

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

BLUFFTON-HARRISON METROPOLITAN
SCHOOL DISTRICT
WELLS COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
03/22/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dr. Brad Yates	07-01-16 to 06-30-19
Superintendent of Schools	Wayne Barker	07-01-16 to 06-30-19
President of the School Board	Dawn M. Frauhiger Heath Schlagenhaut Mike Murray	01-01-16 to 12-31-17 01-01-17 to 12-31-18 01-01-19 to 12-31-19



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE BLUFFTON-HARRISON METROPOLITAN
SCHOOL DISTRICT, WELLS COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Bluffton-Harrison Metropolitan School District (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, 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, 2016 to June 30, 2018.

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, 2016 to June 30, 2018, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 13, 2019, 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

February 13, 2019



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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 BLUFFTON-HARRISON METROPOLITAN
SCHOOL DISTRICT, WELLS 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 Bluffton-Harrison Metropolitan School District (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated February 13, 2019, 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

February 13, 2019

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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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BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 2,313,495	\$ 10,611,316	\$ 10,567,495	\$ (200,000)	\$ 2,157,316	\$ 10,839,010	\$ 11,248,601	\$ -	\$ 1,747,725
Debt Service	940,320	2,855,332	2,428,864	-	1,366,788	2,150,921	2,412,369	(3,181)	1,102,159
Capital Projects	640,641	1,599,729	1,525,169	-	715,201	1,626,496	1,668,219	(2,001)	671,477
School Transportation	381,392	771,372	752,546	-	400,218	838,228	803,558	(126,013)	308,875
School Bus Replacement	192,249	195,026	173,623	-	213,652	211,546	175,743	(261)	249,194
Rainy Day	1,656,552	-	214,018	200,000	1,642,534	7,000	462,149	125,000	1,312,385
School Lunch	23,254	766,857	760,117	1,882	31,876	795,805	734,675	1,477	94,483
Textbook Rental	218,107	218,049	99,195	200	337,161	219,745	318,039	237	239,104
Levy Excess	-	-	-	-	-	-	-	6,456	6,456
Child Care Program	108,117	164,348	150,620	-	121,845	178,747	209,630	-	90,962
Educational License Plates	8,019	188	-	-	8,207	113	-	-	8,320
Alternative Education	3,965	16,802	2,368	-	18,399	16,318	1,116	-	33,601
Early Intervention Grant	-	9,130	-	-	9,130	7,708	16,703	-	135
Counseling	-	30,000	23,294	-	6,706	-	6,706	-	-
Scholarships and Awards	461	-	-	-	461	-	-	-	461
Designated Gift	639	500	252	-	887	6,000	4,149	-	2,738
Foundation Grants	3,580	-	3,580	-	-	-	-	-	-
Foundation Grants - Wells County	242	1,340	242	-	1,340	-	1,340	-	-
Formative Assessment	1,414	20,694	22,108	-	-	19,485	15,360	-	4,125
Instruction Support	-	30,745	21,093	-	9,652	-	9,652	-	-
High Ability Grant 17-18	-	-	-	-	-	30,746	26,846	-	3,900
High Ability 15-16	6,788	-	6,788	-	-	-	-	-	-
Secured Schools Safety Grant	-	30,000	76,250	-	(46,250)	46,250	-	-	-
Non-English Speaking Programs	600	-	600	-	-	-	-	-	-
Non-English Speaking 17-18	-	-	-	-	-	5,750	5,750	-	-
Non-English Speaking 16-17	-	4,600	4,600	-	-	-	-	-	-
School Technology	3,236	8,468	5,220	-	6,484	11,010	16,290	-	1,204
Career and Technical Performance Grant	-	6,807	6,807	-	-	5,097	4,014	-	1,083
Construction, Remodeling, and Equipping Buildings	5,319	-	1,830	-	3,489	5,835	92	-	9,232
Path To Quality Grant	-	-	-	-	-	1,000	-	-	1,000
Title I	-	197,644	216,277	-	(18,633)	42,423	23,790	-	-
Title I 17-18	-	-	-	-	-	187,672	200,971	-	(13,299)
Title I 15-16	(7,959)	29,690	21,731	-	-	-	-	-	-
Perkins Rural Grant 16-17	-	92,628	92,628	-	-	7,362	7,362	-	-
Area 18 Perkins Grant 15-16	(3,285)	14,537	11,252	-	-	-	-	-	-
Area 18 / Vocation - Perkins Grant 16-17	-	307,239	311,280	-	(4,041)	21,400	17,359	-	-
Area 18 / Vocation - Perkins Grant 17-18	-	-	-	-	-	278,654	299,978	-	(21,324)
Improving Teacher Quality, No Child Left, Title II, Part A	-	-	-	-	-	9,424	10,643	-	(1,219)
Title II Part A FY 16	-	16,913	20,891	-	(3,978)	27,450	24,472	-	(1,000)
Title II Part A FY 15	(3,819)	23,869	20,050	-	-	-	-	-	-
Lunch Program - Prepaid Revenue	12,029	284,801	284,753	-	12,077	273,602	274,000	-	11,679
Payroll Clearing	61,126	2,672,902	2,624,352	-	109,676	2,796,956	2,788,496	-	118,136
Totals	\$ 6,566,482	\$ 20,981,526	\$ 20,449,893	\$ 2,082	\$ 7,100,197	\$ 20,667,753	\$ 21,788,072	\$ 1,714	\$ 5,981,592

