash assistance for the audit period. The net result was an overstatement of the SEFA for school years 2014-2015 and 2015-2016.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

*Context*

The lack of adequate internal controls was a systemic issue, which occurred throughout the audit period.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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 § \_\_.310. . . ."

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

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

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

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

*Cause*

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

*Effect*

The failure to establish controls enabled material misstatements of the SEFA.

*Recommendation*

We recommended that the School Corporation establish controls to prevent, or detect and correct, errors on the SEFA.

*Views of Responsible Officials*

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

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

***FINDING 2016-002***

Subject: Financial Transactions and Reporting  
Audit Findings: Material Weakness, Other Matters

*Condition*

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to the bank reconcilements, Self-Insurance fund, General Obligation Bond of 2014, Payroll Withholding fund, and journal entries.

*Bank Reconcilements*

Bank reconcilements were prepared by an outside consultant during the audit period. There were errors within the outstanding check lists and other outstanding items on both the June 2015 and 2016 bank reconcilements.

*Self-Insurance Fund*

Management of the School Corporation had not established an adequate internal control system related to financial transactions and reporting of the Self-Insurance fund. The School Corporation did not include the financial transactions for the fund within its financial statement for the 2014-2015 school year.

The School Corporation utilized a third-party administrator to administer its health benefits. The third-party administrator provided monthly bank statements and reconcilements to the School Corporation for the Self-Insurance fund. Management did not obtain detailed disbursement or receipt records in order to verify the existence, completeness, or accuracy of the information reported on the bank statements and bank reconcilements. During the audit, the School Corporation obtained this supporting documentation for audit purposes. Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement.

*General Obligation Bond of 2014*

The School Corporation issued a \$2,350,000 General Obligation Bond in 2014. The bond proceeds were not accounted for in the School Corporation's records or financial statement. A construction fund was not set up to record the bond proceeds and post the disbursements for the construction projects. Instead, the bond proceeds were given to the Building Corporation Trustee to be processed in a similar manner as the Building Corporation bank accounts and construction payments were processed. Audit adjustments for inclusion of the bond proceeds were proposed, accepted by the School Corporation, and made to the financial statement.

The Assistant Superintendent of Schools remitted the Building Corporation Affidavits for Payment and supporting documentation to the Building Corporation Trustee, who processed and made the payments from the bond issue proceeds. The disbursements were not approved by the Treasurer nor by the School Board.

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

*Payroll Withholding Fund*

The School Corporation's financial ledger reported payroll withholdings as a liability account rather than a fund where the withholding is recorded as a receipt, and the subsequent payment is recorded as a disbursement. As a result, the School Corporation's financial ledger reported payroll withholdings accrual balances of \$164,182 and \$185,628, respectively, as of June 30, 2015 and 2016. The School Corporation did not have support for what these totals consisted of.

*Journal Entries*

The School Corporation had not separated incompatible activities related to processing and approval of journal entries. These entries were calculated and posted to the records by one or more of the School Corporation employees, without the review or oversight of a second School Corporation employee or approval by the School Board. In addition, supporting documentation was not retained for the journal entries.

*Context*

The lack of adequate internal controls and the noncompliance were systemic issues, which occurred throughout the audit period.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines for Indiana Public School Corporations, Chapter 1)

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Guidelines Manual for Indiana Public School Corporations, Chapter 1)

*Cause*

Management of the School Corporation had not established a proper system of internal control.

*Effect*

The failure to establish controls enabled misstatements or irregularities to remain undetected.

*Recommendation*

We recommended that the School Corporation establish controls related to financial transactions and reporting to ensure that bank reconciliations are performed accurately and that financial transactions are accurately reported in the financial statement.

*Views of Responsible Officials*

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

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2016-003**

Subject: Child Nutrition Cluster - Program Income  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015, FY 2016  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Program Income  
Audit Findings: Material Weakness, Other Matters

*Condition*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the program income requirements.

The School Corporation established a single fund, the School Lunch fund, to record all activity of the food service programs. All receipts from sales, as well as prepayments, were recorded directly in the School Lunch fund. Prepayments were not recorded in a separate fund.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

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

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 210.14(c) states:

"*Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . .

(12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

7 CFR 225.6(e) states in part:

"*State-Sponsor Agreement.* A sponsor approved for participation in the Program must enter into a permanent written agreement with the State agency. All sponsors must agree in writing to: . . .

