

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

BEECH GROVE CITY SCHOOLS
MARION COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
09/28/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cathy Statzer	07-01-14 to 06-30-19
Superintendent of Schools	Paul A. Kaiser, Ph.D.	07-01-14 to 06-30-19
President of the School Board	Jannis King Beth Prindle Christa Smiley	01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-18



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Beech Grove City Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 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 and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 6, 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

September 6, 2018



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Beech Grove City Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated August 15, 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 a material weakness.

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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 to be a material weakness.

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 item 2016-001.

Beech Grove City Schools' Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

September 6, 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.

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

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-14	Receipts	Disbursements		06-30-15	Receipts	Disbursements		
General	\$ 1,683,750	\$ 21,142,327	\$ 21,658,066	\$ 517,831	\$ 1,685,842	\$ 21,224,285	\$ 23,077,486	\$ 479,676	\$ 312,317
Referendum Tax Levy	1,241,721	2,110,955	2,655,605	-	697,071	2,492,277	3,342,896	520,000	366,452
Debt Service	223,452	5,717,329	4,485,522	(1,117,831)	337,428	5,892,706	4,615,954	(1,022,338)	591,842
Retirement/Severance Bond Debt Service	25,696	712,496	641,265	-	96,927	762,093	847,030	-	11,990
Referendum Debt Exempt Capital	-	-	-	-	-	322,006	260,000	-	62,006
Capital Projects	73,854	85,421	119,857	-	39,418	108,092	208,912	200,000	138,598
School Transportation	40,077	55,081	76,410	-	18,748	57,573	59,476	1,059	17,904
School Bus Replacement	465	1,274	-	-	1,739	2,465	-	-	4,204
Rainy Day	10,091	-	-	-	10,091	-	1,000	-	9,091
Retirement/Severance Bond	303,582	-	51,045	-	252,537	-	50,999	-	201,538
School Lunch	632,431	1,545,286	1,304,030	-	873,687	1,633,195	2,145,834	-	361,048
Textbook Rental	190,186	301,981	481,617	-	10,550	301,250	201,470	-	110,330
Playground	5,000	10,000	15,000	-	-	-	-	-	-
Alternative Education	50,426	43,677	94,103	-	-	46,506	46,506	-	-
SAFE School Haven	-	9,225	42,370	-	(33,145)	10,775	(22,370)	-	-
Scholarships and Awards	1,286	-	-	-	1,286	-	-	-	1,286
Construction, Remodeling, and Equipping Buildings	(4,793)	463,764	458,971	-	-	81,142	81,142	-	-
2015 HVAC/ Arts Construction	-	-	-	-	-	-	2,206,256	2,445,697	239,441
CSL A0801 Construction	-	-	-	-	-	148,250	148,715	-	(465)
CSL A2881 Tech Loan	-	-	-	-	-	245,280	245,280	-	-
Miscellaneous Programs	500	500	999	-	1	6,887	6,888	-	-
HP Donations	6,060	504	574	-	5,990	600	738	-	5,852
CE Donations	1,140	3,068	2,178	-	2,030	1,500	277	-	3,253
SG Donations	376	3,222	1,139	-	2,459	1,100	2,439	-	1,120
Pets are Wonderful Support	-	-	-	-	-	250	212	-	38
BGMS Donations	783	3,964	2,005	-	2,742	830	393	-	3,179
Hunger Heroes Challenge	-	-	-	-	-	500	436	-	64
BGHS Donations	430	2,494	-	-	2,924	3,750	342	-	6,332
Techpoint Foundation - Robotic	86	-	86	-	-	-	-	-	-
Walmart Grant	806	-	246	-	560	-	560	-	-
HEA Donations	208	1,000	-	-	1,208	-	186	-	1,022
SG Stem Grant 2013	240	-	161	-	79	-	79	-	-
Common School Technology	(1,470)	512,543	848,206	-	(337,133)	337,133	-	-	-
Community Relations	-	22,651	8,942	-	13,709	116	10,084	-	3,741
Corporation Book Store	-	1,335	1,253	-	82	-	82	-	-
Formative Assessment	-	-	-	-	-	29,344	10,218	-	19,126
G.T. High Ability Grant	5,458	36,019	23,546	-	17,931	37,217	55,498	-	(350)
Chamber of Commerce Grant	11,875	-	2,175	-	9,700	-	1,934	-	7,766
Secured Schools Safety Grant	(27,914)	35,000	7,086	-	-	42,000	120,295	-	(78,295)
Non-English Speaking Programs	-	7,420	7,420	-	-	12,486	12,486	-	-
School Technology	16,310	3,669	-	-	19,979	4,404	-	-	24,383
Performance Based Awards	(1,286)	21,384	20,098	-	-	-	-	-	-
Excess PTRC Distributions	26,109	-	-	-	26,109	-	-	-	26,109
Project Lead the Way	-	-	-	-	-	13,403	13,403	-	-
Title I	(20,735)	576,394	639,794	-	(84,135)	796,033	731,816	-	(19,918)
Title I - IPS	37	41	-	-	78	-	-	-	78
Title V Grant	355	-	-	-	355	-	-	-	355
CICF - BGHS Library	9,209	8,750	11,378	-	6,581	8,750	12,050	-	3,281
21st Century Learning Center	(4,769)	140,292	182,165	-	(46,642)	212,057	200,974	-	(35,559)
Improving Teacher Quality, No Child Left, Title II, Part A	(11,756)	98,441	86,685	-	-	39,752	58,431	-	(18,679)
Title III - English Proficiency Migrant	-	-	169	-	(169)	11,865	10,341	-	1,355
TIF/TAP Grant	(21,600)	879,376	960,454	-	(102,678)	611,527	502,101	-	6,748
Payroll Clearing	(64,895)	292,043	385,605	-	(158,457)	180,830	155,592	-	(133,219)
Totals	\$ 4,402,781	\$ 34,848,926	\$ 35,276,225	\$ (600,000)	\$ 3,375,482	\$ 35,680,229	\$ 39,424,441	\$ 2,624,094	\$ 2,255,364

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

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, 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.

BEECH GROVE CITY 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.

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

Interfund loans. 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.

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Other Financing Sources and Uses

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

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

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.

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds set up for reimbursable grants and posting errors which were not corrected until the subsequent period.

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporations*

The School Corporation has entered into capital leases with Beech Grove Central Schools Building Corporation, Beech Grove Multi-School Building Corporation, and Beech Grove Schools Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Lease payments during the years ended June 30, 2015 and 2016, totaled \$3,118,500 and \$2,901,500, respectively.

Note 9. *Other Postemployment Benefits*

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

Note 10. *Combined Funds*

Funds related to the Corporation Book Store and Community Relations were combined with the Payroll Clearing fund in the prior report, but were reported individually in the current financial statement.

Note 11. *Subsequent Event*

The School Corporation obtained a Common School Loan in the amount of \$1,995,000 for construction expenses. Loan payments are due semiannually beginning January 1, 2018.

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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.