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

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
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.

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
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.

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.

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.

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

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

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of grant expenditure reimbursements not being received by the end of the fiscal year.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Bluffton-Harrison Middle School Holding Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2017 and 2018 totaled \$2,395,000 and \$2,379,500, respectively.

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.

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BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ 2,313,495	\$ 940,320	\$ 640,641	\$ 381,392	\$ 192,249	\$ 1,656,552	\$ 23,254	\$ 218,107	\$ -
Receipts:									
Local sources	331,963	2,855,332	1,500,652	756,678	195,026	-	299,567	116,810	-
Intermediate sources	19	-	-	-	-	-	-	-	-
State sources	10,252,007	-	-	-	-	-	7,749	61,052	-
Federal sources	-	-	-	-	-	-	457,153	-	-
Other receipts	27,327	-	99,077	14,694	-	-	2,388	40,187	-
Total receipts	10,611,316	2,855,332	1,599,729	771,372	195,026	-	766,857	218,049	-
Disbursements:									
Instruction	7,403,284	-	-	-	-	31,687	-	-	-
Support services	2,830,919	-	1,021,820	752,546	173,623	30,832	-	99,195	-
Noninstructional services	290,779	-	-	-	-	-	760,117	-	-
Facilities acquisition and construction	42,513	-	503,349	-	-	151,499	-	-	-
Debt service	-	2,428,864	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	10,567,495	2,428,864	1,525,169	752,546	173,623	214,018	760,117	99,195	-
Excess (deficiency) of receipts over disbursements	43,821	426,468	74,560	18,826	21,403	(214,018)	6,740	118,854	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	1,882	200	-
Transfers in	-	-	-	-	-	200,000	-	-	-
Transfers out	(200,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(200,000)	-	-	-	-	200,000	1,882	200	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(156,179)	426,468	74,560	18,826	21,403	(14,018)	8,622	119,054	-
Cash and investments - ending	\$ 2,157,316	\$ 1,366,788	\$ 715,201	\$ 400,218	\$ 213,652	\$ 1,642,534	\$ 31,876	\$ 337,161	\$ -

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Child Care Program	Educational License Plates	Alternative Education	Early Intervention Grant	Counseling	Scholarships and Awards	Designated Gift	Foundation Grants	Foundation Grants - Wells County
Cash and investments - beginning	\$ 108,117	\$ 8,019	\$ 3,965	\$ -	\$ -	\$ 461	\$ 639	\$ 3,580	\$ 242
Receipts:									
Local sources	164,348	-	-	-	30,000	-	500	-	1,340
Intermediate sources	-	188	-	-	-	-	-	-	-
State sources	-	-	16,802	9,130	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	164,348	188	16,802	9,130	30,000	-	500	-	1,340
Disbursements:									
Instruction	14,977	-	2,368	-	-	-	252	2,723	242
Support services	-	-	-	-	23,294	-	-	857	-
Noninstructional services	135,643	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	150,620	-	2,368	-	23,294	-	252	3,580	242
Excess (deficiency) of receipts over disbursements	13,728	188	14,434	9,130	6,706	-	248	(3,580)	1,098
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	13,728	188	14,434	9,130	6,706	-	248	(3,580)	1,098
Cash and investments - ending	\$ 121,845	\$ 8,207	\$ 18,399	\$ 9,130	\$ 6,706	\$ 461	\$ 887	\$ -	\$ 1,340