(12) Maintain a financial management system as prescribed by the State agency; . . ."

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

When a student puts money into their individual meal account, it should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while it is in the student's individual account the balance should not be included in Fund 800 School Lunch. Our recommendation is that you set up a clearing account with the fund number of 8400. Our suggestion is when a student brings in a deposit the receipt would be recorded to fund 8400 using receipt account 1630. Periodically, after the student has charged meals, you should disburse the amount charged from 8400 using expenditure account 31900 and receipt it into fund 800 using receipt accounts 1611-1623. At this point it is considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis the balance of the 8400 fund should be reconciled with the total of the individual meal accounts. (The School Administrator and Uniform Compliance Guidelines, September 2015)

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Program Income compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the Program Income compliance requirement could have resulted in a loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Program Income compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2016-004**

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015, FY 2016  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat of Finding 2014-006 from the immediately prior audit report.

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

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreements and the allowable costs requirements. Semi-Annual Certifications, personnel activity reports, or other documentation of personnel expenses for employees was not maintained for all employees paid from grant funds.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

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

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. . . ."

2 CFR 200.430(i) states in part:

"Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

These records must:

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

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which allocated using different allocation bases; or an unallowable activity and a direct or indirect costs activity. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the allowable costs requirements.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the allowable costs requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, to ensure compliance with the allowable costs requirements.

*Views of Responsible Officials*

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

**FINDING 2016-005**

Subject: Child Nutrition Cluster - Reporting

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015, FY 2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

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

*Repeat Finding*

This is a repeat of Finding 2014-007 from the immediately prior audit report.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the reporting requirements. The requests for reimbursement, Annual Financial Reports (AFRs), and Verification Summary Report (VSR) were prepared by one individual without an oversight, review, or approval process.

The AFRs were prepared by the Food Service Director. These reports were not verified for accuracy by anyone prior to submission. The AFRs did not agree with the School Corporation's financial ledger.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

34 CFR 80.20 states in part:

"(a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to: . . .

(2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

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

(b) 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. . . ."

2 CFR 200.302(a) states in part:

"Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the reporting requirements.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the reporting requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the reporting requirements.

*Views of Responsible Officials*

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

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

***FINDING 2016-006***

Subject: National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity  
Federal Agency: Department of Agriculture  
Federal Program: National School Lunch Program  
CFDA Number: 10.555  
Federal Award Number and Year (or Other Identifying Number): FY 2016  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity  
Audit Findings: Material Weakness, Other Matters

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the paid lunch equity requirements.

The School Corporation did not retain the paid lunch equity calculation to support the increase of paid lunch prices for the fiscal year 2015-2016.

*Context*

The lack of controls and supporting documentation prevented the ability to determine the School Corporation's compliance with the paid lunch equity requirements for the 2015-2016 fiscal year.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.302(b)(3) states:

"Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest, and be supported by documentation."

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

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

*Cause*

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

*Effect*

The failure to retain adequate supporting documentation prevented the ability to determine the School Corporation's compliance with the paid lunch equity requirements. The lack of an effective internal control system could have enabled noncompliance with the grant agreement and the compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that documentation is maintained to support compliance with the grant agreement and the paid lunch equity requirements.

*Views of Responsible Officials*

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

**FINDING 2016-007**

Subject: School Breakfast Program, National School Lunch Program - Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015, FY 2016  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat of Finding 2014-008 from the immediately prior audit report.

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

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the suspension and debarment requirements.

The School Corporation had not designed or implemented policies and procedures to verify compliance with suspension and debarment requirements related to vendors selected for procured products and covered transactions. The lack of policies and procedures related to the School Corporation's covered transactions with vendors other than those handled through the Southern Indiana Commodity Cooperative's (Cooperative) procurement process. The School Corporation did not verify if the vendors were suspended or debarred.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period, for those covered transactions with vendors other than those that were handled through the Cooperative.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

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

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the suspension and debarment requirements.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the suspension and debarment requirements. Noncompliance with the grant agreement and compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the suspension and debarment requirements.

*Views of Responsible Officials*

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

***FINDING 2016-008***

Subject: School Breakfast Program, National School Lunch Program - Eligibility  
Federal Agency: Department of Education  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015, FY 2016  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Eligibility  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat of Finding 2014-007 from the immediately prior audit report.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the eligibility requirements.