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

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation
Cash and investments - beginning	\$ 1,683,750	\$ 1,241,721	\$ 223,452	\$ 25,696	\$ -	\$ 73,854	\$ 40,077
Receipts:							
Local sources	51,512	1,416,468	4,380,755	489,677	-	85,421	55,081
Intermediate sources	-	-	-	-	-	-	-
State sources	20,410,967	-	-	-	-	-	-
Federal sources	32,225	-	-	-	-	-	-
Temporary loans	-	686,296	1,336,574	222,819	-	-	-
Other receipts	647,623	8,191	-	-	-	-	-
Total receipts	21,142,327	2,110,955	5,717,329	712,496	-	85,421	55,081
Disbursements:							
Instruction	16,322,181	121,364	-	-	-	-	-
Support services	5,330,252	2,585,757	17,676	-	-	64,832	76,410
Noninstructional services	(152,491)	9,623	-	-	-	-	-
Facilities acquisition and construction	158,124	44,081	-	-	-	55,025	-
Debt service	-	494,780	4,467,846	641,265	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	(600,000)	-	-	-	-	-
Total disbursements	21,658,066	2,655,605	4,485,522	641,265	-	119,857	76,410
Excess (deficiency) of receipts over disbursements	(515,739)	(544,650)	1,231,807	71,231	-	(34,436)	(21,329)
Other financing sources (uses):							
Transfers in	223,233	-	-	-	-	-	-
Transfers out	294,598	-	(1,117,831)	-	-	-	-
Total other financing sources (uses)	517,831	-	(1,117,831)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,092	(544,650)	113,976	71,231	-	(34,436)	(21,329)
Cash and investments - ending	\$ 1,685,842	\$ 697,071	\$ 337,428	\$ 96,927	\$ -	\$ 39,418	\$ 18,748

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

	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental	Playground	Alternative Education
Cash and investments - beginning	\$ 465	\$ 10,091	\$ 303,582	\$ 632,431	\$ 190,186	\$ 5,000	\$ 50,426
Receipts:							
Local sources	1,274	-	-	305,510	150,801	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	24,845	149,255	-	43,677
Federal sources	-	-	-	1,214,881	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	50	1,925	10,000	-
Total receipts	1,274	-	-	1,545,286	301,981	10,000	43,677
Disbursements:							
Instruction	-	-	51,045	-	-	-	94,103
Support services	-	-	-	65,421	101,009	-	-
Noninstructional services	-	-	-	1,238,609	-	-	-
Facilities acquisition and construction	-	-	-	-	-	15,000	-
Debt service	-	-	-	-	380,608	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	51,045	1,304,030	481,617	15,000	94,103
Excess (deficiency) of receipts over disbursements	1,274	-	(51,045)	241,256	(179,636)	(5,000)	(50,426)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,274	-	(51,045)	241,256	(179,636)	(5,000)	(50,426)
Cash and investments - ending	\$ 1,739	\$ 10,091	\$ 252,537	\$ 873,687	\$ 10,550	\$ -	\$ -

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

	SAFE School Haven	Scholarships and Awards	Construction, Remodeling, and Equipping Buildings	2015 HVAC/ Arts Construction	CSL A0801 Construction	CSL A2881 Tech Loan	Miscellaneous Programs
Cash and investments - beginning	\$ -	\$ 1,286	\$ (4,793)	\$ -	\$ -	\$ -	\$ 500
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	9,225	-	463,764	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	500
Total receipts	9,225	-	463,764	-	-	-	500
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	42,370	-	-	-	-	-	999
Facilities acquisition and construction	-	-	458,971	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	42,370	-	458,971	-	-	-	999
Excess (deficiency) of receipts over disbursements	(33,145)	-	4,793	-	-	-	(499)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(33,145)	-	4,793	-	-	-	(499)
Cash and investments - ending	\$ (33,145)	\$ 1,286	\$ -	\$ -	\$ -	\$ -	\$ 1

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

	HP Donations	CE Donations	SG Donations	Pets are Wonderful Support	BGMS Donations	Hunger Heroes Challenge	BGHS Donations
Cash and investments - beginning	\$ 6,060	\$ 1,140	\$ 376	\$ -	\$ 783	\$ -	\$ 430
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	504	3,068	3,222	-	3,964	-	2,494
Total receipts	504	3,068	3,222	-	3,964	-	2,494
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	574	2,178	1,139	-	2,005	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	574	2,178	1,139	-	2,005	-	-
Excess (deficiency) of receipts over disbursements	(70)	890	2,083	-	1,959	-	2,494
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(70)	890	2,083	-	1,959	-	2,494
Cash and investments - ending	\$ 5,990	\$ 2,030	\$ 2,459	\$ -	\$ 2,742	\$ -	\$ 2,924

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

	Techpoint Foundation - Robotic	Walmart Grant	HEA Donations	SG Stem Grant 2013	Common School Technology	Community Relations	Corporation Book Store
Cash and investments - beginning	\$ 86	\$ 806	\$ 208	\$ 240	\$ (1,470)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	1,335
State sources	-	-	-	-	512,543	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	1,000	-	-	22,651	-
Total receipts	-	-	1,000	-	512,543	22,651	1,335
Disbursements:							
Instruction	-	-	-	161	-	-	-
Support services	86	-	-	-	848,206	8,942	1,253
Noninstructional services	-	246	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	86	246	-	161	848,206	8,942	1,253
Excess (deficiency) of receipts over disbursements	(86)	(246)	1,000	(161)	(335,663)	13,709	82
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(86)	(246)	1,000	(161)	(335,663)	13,709	82
Cash and investments - ending	\$ -	\$ 560	\$ 1,208	\$ 79	\$ (337,133)	\$ 13,709	\$ 82

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

	Formative Assessment	G.T. High Ability Grant	Chamber of Commerce Grant	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Performance Based Awards
Cash and investments - beginning	\$ -	\$ 5,458	\$ 11,875	\$ (27,914)	\$ -	\$ 16,310	\$ (1,286)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	36,019	-	35,000	7,420	3,669	21,384
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	36,019	-	35,000	7,420	3,669	21,384
Disbursements:							
Instruction	-	23,546	2,175	-	7,420	-	15,669
Support services	-	-	-	7,086	-	-	4,429
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	23,546	2,175	7,086	7,420	-	20,098
Excess (deficiency) of receipts over disbursements	-	12,473	(2,175)	27,914	-	3,669	1,286
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	12,473	(2,175)	27,914	-	3,669	1,286
Cash and investments - ending	\$ -	\$ 17,931	\$ 9,700	\$ -	\$ -	\$ 19,979	\$ -

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

	Excess PTRC Distributions	Project Lead the Way	Title I	Title I - IPS	Title V Grant	CICF - BGHS Library
Cash and investments - beginning	\$ 26,109	\$ -	\$ (20,735)	\$ 37	\$ 355	\$ 9,209
Receipts:						
Local sources	-	-	14,222	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	562,172	41	-	8,750
Temporary loans	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	576,394	41	-	8,750
Disbursements:						
Instruction	-	-	639,794	-	-	-
Support services	-	-	-	-	-	11,378
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	-	-	639,794	-	-	11,378
Excess (deficiency) of receipts over disbursements	-	-	(63,400)	41	-	(2,628)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(63,400)	41	-	(2,628)
Cash and investments - ending	\$ 26,109	\$ -	\$ (84,135)	\$ 78	\$ 355	\$ 6,581

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

	21st Century Learning Center	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	TIF/TAP Grant	Payroll Clearing	Totals
Cash and investments - beginning	\$ (4,769)	\$ (11,756)	\$ -	\$ (21,600)	\$ (64,895)	\$ 4,402,781
Receipts:						
Local sources	-	-	-	-	-	6,950,721
Intermediate sources	-	-	-	-	-	1,335
State sources	-	-	-	-	-	21,717,768
Federal sources	140,292	98,441	-	879,376	-	2,936,178
Temporary loans	-	-	-	-	-	2,245,689
Other receipts	-	-	-	-	292,043	997,235
Total receipts	140,292	98,441	-	879,376	292,043	34,848,926
Disbursements:						
Instruction	-	86,685	-	875,804	-	18,239,947
Support services	182,165	-	169	84,650	-	9,395,617
Noninstructional services	-	-	-	-	-	1,139,356
Facilities acquisition and construction	-	-	-	-	-	731,201
Debt service	-	-	-	-	-	5,984,499
Nonprogrammed charges	-	-	-	-	385,605	385,605
Interfund loans	-	-	-	-	-	(600,000)
Total disbursements	182,165	86,685	169	960,454	385,605	35,276,225
Excess (deficiency) of receipts over disbursements	(41,873)	11,756	(169)	(81,078)	(93,562)	(427,299)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	223,233
Transfers out	-	-	-	-	-	(823,233)
Total other financing sources (uses)	-	-	-	-	-	(600,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(41,873)	11,756	(169)	(81,078)	(93,562)	(1,027,299)
Cash and investments - ending	\$ (46,642)	\$ -	\$ (169)	\$ (102,678)	\$ (158,457)	\$ 3,375,482