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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 For the Year Ended June 30, 2017

	Formative Assessment	Instruction Support	High Ability Grant 17-18	High Ability 15-16	Secured Schools Safety Grant	Non-English Speaking Programs	Non-English Speaking 17-18	Non-English Speaking 16-17	School Technology
Cash and investments - beginning	\$ 1,414	\$ -	\$ -	\$ 6,788	\$ -	\$ 600	\$ -	\$ -	\$ 3,236
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	20,694	30,745	-	-	30,000	-	-	4,600	8,468
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	20,694	30,745	-	-	30,000	-	-	4,600	8,468
Disbursements:									
Instruction	-	20,242	-	5,434	-	1	-	4,000	-
Support services	22,108	851	-	1,354	76,250	599	-	600	5,220
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	22,108	21,093	-	6,788	76,250	600	-	4,600	5,220
Excess (deficiency) of receipts over disbursements	(1,414)	9,652	-	(6,788)	(46,250)	(600)	-	-	3,248
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,414)	9,652	-	(6,788)	(46,250)	(600)	-	-	3,248
Cash and investments - ending	\$ -	\$ 9,652	\$ -	\$ -	\$ (46,250)	\$ -	\$ -	\$ -	\$ 6,484

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Career and Technical Performance Grant	Construction, Remodeling, and Equipping Buildings	Path To Quality Grant	Title I	Title I 17-18	Title I 15-16	Perkins Rural Grant 16-17	Area 18 Perkins Grant 15-16
Cash and investments - beginning	\$ -	\$ 5,319	\$ -	\$ -	\$ -	\$ (7,959)	\$ -	\$ (3,285)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	6,807	-	-	-	-	-	-	-
Federal sources	-	-	-	197,644	-	29,690	92,628	14,537
Other receipts	-	-	-	-	-	-	-	-
Total receipts	6,807	-	-	197,644	-	29,690	92,628	14,537
Disbursements:								
Instruction	6,807	-	-	212,178	-	21,554	92,628	11,252
Support services	-	1,830	-	4,099	-	177	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	6,807	1,830	-	216,277	-	21,731	92,628	11,252
Excess (deficiency) of receipts over disbursements	-	(1,830)	-	(18,633)	-	7,959	-	3,285
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,830)	-	(18,633)	-	7,959	-	3,285
Cash and investments - ending	\$ -	\$ 3,489	\$ -	\$ (18,633)	\$ -	\$ -	\$ -	\$ -

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Area 18 / Vocation - Perkins Grant 16-17	Area 18 / Vocation - Perkins Grant 17-18	Improving Teacher Quality, No Child Left, Title II, Part A	Title II Part A FY 16	Title II Part A FY 15	Lunch Program - Prepaid Revenue	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (3,819)	\$ 12,029	\$ 61,126	\$ 6,566,482
Receipts:								
Local sources	-	-	-	-	-	-	-	6,252,216
Intermediate sources	-	-	-	-	-	-	-	207
State sources	-	-	-	-	-	-	-	10,448,054
Federal sources	307,239	-	-	16,913	23,869	-	-	1,139,673
Other receipts	-	-	-	-	-	284,801	2,672,902	3,141,376
Total receipts	307,239	-	-	16,913	23,869	284,801	2,672,902	20,981,526
Disbursements:								
Instruction	311,280	-	-	19,891	18,550	-	-	8,179,350
Support services	-	-	-	1,000	1,500	-	-	5,048,674
Noninstructional services	-	-	-	-	-	-	-	1,186,539
Facilities acquisition and construction	-	-	-	-	-	-	-	697,361
Debt service	-	-	-	-	-	-	-	2,428,864
Nonprogrammed charges	-	-	-	-	-	284,753	2,624,352	2,909,105
Total disbursements	311,280	-	-	20,891	20,050	284,753	2,624,352	20,449,893
Excess (deficiency) of receipts over disbursements	(4,041)	-	-	(3,978)	3,819	48	48,550	531,633
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	2,082
Transfers in	-	-	-	-	-	-	-	200,000
Transfers out	-	-	-	-	-	-	-	(200,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	2,082
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,041)	-	-	(3,978)	3,819	48	48,550	533,715
Cash and investments - ending	\$ (4,041)	\$ -	\$ -	\$ (3,978)	\$ -	\$ 12,077	\$ 109,676	\$ 7,100,197