The Food Service Director performed the review and approval/disapproval of the free and reduced lunch applications using the food service software. The Food Service Director would then note on the back of the application the status of the determination and sign it. There was no evidence presented for audit that the Food Service Director's determination was reviewed for accuracy.

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

*Context*

The lack of controls was a systemic issue throughout the audit period.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the eligibility requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the eligibility requirements.

*Views of Responsible Officials*

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

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

***FINDING 2016-009***

Subject: Special Education Cluster (IDEA) - Level of Effort

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): FY 2014; FY 2015; 14216-085-PN01;  
99910-92-TA01; FY 2015;  
14216-085-PN01;

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat of Finding 2014-005 from the immediately prior audit report.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the level of effort - maintenance of effort (MOE) requirements.

It could not be determined whether the MOE calculations were performed correctly for either year of the audit period. The School Corporation did not retain supporting documentation and make this available for audit. There was no evidence of an oversight, review, or approval process for either year of the audit period.

*Context*

The lack of controls and lack of supporting documentation were systemic issues, which prevented the determination of the School Corporation's compliance related to the MOE requirements throughout the audit period.

*Criteria*

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

34 CFR 74.53(b) states in part:

"Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Secretary. . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

34 CFR 76.730 states:

"A State and a subgrantee shall keep records that fully show:

- (a) The amount of funds under the grant or subgrant;
- (b) How the State or subgrantee uses the funds;
- (c) The total cost of the project;
- (d) The share of that cost provided from other sources; and
- (e) Other records to facilitate an effective audit."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the MOE requirements.

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

*Effect*

The failure to establish an effective internal control system prevented the determination of the School Corporation's compliance with the MOE requirements and could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the MOE requirements.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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



# BROWN COUNTY SCHOOLS

"World Class Opportunities. Small School Relationships. Lifelong Impact."

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2014-001 Preparation of the Schedule of Expenditures of Federal Awards***

Fiscal year in which the finding initially occurred: 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Julia Smith  
Contact Phone Number: 812-988-6601 x 1130

Status of Audit Finding: The Treasurer will make sure all Federal Grants are included in the SEFA. The Treasurer will double check with the Grant Coordinator's for each grant to be sure and mark them Federal or State/Local.

The Treasurer runs reports for the prior month of expenditures before filing for reimbursement. It will be double checked against the ACH for accuracy.

(Signature)

Treasurer

(Title)

7/23/18

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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# BROWN COUNTY SCHOOLS

"World Class Opportunities. Small School Relationships. Lifelong Impact."

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2014-002 Financial Transactions and Reporting***

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Julia Smith

Contact Phone Number: 812-988-6601 x 1130

Status of Audit Finding:

This was not corrected during the audit period 2014-2016. The self-insurance fund monies were not entered on the Form 9 for both years. As of today:

1. Segregation of Duties: The Treasurer does the Bank Reconciliation and has the Superintendent sign off and check totals
2. Self- Insurance Fund: We switched to Anthem Insurance and now all monies for the self-insurance fund run through Brown County Schools Funds. Anthem ACH's the money out of our account and sends us detailed billings which we keep with the claim.

(Signature)

Treasurer

(Title)

7/23/18

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2014-003 Allowable Cost/Cost Principles***

Fiscal year in which the finding initially occurred: 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Julia Smith  
Contact Phone Number: 812-988-6601 x 1130

#### Status of Audit Finding:

Time and Effort Logs are kept by the Director of Student Services. He makes sure not to leave anyone out. He gives a copy to the Treasurer for the file and keeps one for his files.

(Signature)

Treasurer

(Title)

7/23/18

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2014-004 Cash Management**

Fiscal year in which the finding initially occurred: 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Julia Smith  
Contact Phone Number: 812-988-6601 x 1130

#### Status of Audit Finding:

1. Pre School Grant Cash Management. The Treasurer reimbursements once a month for federal grants. After all expenses have been posted for the month, the Treasurer run the expenditure report and matches it to the fund report to verify the correct amount is submitted for reimbursement. The Treasurer has the Director sign off and verifies amounts to be reimbursed are correct. The Treasurer then submits the reimbursement to the correct agency. Once the ACH notification comes in from the agency, the Treasurer verifies the amount matches and enters into the system as a receipt.