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

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation
Cash and investments - beginning	\$ 1,685,842	\$ 697,071	\$ 337,428	\$ 96,927	\$ -	\$ 39,418	\$ 18,748
Receipts:							
Local sources	76,144	1,566,330	4,569,079	430,521	322,006	83,092	57,060
State sources	20,973,721	-	-	-	-	-	-
Federal sources	26,413	-	-	-	-	-	-
Temporary loans	-	897,423	1,088,627	131,572	-	-	-
Interfund loans	-	25,000	225,000	200,000	-	-	-
Other receipts	148,007	3,524	10,000	-	-	25,000	513
Total receipts	21,224,285	2,492,277	5,892,706	762,093	322,006	108,092	57,573
Disbursements:							
Instruction	17,277,625	40,932	-	-	-	99	-
Support services	5,324,324	2,386,745	32,246	-	-	116,949	59,476
Noninstructional services	412,886	17,514	-	-	-	-	-
Facilities acquisition and construction	62,651	29,424	13,300	-	-	91,864	-
Debt service	-	843,281	4,143,070	647,030	260,000	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	25,000	427,338	200,000	-	-	-
Total disbursements	23,077,486	3,342,896	4,615,954	847,030	260,000	208,912	59,476
Excess (deficiency) of receipts over disbursements	(1,853,201)	(850,619)	1,276,752	(84,937)	62,006	(100,820)	(1,903)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	1,059
Transfers in	504,676	520,000	-	-	-	200,000	-
Transfers out	(25,000)	-	(1,022,338)	-	-	-	-
Total other financing sources (uses)	479,676	520,000	(1,022,338)	-	-	200,000	1,059
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,373,525)	(330,619)	254,414	(84,937)	62,006	99,180	(844)
Cash and investments - ending	\$ 312,317	\$ 366,452	\$ 591,842	\$ 11,990	\$ 62,006	\$ 138,598	\$ 17,904

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

	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental	Playground	Alternative Education
Cash and investments - beginning	\$ 1,739	\$ 10,091	\$ 252,537	\$ 873,687	\$ 10,550	\$ -	\$ -
Receipts:							
Local sources	2,465	-	-	293,637	110,261	-	-
State sources	-	-	-	42,027	163,914	-	46,506
Federal sources	-	-	-	1,294,044	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	25,000	-	-
Other receipts	-	-	-	3,487	2,075	-	-
Total receipts	2,465	-	-	1,633,195	301,250	-	46,506
Disbursements:							
Instruction	-	-	50,999	-	-	-	46,506
Support services	-	-	-	77,301	201,470	-	-
Noninstructional services	-	1,000	-	2,068,533	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	1,000	50,999	2,145,834	201,470	-	46,506
Excess (deficiency) of receipts over disbursements	2,465	(1,000)	(50,999)	(512,639)	99,780	-	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,465	(1,000)	(50,999)	(512,639)	99,780	-	-
Cash and investments - ending	\$ 4,204	\$ 9,091	\$ 201,538	\$ 361,048	\$ 110,330	\$ -	\$ -

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

	SAFE School Haven	Scholarships and Awards	Construction, Remodeling, and Equipping Buildings	2015 HVAC/ Arts Construction	CSL A0801 Construction	CSL A2881 Tech Loan	Miscellaneous Programs
Cash and investments - beginning	\$ (33,145)	\$ 1,286	\$ -	\$ -	\$ -	\$ -	\$ 1
Receipts:							
Local sources	-	-	-	-	-	-	-
State sources	10,775	-	81,142	-	148,250	245,280	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	6,887
Total receipts	10,775	-	81,142	-	148,250	245,280	6,887
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	-	-	-	245,280	6,888
Noninstructional services	(22,370)	-	-	-	-	-	-
Facilities acquisition and construction	-	-	81,142	2,206,256	148,715	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	(22,370)	-	81,142	2,206,256	148,715	245,280	6,888
Excess (deficiency) of receipts over disbursements	33,145	-	-	(2,206,256)	(465)	-	(1)
Other financing sources (uses):							
Sale of capital assets	-	-	-	2,445,697	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	2,445,697	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	33,145	-	-	239,441	(465)	-	(1)
Cash and investments - ending	\$ -	\$ 1,286	\$ -	\$ 239,441	\$ (465)	\$ -	\$ -

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

	HP Donations	CE Donations	SG Donations	Pets are Wonderful Support	BGMS Donations	Hunger Heroes Challenge	BGHS Donations
Cash and investments - beginning	\$ 5,990	\$ 2,030	\$ 2,459	\$ -	\$ 2,742	\$ -	\$ 2,924
Receipts:							
Local sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	600	1,500	1,100	250	830	500	3,750
Total receipts	600	1,500	1,100	250	830	500	3,750
Disbursements:							
Instruction	-	-	-	-	-	436	-
Support services	738	277	2,439	212	393	-	342
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	738	277	2,439	212	393	436	342
Excess (deficiency) of receipts over disbursements	(138)	1,223	(1,339)	38	437	64	3,408
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(138)	1,223	(1,339)	38	437	64	3,408
Cash and investments - ending	\$ 5,852	\$ 3,253	\$ 1,120	\$ 38	\$ 3,179	\$ 64	\$ 6,332

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

	Techpoint Foundation - Robotic	Walmart Grant	HEA Donations	SG Stem Grant 2013	Common School Technology	Community Relations	Corporation Book Store
Cash and investments - beginning	\$ -	\$ 560	\$ 1,208	\$ 79	\$ (337,133)	\$ 13,709	\$ 82
Receipts:							
Local sources	-	-	-	-	-	-	-
State sources	-	-	-	-	337,133	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	116	-
Total receipts	-	-	-	-	337,133	116	-
Disbursements:							
Instruction	-	-	-	79	-	-	-
Support services	-	-	186	-	-	10,084	82
Noninstructional services	-	560	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	560	186	79	-	10,084	82
Excess (deficiency) of receipts over disbursements	-	(560)	(186)	(79)	337,133	(9,968)	(82)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(560)	(186)	(79)	337,133	(9,968)	(82)
Cash and investments - ending	\$ -	\$ -	\$ 1,022	\$ -	\$ -	\$ 3,741	\$ -

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

	Formative Assessment	G.T. High Ability Grant	Chamber of Commerce Grant	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Performance Based Awards
Cash and investments - beginning	\$ -	\$ 17,931	\$ 9,700	\$ -	\$ -	\$ 19,979	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
State sources	29,344	37,217	-	-	12,486	4,404	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	42,000	-	-	-
Total receipts	29,344	37,217	-	42,000	12,486	4,404	-
Disbursements:							
Instruction	-	55,498	794	-	12,486	-	-
Support services	10,218	-	1,140	120,295	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	10,218	55,498	1,934	120,295	12,486	-	-
Excess (deficiency) of receipts over disbursements	19,126	(18,281)	(1,934)	(78,295)	-	4,404	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,126	(18,281)	(1,934)	(78,295)	-	4,404	-
Cash and investments - ending	\$ 19,126	\$ (350)	\$ 7,766	\$ (78,295)	\$ -	\$ 24,383	\$ -

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

	Excess PTRC Distributions	Project Lead the Way	Title I	Title I - IPS	Title V Grant	CICF - BGHS Library
Cash and investments - beginning	\$ 26,109	\$ -	\$ (84,135)	\$ 78	\$ 355	\$ 6,581
Receipts:						
Local sources	-	-	6,401	-	-	-
State sources	-	13,403	-	-	-	-
Federal sources	-	-	789,632	-	-	8,750
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	13,403	796,033	-	-	8,750
Disbursements:						
Instruction	-	-	731,816	-	-	-
Support services	-	13,403	-	-	-	12,050
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	-	13,403	731,816	-	-	12,050
Excess (deficiency) of receipts over disbursements	-	-	64,217	-	-	(3,300)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	64,217	-	-	(3,300)
Cash and investments - ending	\$ 26,109	\$ -	\$ (19,918)	\$ 78	\$ 355	\$ 3,281