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2018

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ 2,157,316	\$ 1,366,788	\$ 715,201	\$ 400,218	\$ 213,652	\$ 1,642,534	\$ 31,876	\$ 337,161	\$ -
Receipts:									
Local sources	313,100	2,150,921	1,586,952	820,124	211,546	-	291,706	122,252	-
Intermediate sources	21	-	-	-	-	-	-	-	-
State sources	10,483,203	-	-	-	-	-	7,854	61,854	-
Federal sources	-	-	-	-	-	-	493,367	-	-
Other receipts	42,686	-	39,544	18,104	-	7,000	2,878	35,639	-
Total receipts	10,839,010	2,150,921	1,626,496	838,228	211,546	7,000	795,805	219,745	-
Disbursements:									
Instruction	8,047,391	-	-	-	-	26,089	-	-	-
Support services	2,883,203	-	983,015	796,280	175,743	7,117	-	318,039	-
Noninstructional services	305,971	-	-	-	-	-	733,986	-	-
Facilities acquisition and construction	12,036	-	685,204	7,278	-	428,943	689	-	-
Debt service	-	2,412,369	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	11,248,601	2,412,369	1,668,219	803,558	175,743	462,149	734,675	318,039	-
Excess (deficiency) of receipts over disbursements	(409,591)	(261,448)	(41,723)	34,670	35,803	(455,149)	61,130	(98,294)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	1,477	237	-
Transfers in	-	-	-	-	-	125,000	-	-	6,456
Transfers out	-	(3,181)	(2,001)	(126,013)	(261)	-	-	-	-
Total other financing sources (uses)	-	(3,181)	(2,001)	(126,013)	(261)	125,000	1,477	237	6,456
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(409,591)	(264,629)	(43,724)	(91,343)	35,542	(330,149)	62,607	(98,057)	6,456
Cash and investments - ending	\$ 1,747,725	\$ 1,102,159	\$ 671,477	\$ 308,875	\$ 249,194	\$ 1,312,385	\$ 94,483	\$ 239,104	\$ 6,456

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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 For the Year Ended June 30, 2018

	Child Care Program	Educational License Plates	Alternative Education	Early Intervention Grant	Counseling	Scholarships and Awards	Designated Gift	Foundation Grants	Foundation Grants - Wells County
Cash and investments - beginning	\$ 121,845	\$ 8,207	\$ 18,399	\$ 9,130	\$ 6,706	\$ 461	\$ 887	\$ -	\$ 1,340
Receipts:									
Local sources	178,747	-	-	-	-	-	6,000	-	-
Intermediate sources	-	113	-	-	-	-	-	-	-
State sources	-	-	16,318	7,708	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	178,747	113	16,318	7,708	-	-	6,000	-	-
Disbursements:									
Instruction	25,530	-	1,116	-	-	-	4,149	-	1,340
Support services	233	-	-	16,703	6,706	-	-	-	-
Noninstructional services	181,892	-	-	-	-	-	-	-	-
Facilities acquisition and construction	1,975	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	209,630	-	1,116	16,703	6,706	-	4,149	-	1,340
Excess (deficiency) of receipts over disbursements	(30,883)	113	15,202	(8,995)	(6,706)	-	1,851	-	(1,340)
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	(30,883)	113	15,202	(8,995)	(6,706)	-	1,851	-	(1,340)
Cash and investments - ending	\$ 90,962	\$ 8,320	\$ 33,601	\$ 135	\$ -	\$ 461	\$ 2,738	\$ -	\$ -

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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 For the Year Ended June 30, 2018