(Signature)

Treasurer

(Title)

7/23/18

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2014-005 Matching Level of Effort and Earmarking***

Fiscal year in which the finding initially occurred: 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Julia Smith  
Contact Phone Number: 812-988-6601 x 1130

#### Status of Audit Finding:

During the audit period Brown County Schools did not have internal controls set up to ensure that the amounts for maintenance of effort on the application agrees with the supporting documentation, nor was the documentation retained. As of today, we keep all documents and have set up internal controls.

  
\_\_\_\_\_  
(Signature)  
  
*Treasurer*  
\_\_\_\_\_  
(Title)  
  
7/23/18  
\_\_\_\_\_  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2014-006 National School Lunch Program and School Breakfast Program Allowable Cost/Cost Principles***

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Julia Smith

Contact Phone Number: 812-988-6601 x 1130

#### Status of Audit Finding:

1. We no longer pay for custodial work out of the Foodservice Account as of 2018. It was not corrected during the audit period 2014-2016. We will begin doing the semi-annual certifications for all Foodservice employees as of this school year 2018-2019.

(Signature)

(Title)

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2014-007 Cash Management, Eligibility, and Reporting***

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Julia Smith

Contact Phone Number: 812-988-6601 x 1130

#### Status of Audit Finding:

1. Cash Management: The Treasurer prepares cash flows monthly for Foodservice and shares it with the Foodservice Director. I will work with Jason to make sure my Cash Flow matches what he needs for the State. He verifies the totals against the expenditure and revenue reports for accuracy. If there is any discrepancy, he contacts the Treasurer immediately and it is researched and corrected.
2. Eligibility: The Free and Reduced applications are processed by the Foodservice Director or the administrative assistant for Foodservice. The Foodservice Director reviews a second time for accuracy and dates and initials the back of the form per the DOE audit request. It is reviewed a third time by the administrative assistant for accuracy. This was not being done during the 2014-2016 audit period
3. Reporting: The Foodservice Director prepares all reimbursements, annual financial report, and required reports to the State of Federal government. The documents are reviewed a second time by either the administrative assistant in Foodservice or the Treasurer for accuracy. It is dated and initialed at the time of second review. This was not being done for the 2014-2016 audit period.



(Signature)



(Title)



(Date)

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2014-008 Procurement and suspension and Debarment***

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Julia Smith

Contact Phone Number: 812-988-6601 x 1130

#### Status of Audit Finding:

1. The Foodservice Director reviews the procurement, suspension and debarment of all vendor services in collaboration with the Southern Indiana Commodity. The coop has policies and procedures to verify compliance with these requirements. Bids go out and contracts are written for awarded bids
2. All federal grant money will be verified by the administrator with the Sam's website to ensure no suspension and debarment vendors are being paid. Accounts payable will verify this has been done before a check is written to ensure internal controls.
3. Brown County Schools will adopt a written policy regarding suspension and debarment for all federal funds.

(Signature)

Treasurer

(Title)

7/23/18

(Date)

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## CORRECTIVE ACTION PLAN

### **FINDING 2016-001**

Contact Person Responsible for Corrective Action: Julia Smith  
Contact Phone Number: 812-988-6601

Views of Responsible Official:  
We concur with this finding

#### Description of Corrective Action Plan:

The Treasurer will obtain copies for all grant documents and note which ones are federal grants. The Treasurer will prepare the Schedule of Expenditures of Federal Awards (SEFA). In order to improve the corporation's system of internal controls, the SEFA will be reviewed by the Superintendent and/or Director of the federal program to ensure reliability of the information maintained of the SEFA.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

Treasurer

(Title)

8/22/2018

(Date)

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## CORRECTIVE ACTION PLAN

### **FINDING 2016-002**

Contact Person Responsible for Corrective Action: Julia Smith  
Contact Phone Number: 812-988-6601

Views of Responsible Official:  
We concur with this finding

#### Description of Corrective Action Plan:

1. Bank Reconciliements:  
The Treasurer will do Bank Reconciliations each month and have it reviewed, approved, and signed by the Superintendent.
2. Self Insurance Fund:  
The self-insurance fund will be corrected as of May 2017 with the new third-party administrator and we will make sure to get and keep all supporting documentation along with the detailed receipt and disbursement information.
3. GO Bonds of 2014:  
The GO Bond of 2014 was incorrectly left off BCS financial statement. We did correct the GO Bond of 2018 to reflect proper handling.
4. Payroll Withholding:  
The Treasurer will reconcile the Payroll Withholding Fund when reconciling the Bank Statement each month.
5. Journal Entries:  
Journal entries are now in with the Bank Reconciliation and are signed off by the Superintendent.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