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

	21st Century Learning Center	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	TIF/TAP Grant	Payroll Clearing	Totals
Cash and investments - beginning	\$ (46,642)	\$ -	\$ (169)	\$ (102,678)	\$ (158,457)	\$ 3,375,482
Receipts:						
Local sources	18,936	-	-	-	-	7,535,932
State sources	-	-	-	-	-	22,145,602
Federal sources	193,121	39,752	11,865	611,527	-	2,975,104
Temporary loans	-	-	-	-	-	2,117,622
Interfund loans	-	-	-	-	-	475,000
Other receipts	-	-	-	-	180,830	430,969
Total receipts	<u>212,057</u>	<u>39,752</u>	<u>11,865</u>	<u>611,527</u>	<u>180,830</u>	<u>35,680,229</u>
Disbursements:						
Instruction	-	57,991	-	461,192	-	18,736,453
Support services	200,974	440	10,341	40,909	-	8,875,202
Noninstructional services	-	-	-	-	-	2,478,123
Facilities acquisition and construction	-	-	-	-	-	2,633,352
Debt service	-	-	-	-	-	5,893,381
Nonprogrammed charges	-	-	-	-	155,592	155,592
Interfund loans	-	-	-	-	-	652,338
Total disbursements	<u>200,974</u>	<u>58,431</u>	<u>10,341</u>	<u>502,101</u>	<u>155,592</u>	<u>39,424,441</u>
Excess (deficiency) of receipts over disbursements	<u>11,083</u>	<u>(18,679)</u>	<u>1,524</u>	<u>109,426</u>	<u>25,238</u>	<u>(3,744,212)</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	2,446,756
Transfers in	-	-	-	-	-	1,224,676
Transfers out	-	-	-	-	-	(1,047,338)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,624,094</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>11,083</u>	<u>(18,679)</u>	<u>1,524</u>	<u>109,426</u>	<u>25,238</u>	<u>(1,120,118)</u>
Cash and investments - ending	<u>\$ (35,559)</u>	<u>\$ (18,679)</u>	<u>\$ 1,355</u>	<u>\$ 6,748</u>	<u>\$ (133,219)</u>	<u>\$ 2,255,364</u>

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BEECH GROVE CITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Fifth Third Bank	Lease 2011 Technology Tablets	\$ 91,742	01/01/12	07/01/17
Santandor Bank	Lease Bus# 30	16,950	04/01/15	07/24/19
Santandor Bank	Lease Bus# 18	19,007	07/22/15	07/22/19
Santandor Bank	Lease Bus # 29	19,767	07/22/15	07/22/19
Beech Grove Central Schools Building Corporation	Taxable Ad Valorem Property Tax Series 2014	260,000	01/10/15	07/10/30
Beech Grove Central Schools Building Corporation	HS HVAC Lease Rental 2011	248,000	07/15/12	07/15/31
Beech Grove Multi-School Building Corporation	Kindergarten Center Lease Rental 2001	1,340,000	07/15/03	07/15/26
Beech Grove Central Schools Building Corporation	QSCB 2009	157,500	07/01/10	07/01/25
Beech Grove Central Schools Building Corporation	HVAC 2015	649,000	09/08/15	01/15/35
Beech Grove Schools Building Corporation	Refinanced 2005 Issue SG & MS 2016	<u>396,000</u>	06/21/16	07/05/34
Total governmental activities		<u>3,197,966</u>		
Total of annual lease payments		<u>\$ 3,197,966</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Bond 2004	\$ 3,750,000	\$ 471,539
Notes and loans payable	Common School Loan A1477	-	-
Notes and loans payable	Common School Loan A1483	17,301	17,388
Notes and loans payable	Common School Loan A1537	24,430	24,552
Notes and loans payable	Common School Loan A1616	101,560	51,669
Notes and loans payable	Common School Loan A0603	1,750,000	169,000
Notes and loans payable	Common School Loan A0575	525,000	78,750
Notes and loans payable	Common School Loan A1738	180,740	53,318
Notes and loans payable	Common School Loan A1781	178,850	52,761
Notes and loans payable	Common School Loan A1808	109,934	32,431
Notes and loans payable	Common School Loan A0615	1,462,500	132,750
Notes and loans payable	Common School Loan A1860	99,010	25,681
Notes and loans payable	Common School Loan A1883	251,055	58,161
Notes and loans payable	Common School Loan A1917	289,914	62,067
Notes and loans payable	Lease Career Center 2009	102,523	28,559
Notes and loans payable	Lease Career Center Bond 2007	<u>63,474</u>	<u>34,240</u>
Total governmental activities		<u>8,906,291</u>	<u>1,292,866</u>
Totals		<u>\$ 8,906,291</u>	<u>\$ 1,292,866</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the Beech Grove City Schools' (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 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 Twenty-First Century Community Learning Centers

As described in item 2016-013 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 Twenty-First Century Community Learning Centers regarding Special Tests and Provisions - Participation of Private School Children. Consequently, we were unable to determine whether the School Corporation complied with this requirement applicable to the program.

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2016-003, 2016-005, 2016-007, and 2016-008 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management, Equipment and Real Property Management, Allowable Costs/Cost Principles, and Procurement and Suspension and Debarment that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Basis for Qualified Opinion on Special Education Cluster (IDEA)

As described in items 2016-015, 2016-017, and 2016-018 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 the Special Education Cluster (IDEA) regarding Matching, Level of Effort, Earmarking, Cash Management, Reporting, and Period of Performance. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the programs.

Qualified Opinion on Twenty-First Century Community Learning Centers

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 Twenty-First Century Community Learning Centers regarding Special Tests and Provisions - Participation of Private School Children, described in the *Basis for Qualified Opinion on Twenty-First Century Community Learning Centers* paragraph the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on Twenty-First Century Community Learning Centers for the period of July 1, 2014 to June 30, 2016.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2014 to June 30, 2016.

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 its Special Education Cluster (IDEA) regarding Matching, Level of Effort, Earmarking; Cash Management; Reporting; and Period of Performance, 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 its Special Education Cluster (IDEA) for the period of July 1, 2014 to June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-004, 2016-006, 2016-009, 2016-010, 2016-012, and 2016-016. 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 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 2016-002, 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, 2016-009, 2016-010, 2016-011, 2016-012, 2016-013, 2016-014, 2016-015, 2016-016, 2016-017, and 2016-018 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.

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

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

September 6, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

BEECH GROVE CITY 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	FY15 FY16	\$ - -	\$ 270,924 -	\$ - -	\$ - 303,812
Total - School Breakfast Program				-	270,924	-	303,812
National School Lunch Program							
School Lunch	Indiana Department of Education	10.555	FY15 FY16	- -	870,874 -	- -	- 926,303
School Lunch			FY15 FY16	- -	16,643 -	- -	- 17,585
Snack			FY15 FY16	- -	86,016 -	- -	- 89,814
Commodities			FY15 FY16	- -	- -	- -	- -
Commodities				-	-	-	89,814
Total - National School Lunch Program				-	973,533	-	1,033,702
Summer Food Service Program for Children							
Summer Food Service	Indiana Department of Education	10.559	FY15 FY16	- -	20,751 -	- -	- 21,269
Summer Food Service				-	-	-	21,269
Total - Summer Food Service Program for Children				-	20,751	-	21,269
Total - Child Nutrition Cluster				-	1,265,208	-	1,358,783
Child and Adult Care Food Program							
Supper	Indiana Department of Education	10.558	FY15 FY16	- -	52,228 -	- -	- 51,256
Supper				-	-	-	51,256
Total - Child and Adult Care Food Program				-	52,228	-	51,256
Total - Department of Agriculture				-	1,317,436	-	1,410,039
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
IDEA Part B Section 611	Indiana Department of Education	84.027	14213-053-PN01	-	16,799	-	-
IDEA Part B Section 611			14214-053-PN01	-	192,176	-	33,701
IDEA Part B Section 611			99914-053-PN01	-	2,772	-	9,770
IDEA Part B Section 611			14215-053-PN01	-	327,607	-	213,532
IDEA Part B Section 611			14216-053-PN01	-	-	-	306,931
Total - Special Education Grants to States				-	539,354	-	563,934