	Formative Assessment	Instruction Support	High Ability Grant 17-18	High Ability 15-16	Secured Schools Safety Grant	Non-English Speaking Programs	Non-English Speaking 17-18	Non-English Speaking 16-17	School Technology
Cash and investments - beginning	\$ -	\$ 9,652	\$ -	\$ -	\$ (46,250)	\$ -	\$ -	\$ -	\$ 6,484
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	19,485	-	30,746	-	46,250	-	5,750	-	11,010
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	19,485	-	30,746	-	46,250	-	5,750	-	11,010
Disbursements:									
Instruction	-	1,548	26,846	-	-	-	5,150	-	-
Support services	15,360	8,104	-	-	-	-	600	-	16,290
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	15,360	9,652	26,846	-	-	-	5,750	-	16,290
Excess (deficiency) of receipts over disbursements	4,125	(9,652)	3,900	-	46,250	-	-	-	(5,280)
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	4,125	(9,652)	3,900	-	46,250	-	-	-	(5,280)
Cash and investments - ending	\$ 4,125	\$ -	\$ 3,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,204

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	Career and Technical Performance Grant	Construction, Remodeling, and Equipping Buildings	Path To Quality Grant	Title I	Title I 17-18	Title I 15-16	Perkins Rural Grant 16-17	Area 18 Perkins Grant 15-16
Cash and investments - beginning	\$ -	\$ 3,489	\$ -	\$ (18,633)	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	5,835	-	-	-	-	-	-
Intermediate sources	-	-	1,000	-	-	-	-	-
State sources	5,097	-	-	-	-	-	-	-
Federal sources	-	-	-	42,423	187,672	-	7,362	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	5,097	5,835	1,000	42,423	187,672	-	7,362	-
Disbursements:								
Instruction	4,014	-	-	22,203	200,971	-	7,362	-
Support services	-	92	-	1,587	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	4,014	92	-	23,790	200,971	-	7,362	-
Excess (deficiency) of receipts over disbursements	1,083	5,743	1,000	18,633	(13,299)	-	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,083	5,743	1,000	18,633	(13,299)	-	-	-
Cash and investments - ending	\$ 1,083	\$ 9,232	\$ 1,000	\$ -	\$ (13,299)	\$ -	\$ -	\$ -

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Area 18 / Vocation - Perkins Grant 16-17	Area 18 / Vocation - Perkins Grant 17-18	Improving Teacher Quality, No Child Left, Title II, Part A	Title II Part A FY 16	Title II Part A FY 15	Lunch Program - Prepaid Revenue	Payroll Clearing	Totals
Cash and investments - beginning	\$ (4,041)	\$ -	\$ -	\$ (3,978)	\$ -	\$ 12,077	\$ 109,676	\$ 7,100,197
Receipts:								
Local sources	-	-	-	-	-	-	-	5,687,183
Intermediate sources	-	-	-	-	-	-	-	1,134
State sources	-	-	-	-	-	-	-	10,695,275
Federal sources	21,400	278,654	9,424	27,450	-	-	-	1,067,752
Other receipts	-	-	-	-	-	273,602	2,796,956	3,216,409
Total receipts	21,400	278,654	9,424	27,450	-	273,602	2,796,956	20,667,753
Disbursements:								
Instruction	17,359	299,978	6,258	23,472	-	-	-	8,720,776
Support services	-	-	4,385	1,000	-	-	-	5,234,457
Noninstructional services	-	-	-	-	-	-	-	1,221,849
Facilities acquisition and construction	-	-	-	-	-	-	-	1,136,125
Debt service	-	-	-	-	-	-	-	2,412,369
Nonprogrammed charges	-	-	-	-	-	274,000	2,788,496	3,062,496
Total disbursements	17,359	299,978	10,643	24,472	-	274,000	2,788,496	21,788,072
Excess (deficiency) of receipts over disbursements	4,041	(21,324)	(1,219)	2,978	-	(398)	8,460	(1,120,319)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	1,714
Transfers in	-	-	-	-	-	-	-	131,456
Transfers out	-	-	-	-	-	-	-	(131,456)
Total other financing sources (uses)	-	-	-	-	-	-	-	1,714
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,041	(21,324)	(1,219)	2,978	-	(398)	8,460	(1,118,605)
Cash and investments - ending	\$ -	\$ (21,324)	\$ (1,219)	\$ (1,000)	\$ -	\$ 11,679	\$ 118,136	\$ 5,981,592

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 359,946</u>	<u>\$ 34,624</u>