Treasurer

(Title)

8/22/2018

(Date)

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## CORRECTIVE ACTION PLAN

### **FINDING 2016-003**

Contact Person Responsible for Corrective Action: Julia Smith  
Contact Phone Number: 812-988-6601

Views of Responsible Official:  
We concur with this finding

#### Description of Corrective Action Plan:

The Treasurer will create an 8400 Fund account for Pre-Paid Food items to distinguish between program revenue and student pre-paid monies. The Foodservice Director will review reports on transfers between pre-paid and lunch fund accounts and give the amounts to the Treasurer for final transfer at the end of each month.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

(Title)

(Date)

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## CORRECTIVE ACTION PLAN

### **FINDING 2016-004**

Contact Person Responsible for Corrective Action: Julia Smith  
Contact Phone Number: 812-988-6601

Views of Responsible Official:  
We concur with this finding

#### Description of Corrective Action Plan:

The Foodservice Director will maintain records of employees that were paid from the School Lunch Program funds by completing the Semi-Annual certifications and getting signatures from Foodservice personnel that 100% of time was spent on the school nutrition program.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

(Title)

(Date)

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## CORRECTIVE ACTION PLAN

### **FINDING 2016-005**

Contact Person Responsible for Corrective Action: Julia Smith  
Contact Phone Number: 812-988-6601

Views of Responsible Official:  
We concur with this finding

#### Description of Corrective Action Plan:

The Treasurer will provide the Foodservice Director with completed Cash Flows and ledgers of receipts and expenditures at the end of each month. The Foodservice Director will verify the ledgers for accuracy and will submit the required reports after the assistant verifies the numbers are correct. All records/documentation will be kept electronically or hardcopies in a central location to ensure records are available upon request.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

(Title)

(Date)

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## CORRECTIVE ACTION PLAN

### **FINDING 2016-006**

Contact Person Responsible for Corrective Action: Julia Smith  
Contact Phone Number: 812-988-6601

Views of Responsible Official:  
We concur with this finding

#### Description of Corrective Action Plan:

The Foodservice Director will research and receive further training on this process to ensure the correct calculation. All supporting documentation will be retained for all amounts used in the calculation. The Treasurer will review the calculation with the Food Service Director and submit to the DOE as required.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

(Title)

(Date)

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## CORRECTIVE ACTION PLAN

### **FINDING 2016-007**

Contact Person Responsible for Corrective Action: Julia Smith  
Contact Phone Number: 812-988-6601

Views of Responsible Official:  
We concur with this finding

#### Description of Corrective Action Plan:

Brown County Schools will create a policy to check all vendors on the SAM website who will be paid from federal funds. The Foodservice Director will follow said policy and maintain a record along with the co-op related to the Procurement and Suspension and Debarment compliance requirement. Records will be kept electronically or hardcopies in a central location to ensure the records are available upon request.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

Treasurer

(Title)

8/22/2018

(Date)

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## CORRECTIVE ACTION PLAN

### **FINDING 2016-008**

Contact Person Responsible for Corrective Action: Julia Smith  
Contact Phone Number: 812-988-6601

Views of Responsible Official:  
We concur with this finding

#### Description of Corrective Action Plan:

The Foodservice Director will pull eligibility determination from the Skyward program. Following Skyward determination, the Foodservice Director and the administrative assistant to the Foodservice Director will review and sign for accuracy accordingly.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

(Title)

(Date)

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## CORRECTIVE ACTION PLAN

### **FINDING 2016-009**

Contact Person Responsible for Corrective Action: Julia Smith  
Contact Phone Number: 812-988-6601

Views of Responsible Official:  
We concur with this finding

#### Description of Corrective Action Plan:

The Director of Student Learning will determine MOE requirements and concur with the Treasurer for accuracy of numbers. All supporting documents for the MOE calculations will be maintained. The Superintendent will sign off on the document before it is submitted to the DOE for approval.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

Treasurer

(Title)

8/22/2018

(Date)

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#### 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/>.