BEECH GROVE CITY 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	Indiana Department of Education	84.173					
IDEA Part B Section 619			45714-053-PN01	-	4,280	-	-
IDEA Part B Section 619			45715-053-PN01	-	8,937	-	5,766
IDEA Part B Section 619			45716-053-PN01	-	-	-	10,259
Total - Special Education Preschool Grants				-	13,217	-	16,025
Total - Special Education Cluster (IDEA)				-	552,571	-	579,959
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
FY14			14-5380	-	32,327	-	-
FY15			15-5380	-	529,845	-	109,605
FY16			16-5380	-	-	-	680,027
Total - Title I Grants to Local Educational Agencies				-	562,172	-	789,632
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287					
FY14			A58-0-10DL-087	-	6,544	-	-
FY15			A58-5-15DL-0145	-	133,748	-	51,180
FY16			A58-6-16DL-0203	-	-	-	160,877
Total - Twenty-First Century Community Learning Centers				-	140,292	-	212,057
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III			01114-005-PN01	-	-	-	11,865
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II			FY12	-	13,235	-	-
Title II			FY13	-	29,083	-	-
Title II			FY14	-	56,123	-	39,752
Total - Supporting Effective Instruction State Grants				-	98,441	-	39,752
Teacher and School Leader Incentive Grants	Indiana Department of Education	84.374					
TIF/TAP Grant			FY14	-	487,094	-	73,229
TIF/TAP Grant			FY15	-	392,282	-	538,298
Total - Teacher and School Leader Incentive Grants				-	879,376	-	611,527
Total - Department of Education				-	2,232,852	-	2,244,792
<u>Department of Homeland Security</u>							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036					
Severe Winter Storm			DR-4173	-	8,114	-	-
Total - Department of Homeland Security				-	8,114	-	-
Total federal awards expended				\$ -	\$ 3,558,402	\$ -	\$ 3,654,831

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

BEECH GROVE CITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation 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.

Note 3. Special Education Cooperative

The School Corporation is a member of the Southside Special Services of Marion County Cooperative (Cooperative), which operates the special education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

BEECH GROVE CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant 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 for Title I Grants to Local Educational Agencies and Teacher and School Leader Incentive Grants; Qualified for Child Nutrition Cluster, Special Education Cluster (IDEA), and Twenty-First Century Community Learning Centers
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster
	Special Education Cluster (IDEA)
84.010	Title I Grants to Local Educational Agencies
84.287	Twenty-First Century Community Learning Centers
84.374	Teacher and School Leader Incentive Grants

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

Auditee qualified as low-risk auditee?	no
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BEECH GROVE CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II - Financial Statement Findings

FINDING 2016-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-002.

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 School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's SEFA. One employee prepared the federal award information entered into Gateway without a control in place to prevent, or detect and correct, errors prior to submission.

Context

The SEFA presented for audit contained the following errors:

1. The Title I Grants to Local Educational Agencies program was overstated for fiscal year 2015 and fiscal year 2016 by \$14,222 and \$6,401, respectively.
2. The Child Nutrition Cluster was omitted, resulting in an understatement for fiscal year 2015 and fiscal year 2016 of \$1,265,208 and \$1,358,783, respectively.
3. The Child and Adult Care Food Program was omitted, resulting in an understatement for fiscal year 2015 and fiscal year 2016 of \$52,228 and \$51,256, respectively.
4. The Special Education Cluster (IDEA) was omitted, resulting in an understatement for fiscal year 2015 and fiscal year 2016 of \$552,571 and \$579,959, respectively.
5. The Disaster Grants - Public Assistance (Presidentially Declared Disasters) program was omitted, resulting in an understatement for fiscal year 2015 of \$8,114.
6. Multiple nonfederal grants were included, resulting in an overstatement for fiscal year 2015 and fiscal year 2016 of \$238,155 and \$173,205, respectively.
7. All program titles were incorrect.

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

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

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. . . ."

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.

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

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

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

Effect

Without a proper system of internal control in place that operated effectively, misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the School Corporation's management establish controls related to the preparation of the SEFA.

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 2016-002

Subject: School Breakfast Program, National School Lunch Program - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity

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): FY15, FY16

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

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 Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

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

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

One employee was primarily responsible for verifying free and reduced price applications. An oversight, review process, or other compensating control had not been established to ensure the proper number of applications were verified for accuracy.

Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program only)

One employee was primarily responsible for performing the paid lunch equity calculations. An oversight, review process, or other compensating control had not been established to ensure that the paid lunch equity calculations were correct.

Context

The lack of controls was a systemic issue, 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). . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Views of Responsible Officials

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

FINDING 2016-003

Subject: School Breakfast Program, National School Lunch Program - Cash Management
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): FY15, FY16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Modified Opinion

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 Cash Management compliance requirement.

The month-end balance of the School Corporation's School Lunch fund exceeded 3 months average expenditures for 16 months during the audit period.

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. . . ."

BEECH GROVE CITY 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). . . ."

7 CFR 210.14(b) states: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:
. . .

(iv) Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

Cause

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

Effect

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

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 Cash Management compliance requirement.

Views of Responsible Officials

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

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

FINDING 2016-004

Subject: School Breakfast Program, National School Lunch Program - Program Income
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): FY15, FY16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
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 Program Income compliance requirement.

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 to student accounts, were recorded directly in the School Lunch fund. Prepayments were not recorded in a separate prepaid fund.

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). . . ."

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."

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

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; . . ."

Our opinion is that money a student puts into their individual meal account 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 number 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 his 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 Bulletin 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 placed the School Corporation in non-compliance with the grant agreement and the Program Income compliance requirement.

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.

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

FINDING 2016-005

Subject: Child Nutrition Cluster - Equipment and Real Property Management
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): FY15, FY16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Modified Opinion

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 Equipment and Real Property Management compliance requirement.

Equipment records were not maintained during the audit period, and an inventory of equipment purchased had not been performed within the last two years.

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). . . ."

2 CFR 200.313(d) states in part:

"*Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

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

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Equipment and Real Property Management compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Equipment and Real Property Management compliance requirement.

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 Equipment and Real Property Management 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 2016-006

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Education
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): FY15, FY16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
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 the grant agreement and the Reporting compliance requirement.

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

One employee was responsible for completing and submitting all required reports, including the Monthly Sponsor Claims, Annual Financial Reports, and Verification Summary Reports. There was no oversight, review, or approval by anyone else at the School Corporation to ensure the accuracy of the reports.

The 2014-2015 and 2015-2016 Annual Financial Reports did not agree with the School Corporation's financial records, and portions of the report were not complete.

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). . . ."

2 CFR 200.302(a) states:

"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 compliance requirement.

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

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation in noncompliance with the grant agreement and the Reporting compliance requirement.

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 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 2016-007

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): FY15, FY16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Modified Opinion

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 Allowable Costs/Cost Principles compliance requirement.

During the 2014-2015 school year, indirect costs were being calculated and charged incorrectly to the nonprofit foodservice account, resulting in \$55,299 in excess of what is allowable according to federal guidelines.

Context

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

BEECH GROVE CITY 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). . . ."

OMB Circular A-87, Attachment E, C. Allocation of Indirect Costs and Determination of Indirect Cost Rates states in part:

"1. General.

(a) Where a governmental unit's department or agency has only one major function, or where all its major functions benefit from the indirect costs to approximately the same degree, the allocation of indirect costs and the computation of an indirect cost rate accomplished through simplified allocation procedures as described in subsection 2. . . .

2. Simplified method. . . .

(b) Both the direct costs and the indirect costs shall exclude capital expenditures and unallowable costs. However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable. . . ."

2 CFR 200.414(d) costs states: "Pass-through entities are subject to the requirements in § 200.331 Requirements for pass-through entities, paragraph (a)(4)."

2 CFR 200.331 states in part:

"All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes: . . .

(xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per § 200.414 Indirect (F&A) costs). . . .

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(Continued)

(4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in § 200.414 Indirect (F&A) costs, paragraph (f); . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

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/Cost Principles compliance requirement.

Questioned Costs

Questioned costs of \$55,299 were identified, as described in the *Condition*.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles 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 2016-008

Subject: Child Nutrition Cluster - Procurement

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): FY15, FY16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

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 procurement requirements.