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 SCHEDULE OF LEASES AND DEBT
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Bluffton-Harrison Middle School Building Corporation	Middle School HVAC Project	\$ 192,000	12/31/2008	12/31/2023
Bluffton-Harrison Middle School Building Corporation	Transportation Building/Stadium	324,000	7/15/2011	1/15/2023
Bluffton-Harrison Middle School Building Corporation	Elementary Renovation (includes refinanced high school debt)	1,827,475	7/15/2015	1/15/2028
Bluffton-Harrison Middle School Building Corporation	Elementary HVAC	<u>35,200</u>	7/15/2015	1/15/2025
Total of annual lease payments		<u>\$ 2,378,675</u>		

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

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

	Ending Balance
Governmental activities:	
Land	\$ 227,600
Buildings	33,881,065
Improvements other than buildings	666,375
Machinery, equipment, and vehicles	<u>4,214,854</u>
Total capital assets	<u>\$ 38,989,894</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT, WELLS COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Bluffton-Harrison Metropolitan School District's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018.

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 the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-003. 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 the Uniform Guidance, 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.

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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001, 2018-002, and 2018-003, that we consider 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

February 13, 2019

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.

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			FY 2016/2017	\$ -	\$ 58,736	\$ -	\$ -
School Breakfast			FY 2017/2018	-	-	-	59,653
Total - School Breakfast Program				-	58,736	-	59,653
National School Lunch Program							
School Lunch	Indiana Department of Education	10.555					
School Lunch			FY 2016/2017	-	377,653	-	-
Commodities			FY 2017/2018	-	-	-	400,535
Commodities			FY 2016/2017	-	122,977	-	-
Commodities			FY 2017/2018	-	-	-	119,820
Total - National School Lunch Program				-	500,630	-	520,355
Summer Food Service Program for Children							
Summer Food Service Program	Indiana Department of Education	10.559					
Summer Food Service Program			FY 2016/2017	-	20,764	-	-
Summer Food Service Program			FY 2017/2018	-	-	-	33,178
Total - Summer Food Service Program for Children				-	20,764	-	33,178
Total - Child Nutrition Cluster				-	580,130	-	613,186
Total - Department of Agriculture				-	580,130	-	613,186
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
			14216-001-PN01	-	150,782	-	-
			14217-001-PN01	-	150,738	-	200,205
			18611-001-PN01	-	-	-	90,206
Total - Special Education Grants to States				-	301,520	-	290,411

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
Special Education Preschool Grants	Indiana Department of Education	84.173					
			45716-001-PN01	-	1,333	-	-
			45717-001-PN01	-	10,802	-	-
			18619-001-PN01	-	-	-	8,189
Total - Special Education Preschool Grants				-	12,135	-	8,189
Total - Special Education Cluster (IDEA)				-	313,655	-	298,600
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
			16-8445	-	29,690	-	-
			17-8445	-	197,644	-	42,423
			18-8445	-	-	-	187,672
Total - Title I Grants to Local Educational Agencies				-	227,334	-	230,095
Career and Technical Education -- Basic Grants to States	Indiana Department of Education	84.048					
			16-4700-8445	7,284	14,537	-	-
			17-4700-8445	238,022	307,239	9,874	21,400
			18-4700-8445	-	-	222,512	278,654
			A58-7-17CI-3981	1,564	92,628	7,362	7,362
Total - Career and Technical Education -- Basic Grants to States				246,870	414,404	239,748	307,416
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
			15-8445	-	23,869	-	-
			16-8445	-	16,913	-	27,450
			17-8445	-	-	-	9,424
Total - Supporting Effective Instruction State Grants				-	40,782	-	36,874
Total - Department of Education				246,870	996,175	239,748	872,985
Total federal awards expended				\$ 246,870	\$ 1,576,305	\$ 239,748	\$ 1,486,171

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

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
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, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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 the Uniform Guidance, 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Special Education Cooperative

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

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
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 weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified
Special Education Cluster (IDEA)	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs: \$750,000	
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-001

Subject: Special Education Cluster (IDEA) - 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): 14216-001-PN01, 14217-001-PN01, 45716-001-PN01, 45717-001-PN01

Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Reporting
 Audit Finding: Material Weakness

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-002.

Condition

The School Corporation was a member of the Adams-Wells Special Services Cooperative (Cooperative). The Cooperative operated the Special Education program on behalf of the School Corporation and managed the Special Education grants. There was no oversight of the Cooperative by the School Corporation. Since the grant agreements are between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative, each member school corporation is ultimately responsible for ensuring compliance with the requirements.