During the audit period, the School Corporation relied on their food service management company to procure contracts for the renovation of the high school cafeteria. The total cost of the project was \$586,876. The School Corporation contracted with their food service management company, who selected a contractor from their approved vendor list. There was no evidence that the School Corporation or the food service management company followed proper bidding procedures per Indiana Code 36-1-12-4.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of controls and noncompliance were isolated to the high school renovation project, which occurred during both years of 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). . . ."

7 CFR 3016.36(b) states in part:

"*Procurement standards.*

(1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section. . . ."

2 CFR 200.318 states in part:

"(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part. . . ."

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

Indiana Code 36-1-12-4 states:

"(a) This section applies whenever the cost of a public work project will be:

(1) except as provided in subdivision (2), at least one hundred fifty thousand dollars (\$150,000); or

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(Continued)

- (2) in the case of a board of aviation commissioners or an airport authority board, at least one hundred thousand dollars (\$100,000).
- (b) The board must comply with the following procedure:
- (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. If the project involves the resurfacing (as defined by IC 8-14-2-1) of a road, street, or bridge, the specifications must show how the weight or volume of the materials will be accurately measured and verified.
 - (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3).
 - (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed.
 - (4) The notice must specify the place where the plans and specifications are on file and the date fixed for receiving bids.
 - (5) The period of time between the date of the first publication and the date of receiving bids shall be governed by the size of the contemplated project in the discretion of the board. The period of time between the date of the first publication and receiving bids may not be more than:
 - (A) six (6) weeks if the estimated cost of the public works project is less than twenty-five million dollars(\$25,000,000); and
 - (B) ten (10) weeks if the estimated cost of the public works project is at least twenty-five million dollars (\$25,000,000).
 - (6) The board shall require the bidder to submit a financial statement, a statement of experience, a proposed plan or plans for performing the public work, and the equipment that the bidder has available for the performance of the public work. The statement shall be submitted on forms prescribed by the state board of accounts.
 - (7) The board may not require a bidder to submit a bid before the meeting at which bids are to be received. The meeting for receiving bids must be open to the public. All bids received shall be opened publicly and read aloud at the time and place designated and not before. Notwithstanding any other law, bids may be opened after the time designated if both of the following apply:
 - (A) The board makes a written determination that it is in the best interest of the board to delay the opening.
 - (B) The day, time, and place of the rescheduled opening are announced at the day, time, and place of the originally scheduled opening.

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(Continued)

- (8) Except as provided in subsection (c), the board shall:
 - (A) award the contract for public work or improvements to the lowest responsible and responsive bidder; or
 - (B) reject all bids submitted.
- (9) If the board awards the contract to a bidder other than the lowest bidder, the board must state in the minutes or memoranda, at the time the award is made, the factors used to determine which bidder is the lowest responsible and responsive bidder and to justify the award. The board shall keep a copy of the minutes or memoranda available for public inspection.
- (10) In determining whether a bidder is responsive, the board may consider the following factors:
 - (A) Whether the bidder has submitted a bid or quote that conforms in all material respects to the specifications.
 - (B) Whether the bidder has submitted a bid that complies specifically with the invitation to bid and the instructions to bidders.
 - (C) Whether the bidder has complied with all applicable statutes, ordinances, resolutions, or rules pertaining to the award of a public contract.
- (11) In determining whether a bidder is a responsible bidder, the board may consider the following factors:
 - (A) The ability and capacity of the bidder to perform the work.
 - (B) The integrity, character, and reputation of the bidder.
 - (C) The competence and experience of the bidder.
- (12) The board shall require the bidder to submit an affidavit:
 - (A) that the bidder has not entered into a combination or agreement:
 - (i) relative to the price to be bid by a person;
 - (ii) to prevent a person from bidding; or
 - (iii) to induce a person to refrain from bidding; and
 - (B) that the bidder's bid is made without reference to any other bid.
- (c) Notwithstanding subsection (b)(8), a county may award sand, gravel, asphalt paving materials, or crushed stone contracts to more than one (1) responsible and responsive bidder if the specifications allow for bids to be based upon service to specific geographic areas and the contracts are awarded by geographic area. The geographic areas do not need to be described in the specifications."

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

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement.

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micropurchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micropurchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

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 Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

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

FINDING 2016-009

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Education Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-5380, 15-5380, 16-5380
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
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 Allowable Costs/Cost Principles compliance requirement.

The elementary school principals completed the Semi-Annual Certifications; however, there was no oversight or review performed by another individual. There were 13 instances identified during the audit period in which an employee did not have a Semi-Annual Certification as required.

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). . . ."

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

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

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

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

Title I Fiscal Handbook 2015-2016, Basic Title I, Part A and D states:

- **TAS Programs:**

"Title I funded staff paid solely from Title I funds complete a Semi-Annual Certification twice a year. Employees who work on multiple activities must maintain a time and effort log at least once a month."

- **School wide programs:**

"If a school-wide program consolidates funds in a single account, an employee paid with funds from the single account is not required to file a semi-annual certification. If a school-wide program does not consolidate funds, employees working solely on a single Federal program must complete semi-annual certifications.

If a school-wide program does not consolidate funds, employees working on multiple programs must maintain a time and effort log at least once a month."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

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/Cost Principles compliance requirement.

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 Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

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

FINDING 2016-010

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Education Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-5380, 15-5380, 16-5380
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-003.

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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Supporting documentation was not maintained for all students who were removed from their graduation cohort. Supporting documentation was not maintained for 4 out of 40 students selected for testing.

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). . . ."

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

34 CFR 200.19(b)(ii)(B) states in part:

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

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate 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 2016-011

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Schoolwide Programs

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 14-5380, 15-5380, 16-5380

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Special Tests and Provisions - Schoolwide Programs

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-003.

BEECH GROVE CITY 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 Special Tests and Provisions - Schoolwide Programs compliance requirement.

There was no documentation of an oversight, review, or approval process to ensure the Schoolwide Plans were in compliance with program requirements.

Context

The lack of controls was a systemic issue, 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). . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Schoolwide Programs compliance requirement.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Special Tests and Provisions - Schoolwide Programs compliance requirement.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Schoolwide Programs 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 2016-012

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Assessment System Security
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): 16-5380
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Assessment System Security
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 Special Tests and Provisions - Assessment System Security compliance requirement.

The School Corporation established guidelines for Special Tests and Provisions - Assessment System Security. However, one out of four buildings did not retain the "Indiana Testing Security and Integrity Agreement" forms to provide for audit.

Context

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

Criteria

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). . . ."

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

The administrative regulation 511 IAC 5-5-5 states in part: ". . . (b) Any individual who administers, handles, or has access to secure test materials at the school or school corporation shall complete assessment training and sign a testing security and integrity agreement to remain on file in the appropriate building-level office each year."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Assessment System Security compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement.

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 Special Tests and Provisions - Assessment System Security 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 2016-013

Subject: Twenty-First Century Community Learning Centers - Special Tests
and Provisions - Participation of Private School Children

Federal Agency: Department of Education

Federal Program: Twenty-First Century Community Learning Centers

CFDA Number: 84.287

Federal Award Numbers and Years (or Other Identifying Numbers): A58-0-10DL-087, A58-5-15DL-0145,
A25-6-16DL-0203

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Participation of Private School Children

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-006.

BEECH GROVE CITY 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 that documentation was maintained to support the School Corporation's compliance with requirements related to the grant agreement and the Special Tests and Provisions - Participation of Private School Children compliance requirement.

The School Corporation did not provide evidence to support whether they conducted consultations with all private school officials to determine the educational services to be provided to eligible private school children.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Participation of Private School Children compliance requirement.

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 76.652 states:

"(a) An applicant for a subgrant shall consult with appropriate representatives of students enrolled in private schools during all phases of the development and design of the project covered by the application, including consideration of:

- (1) Which children will receive benefits under the project;
- (2) How the children's needs will be identified;
- (3) What benefits will be provided;
- (4) How the benefits will be provided; and

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

(5) How the project will be evaluated.

(b) A subgrantee shall consult with appropriate representatives of students enrolled in private schools before the subgrantee makes any decision that affects the opportunities of those students to participate in the project.