An effective internal control system was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement for the fiscal year 2016-2017.

Context

The Cooperative's internal control was that the reports were to be reviewed by the Cooperative's Director prior to submission to the IDOE. The Quarterly Proportionate Share Monitoring Reports for Non-Public Schools presented for audit were not the original reviewed and signed reports. Also, some reports presented were incomplete. Per inquiry of School Corporation's officials, there was no oversight at the School Corporation over the filing of required reports submitted to the IDOE.

The reported proportionate share expenditures could not be verified on the Quarterly Proportionate Share Monitoring Reports for Non-Public Schools presented for the audit. Per inquiry of the Cooperative's Director, the reported expenditures were calculated by multiplying the applicable monthly reimbursed expenditures by the nonpublic school usage percentage, which was calculated based on a time study conducted annually by the Cooperative's Director. We requested a copy of the time study; however, it was not available for audit.

The lack of controls was isolated to fiscal year 2016-2017.

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). . . ."

Cause

Management had not designed or implemented a system of internal control for the Reporting compliance requirement.

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with grant agreement and the Reporting compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporations' management establish controls related to 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 2018-002

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016/2017, FY 2017/2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Reporting, Eligibility

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 following compliance requirements:

Cash Management

The School Corporation had not designed, nor implemented, adequate policies and procedures to ensure that the School Lunch fund monthly cash balances (net cash resources) were limited to the three months average expenditures in accordance with the Cash Management compliance requirement. No evidence was presented to document this requirement was being monitored and reviewed.

Reporting

The School Corporation had not designed nor implemented adequate policies and procedures to ensure the monthly Reimbursement Reports, Annual Financial Report, and annual Verification Summary Report were accurate. These reports were completed by one employee and no evidence was presented that these reports were reviewed by another employee.

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Eligibility

The School Corporation had not designed nor implemented adequate policies and procedures to ensure the eligibility compliance requirement was followed. The eligibility applications were completed by one employee and no evidence was presented that these applications were reviewed by another employee.

Context

The lack of internal controls was a systemic problem, occurring 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). . . ."

Cause

Management had not developed a system of internal controls that segregated key functions relating to the compliance requirements listed above.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

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

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2018-003

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016/2017, FY 2017/2018
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 the Allowable Costs/Cost Principles compliance requirement.

Indirect costs in the amount of \$33,779 for a portion of central administration compensation and trash removal were charged to the School Lunch fund in fiscal year 2017-2018. The Indiana Department of Education had not approved an indirect cost rate or a report detailing that the costs could be charged directly and were allocable, reasonable, and necessary.

Context

The lack of controls and noncompliance were systemic issues 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). . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .

(g) Be adequately documented. . . ."

BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

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 enabled noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Questioned Costs

The \$33,779 of central administration compensation and trash removal expenses allocated to the School Lunch fund were considered questioned costs.

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.

AUDITEE-PREPARED DOCUMENTS

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



BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT

"A LEARNING COMMUNITY WHERE A QUALITY EDUCATION EMPOWERS
ALL STUDENTS TO LEARN AND ACHIEVE TO THEIR FULL POTENTIAL."

805 EAST HARRISON STREET
BLUFFTON, IN 46714

PHONE 260.824.2620
FAX 260.824.6011
WWW.BHMSD.ORG

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding occurred: 2016

Contact Person Responsible for Corrective Action: Dr. Brad Yates

Contact Phone number: 260-824-2620

Status of Audit Finding:

The district increased communication with Adams-Wells Special Services to monitor, review, and submit Special Education Cluster (IDEA) expenditures as mutually agreed upon. Expenditures provided by Adams-Wells Special Services are provided to Bluffton-Harrison M.S.D. following any audit corrections. Various opinions from the State Board of Accounts communicated expenditures to include in the Schedule of Federal Assistance (SEFA), and district personnel continually seek to improve the preparation procedures for the SEFA. District personnel request targeted training on proper procedures for SEFA completion to ensure procedural understanding is accurate. Preparation, review, and submission have been correctly segregated between school personnel, yet additional areas of improvement may be identified and addressed.