(c) The applicant or subgrantee shall give the appropriate representatives a genuine opportunity to express their views regarding each matter subject to the consultation requirements in this section."

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. . . ."

Cause

Management had not developed a system of internal controls that would have ensured that supporting documentation related to the Special Tests and Provisions - Participation of Private School Children compliance requirement was maintained and made available for audit.

Effect

The failure to establish an effective internal control system and provide sufficient supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the Special Tests and Provisions - Participation of Private School Children 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 related to the grant agreement and the Special Tests and Provisions - Participation of Private School Children compliance requirement will be maintained.

Views of Responsible Officials

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

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

FINDING 2016-014

Subject: Twenty-First Century Community Learning Centers -
Special Tests and Provisions - Schoolwide Programs
Federal Agency: Department of Education
Federal Program: Twenty-First Century Community Learning Centers
CFDA Number: 84.287
Federal Award Numbers and Years (or Other Identifying Numbers): A58-0-10DL-087, A58-5-15DL-0145,
A25-6-16DL-0203
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Schoolwide Programs
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-006.

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 Special Tests and Provisions - Schoolwide Programs compliance requirement.

There was no documentation of an oversight, review, or approval process to ensure Schoolwide Plans were in compliance with program requirements.

Context

The lack of controls was a systemic issue, 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). . . ."

BEECH GROVE CITY 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 Special Tests and Provisions - Schoolwide Programs compliance requirement.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the Special Tests and Provisions - Schoolwide Programs compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Special Tests and Provisions - Schoolwide Programs 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 2016-015

Subject: Special Education Cluster (IDEA) - Level of Effort - Maintenance 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): 14213-053-PN01, 14214-053-PN01,
14215-053-PN01, 14216-053-PN01,
45714-053-PN01, 45715-053-PN01,
45716-053-PN01, 99914-053-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 finding from the immediately prior audit report. The prior audit finding number was 2014-009.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure that documentation was maintained to support the School Corporation's compliance with requirements related to the grant agreement and the Level of Effort - Maintenance of Effort (MOE) requirements of the Matching, Level of Effort, Earmarking compliance requirement.

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

The School Corporation was required to calculate MOE through two calculations prescribed by the Indiana Department of Education. The School Corporation did not provide adequate supporting documentation to verify how it met MOE requirements. The financial information used in the MOE calculation for the fiscal year 2016 application was incorrect. The financial information used in the MOE calculation for the fiscal year 2015 application could not be traced to supporting documentation. The December 1, 2013 and 2014 child counts used for the MOE calculations did not agree with the School Corporation's records.

Context

The lack of internal controls was a systemic issue, which occurred throughout the audit period. The lack of supporting documentation prevented the determination of the School Corporation's compliance with the MOE requirements of the Matching, Level of Effort, Earmarking compliance requirement.

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

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

34 CFR 300.203(b) states in part:

"Standard.

- (1) Except as provided in paragraph (b)(2) of this section, the SEA must determine that an LEA complies with paragraph (a) of this section for purposes of establishing the LEA's eligibility for an award for a fiscal year if the LEA budgets, for the education of children with disabilities, at least the same total or per capita amount from either of the following sources as the LEA spent for that purpose from the same source for the most recent prior year for which information is available:
 - (i) Local funds only.
 - (ii) The combination of State and local funds.
- (2) An LEA that relies on paragraph (b)(1)(i) of this section for any fiscal year must ensure that the amount of local funds it budgets for the education of children with disabilities in that year is at least the same, either in total or per capita, as the amount it spent for that purpose in the most recent fiscal year for which information is available and the standard in paragraph (b)(1)(i) of this section was used to establish its compliance with this section. . . ."

Cause

Management had not developed a system of internal controls that would have ensured that supporting documentation related to the MOE requirements of the Matching, Level of Effort, Earmarking compliance requirement was maintained and made available for audit.

Effect

The failure to establish an effective internal control system and provide sufficient supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the MOE requirements of the Matching, Level of Effort, Earmarking 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 related to the MOE requirements of the Matching, Level of Effort, Earmarking compliance requirement will be maintained and available for audit.

Views of Responsible Officials

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

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

FINDING 2016-016

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-053-PN01, 14214-053-PN01,
14215-053-PN01, 14216-053-PN01,
45714-053-PN01, 45715-053-PN01,
45716-053-PN01, 99914-053-PN01

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 finding from the immediately prior audit report. The prior audit finding number was 2014-008.

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 Allowable Costs/Cost Principles compliance requirement.

The School Corporation did not maintain Semi-Annual Certifications or other documentation of personnel expenses for employees paid from the program during the audit period.

Context

The lack of internal 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). . . ."

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

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

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

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:

- (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); . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

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/Cost Principles compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

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

FINDING 2016-017

Subject: Special Education Cluster (IDEA) - Cash Management and Reporting

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-053-PN01, 14214-053-PN01,
14215-053-PN01, 14216-053-PN01,
45714-053-PN01, 45715-053-PN01,
45716-053-PN01, 99914-053-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Reporting

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-007.

Condition

The School Corporation was a member of the Southside Special Services of Marion County (Cooperative). The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative. During the audit period, the fiscal agent of the Cooperative spent federal funds on behalf of the member school corporations. The grant agreements for the federal programs were between the Indiana Department of Education and each member school corporation of the Cooperative. Therefore, each member school corporation was responsible for following the compliance requirements related to the Cash Management and Reporting compliance requirements.

An effective internal control system was not in place at the School Corporation in order to ensure that documentation was maintained to support the School Corporation's compliance with requirements related to the grant agreement and the Cash Management and Reporting compliance requirements.

Reimbursement requests were completed every two weeks by the Cooperative throughout the audit period. Detailed supporting documentation used to prepare the reimbursement requests was not maintained. As a result, it could not be determined whether the expenditures claimed were correct and for the period stated on the reimbursement requests.

The School Corporation was unable to provide 16 out of 20 Quarterly Monitoring Reports for Proportionate Shares for Non-Public Schools that were due during the audit period. Additionally, the School Corporation was unable to provide any of the Final Financial Reports that were due during the audit period.

The School Corporation also submitted reimbursement requests to the Cooperative during the audit period for expenses the School Corporation paid directly. The reimbursement requests were prepared by the School Corporation's Treasurer with no documentation of an oversight, review, or approval process in place.

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

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of supporting documentation prevented the determination of the School Corporation's compliance with the Cash Management and Reporting compliance requirements.

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 80.21(d) states:

"Reimbursement. Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. Grantees and subgrantees may also be paid by reimbursement for any construction grant. Except as otherwise specified in regulation, Federal agencies shall not use the percentage of completion method to pay construction grants. The grantee or subgrantee may use that method to pay its construction contractor, and if it does, the awarding agency's payments to the grantee or subgrantee will be based on the grantee's or subgrantee's actual rate of disbursement."

34 CFR 80.20(b) states in part:

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

(1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

2 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

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

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. . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:
. . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

Cause

Management had not developed a system of internal controls that would have ensured that supporting documentation related to the Cash Management and Reporting compliance requirements was maintained and made available for audit.

Effect

The failure to establish an effective internal control system and provide sufficient supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the Cash Management and Reporting compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation related to the grant agreement and the Cash Management and Reporting compliance requirements will be maintained and available for audit.

Views of Responsible Officials

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

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

FINDING 2016-018

Subject: Special Education Cluster (IDEA) - Period of Performance
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): 14213-053-PN01, 14214-053-PN01,
14215-053-PN01, 14216-053-PN01,
45714-053-PN01, 45715-053-PN01,
45716-053-PN01, 99914-053-PN01

Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Period of Performance
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-009.

Condition

The School Corporation was a member of the Southside Special Services of Marion County (Cooperative). The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative. During the audit period, the fiscal agent of the Cooperative spent federal funds on behalf of the member school corporations. The grant agreements for the federal programs were between the Indiana Department of Education and each member school corporation of the Cooperative. Therefore, each member school corporation was responsible for following the compliance requirements related to the Period of Performance compliance requirement.

An effective internal control system was not in place at the School Corporation in order to ensure that documentation was maintained to support the School Corporation's compliance with requirements related to the grant agreement and the Period of Performance compliance requirement.

Reimbursement requests were completed every two weeks by the Cooperative throughout the audit period. Detailed supporting documentation used to prepare the reimbursement requests was not maintained. As a result, it could not be determined whether the expenditures claimed were correct and for the period stated on the reimbursement requests.

The School Corporation also submitted reimbursement requests to the Cooperative during the audit period for expenses the School Corporation paid directly. The Treasurer of the School Corporation was responsible for monitoring that program costs were incurred within the period of performance, with no documentation of an oversight, review, or approval process.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of supporting documentation for the reimbursement requests was isolated to the 2015 school year.

BEECH GROVE CITY 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). . . ."

34 CFR 80.23(a) states:

"*General.* Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period."

Cause

Management had not developed a system of internal controls that would have ensured that supporting documentation related to the Period of Performance compliance requirement was maintained and made available for audit.

Effect

The failure to establish an effective internal control system and provide sufficient supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the Period of Performance 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 related the grant agreement and the Period of Performance compliance requirement will be maintained and available for audit.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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

Beech Grove City Schools

5334 Hornet Avenue
Beech Grove, IN 46107-2306
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www.bgcs.k12.in.us



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003

Fiscal year in which the finding initially occurred: FY14
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer
Contact Phone Number: (317) 788-4481

Status of Audit Finding: Each year the Grant is given a unique Fund number to correlate with the year of the grant. Also, Rita Bass approves all reimbursements and reviews expenditures before submission. I have set up a spreadsheet that has all the Title I expenditures summarized to help with year end reporting. Superintendent views and approves the Title I application. The School Wide Plans will be updated and revised each year by each schools Diverse Title Team and approved by the School Principal, Grant Director, Asst Superintendent of Curriculum and DOE. We have had a change in personnel and will train them on the correct supporting documentation for withdrawn students.

FINDING 2014-004

Fiscal year in which the finding initially occurred: FY14
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer
Contact Phone Number: (317) 788-4481

Status of Audit Finding: We no longer receive this grant.

FINDING 2014-005

Fiscal year in which the finding initially occurred: FY14
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer
Contact Phone Number: (317) 788-4481

Status of Audit Finding: We no longer receive this grant.

FINDING 2014-006

Fiscal year in which the finding initially occurred: FY14
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer
Contact Phone Number: (317) 788-4481

Status of Audit Finding: : Each year the Grant is given a unique Fund number to correlate with the year of the grant. Also, Jescee Sellas, Grant Coordinator and Dr. Keeley, Assistant Superintendent of Business, approve all reimbursements and reviews expenditures before submission. I have set up a spreadsheet that has all the Title I expenditures summarized to help with year end reporting. All Reports, Level of Effort, & special tests and provisions related to Private School Children and Schoolwide Programs will be compiled and submitted by the Grant Coordinator with a copy being submitted to the Treasurer for review by Dr. Keeley.

FINDING 2014-007

Fiscal year in which the finding initially occurred: FY14
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer
Contact Phone Number: (317) 788-4481

Status of Audit Finding: For the Special Ed Part B IDEA Grant, I have set up a unique fund number to correlate with the year of the grant. The Grant Administrator, Amy Reeves, Dr. Keeley and I review all expenditures before submission.

FINDING 2014-008

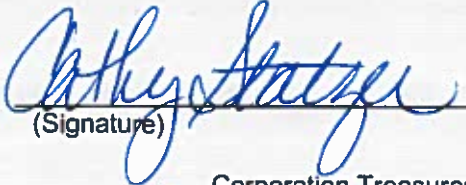
Fiscal year in which the finding initially occurred: FY14
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer
Contact Phone Number: (317) 788-4481

Status of Audit Finding: We have coordinated reminders to gather Time & Effort logs for all Titles twice a year.

FINDING 2014-009

Fiscal year in which the finding initially occurred: FY14
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer
Contact Phone Number: (317) 788-4481

Status of Audit Finding: The Grant Administrator, Amy Reeves, Dr. Keeley and I meet to perform the Maintenance of Effort calculation which then goes to the Superintendent for approval. Each year the Grant is given a unique Fund number to correlate with the year of the grant. The Grant Administrator reviews all reimbursements and expenditures before submission.


(Signature)
Corporation Treasurer

(Title)

June 4, 2018

(Date)

Beech Grove City Schools

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Beech Grove, IN 46107-2306
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CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We will have the Federal Awards information entered into Gateway reviewed by Grant Direct, Treasurer and Asst Superintendent of Business before submission.

Anticipated Completion Date: August 1, 2018

FINDING 2016-002

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

Since this time period we have had personnel changes and the Food Director will review all applications and testing prior to submission. With a copy of the approval being sent to the Treasurer's office.

Anticipated Completion Date: August 1, 2018

FINDING 2016-003

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We were unaware of that ruling and will monitor that balance monthly with reports to Asst Superintendent of Business.

Anticipated Completion Date: August 1, 2018

FINDING 2016-004

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We have established a single fund for the Prepaid Lunch payments Fund 8400 and will apply all payments there with transactions made to pay for purchases as made each semester.

Anticipated Completion Date: August 1, 2018

FINDING 2016-005

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

An Equipment Inventory will be conducted at each building and maintained at the Administration/Treasurer office.

Anticipated Completion Date: January 31, 2019

FINDING 2016-006

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

Since this time period we have had personnel changes and the Food Director will review all applications and testing prior to submission with a copy of the approval being sent to the Treasurer's office. The Annual Financial Report will be completed by the Treasurer with approvals by Asst Superintendent of Business and Food Director.

Anticipated Completion Date: August 1, 2018

FINDING 2016-007

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We have stopped calculating and using the indirect cost with Food Service.

Anticipated Completion Date: August 1, 2018

FINDING 2016-008

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

In the future we will require and Cafeteria construction to provide no less than three bids and Beech Grove Administration will select the vendor.

Anticipated Completion Date: August 1, 2018

FINDING 2016-009

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We will have the Semi-Annual Certifications approved by the Building Principal and the Grant Director.

Anticipated Completion Date: August 1, 2018

FINDING 2016-010

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We have had a change in personnel and will train them on the correct supporting documentation needed for withdrawn students. We will reevaluate our processes to include additional reviews by Counselors or Administration.

Anticipated Completion Date: August 1, 2018

FINDING 2016-011

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

The Schoolwide Programs will be updated and revised each year by each schools Diverse Title team and then approved by the School Principal, Grant Director, Asst Superintendent of Curriculum and DOE.

Anticipated Completion Date: August 1, 2018

FINDING 2016-012

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

The Asst Superintendent of Curriculum has now required the Principals to send the "Indiana Testing Security and Integrity Agreements" to him after completion for record keeping.

Anticipated Completion Date: August 1, 2018

FINDING 2016-013

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We have made arrangements to meet with private school officials to make sure this is completed each year.

Anticipated Completion Date: August 1, 2018

FINDING 2016-014

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

The Schoolwide Programs will be updated and revised each year by each schools Diverse Title team and then approved by the School Principal, Grant Director, Asst Superintendent of Curriculum and DOE.

Anticipated Completion Date: August 1, 2018

FINDING 2016-015

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We have created a better system to prove our calculations for the MOE requirements as well and Grant Applications.

Anticipated Completion Date: August 1, 2018

FINDING 2016-016

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We have set up reminders and schedules for semi-annual certifications to be completed by the Grand Director.

Anticipated Completion Date: August 1, 2018

FINDING 2016-017

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

During this time period the Cooperative went through several personnel changes and reports and communication was not sent consistently. We have implemented that prior to claims being submitted they will be approved by the Director of Quality Learners and Asst Superintendent of Business.

Anticipated Completion Date: August 1, 2018

FINDING 2016-018

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We will require an email receipt process to show the timeline of monies claimed and received. Also we will request a monthly balance statement for the grant from the Cooperative.

Anticipated Completion Date: August 1, 2018


Signature

Treasurer
Title

September 6, 2018
Date

OTHER REPORTS

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