FINDING 2016-002

Fiscal year in which the finding initially occurred: 2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Matching, Level of Effort, Earmarking, Reporting

Contact Person Responsible for Corrective Action: Dr. Brad Yates

Contact Phone Number: 260-824-2620

Status of Audit Finding:

The district and Adams-Wells Special Services (AWSS) increased internal control procedures regarding quarterly proportionate share monitoring reports. Quarterly proportionate share monitoring reports are provided to the district from AWSS along with applicable expenditure reports. District personnel review the quarterly reports and returns a signed copy to AWSS for submission.



(Signature)

Assistant Superintendent

(Title)



BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT

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FINDING 2016-003

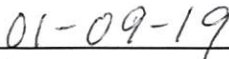
Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Cash Management, Reporting
Contact Person Responsible for Corrective Action: Dr. Brad Yates
Contact Phone Number: 260-824-2620

Status of Audit Finding:

The district immediately adjusted control procedures to ensure that the Monthly Reimbursement Requests and the Annual Expenditure Reports were conducted with adequate review, oversight, and approval processes. The district, as recommended, uses a segregation of duties procedure where the Accounts Manager issues fund reporting to the Title I Director who reviews the expenditures in preparation for a reimbursement request. Once the Title I Director prepares the reimbursement request, the Title I Director signs and sends the request to the Assistant Superintendent for review. The Assistant Superintendent reviews the reimbursement requests and fund reporting to ensure accuracy. After review, the Assistant Superintendent signs and submits the reimbursement to the State and sends a copy of the signed reimbursement request to all parties.



(Signature)



(Title)



BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT

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BLUFFTON, IN 46714

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CORRECTIVE ACTION PLAN

Finding 2018-001

Auditee Contact Person: Dr. Brad Yates
Title of Contact Person: Assistant Superintendent / Treasurer
Phone number: 260-824-2620
Expected Completion Date: Completed upon notification of Finding in AWSSC Audit
Views of Responsible Officials: We concur with the findings.

The district's management procedures in coordination with Adams-Wells Special Services Cooperative (AWSSC) were modified to establish controls related to the reporting compliance requirements. After implementing corrective action regarding internal controls, AWSSC and the district completes, reviews, and signs original reporting documents. School corporations within the cooperative review the documents prior to submission to the IDOE.

January 31, 2019

Dr. Brad Yates
Assistant Superintendent
Bluffton-Harrison MSD
805 East Harrison Street
Bluffton, Indiana 46714



BLUFFTON-HARRISON METROPOLITAN SCHOOL DISTRICT

*"A LEARNING COMMUNITY WHERE A QUALITY EDUCATION EMPOWERS
ALL STUDENTS TO LEARN AND ACHIEVE TO THEIR FULL POTENTIAL."*

805 EAST HARRISON STREET
BLUFFTON, IN 46714

PHONE 260.824.2620
FAX 260.824.6011
WWW.BHMSD.ORG

CORRECTIVE ACTION PLAN

Finding 2018-002

Auditee Contact Person: Dr. Brad Yates
Title of Contact Person: Assistant Superintendent / Treasurer
Phone number: 260-824-2620
Expected Completion Date: Immediately
Views of Responsible Officials: We concur with the findings.

District personnel have established a monthly system for the Food Service Director and Assistant Superintendent to monitor and review Food Service Fund balances. Improved systems of review and submission of monthly reimbursement reports, annual reports, and verification reports are now in place for Food Service personnel, along with Central Office support staff, to conduct a multi-person review and approval. All applications and eligibility compliance requirements are reviewed and signed by the Food Service Director and the Assistant Food Service Director.

January 31, 2019

Dr. Brad Yates
Assistant Superintendent
Bluffton-Harrison MSD
805 East Harrison Street
Bluffton, Indiana 46714



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CORRECTIVE ACTION PLAN

Finding 2018-003

Auditee Contact Person: Dr. Brad Yates
Title of Contact Person: Assistant Superintendent / Treasurer
Phone number: 260-824-2620
Expected Completion Date: Immediately
Views of Responsible Officials: We concur with the findings.

Upon learning that indirect cost rates should be applied to the School Lunch Fund, the district ceased expending any costs for services completed by central office personnel (payroll, account management, etc) related to the School Lunch Fund. The district has already established plans to transfer funds from the Operations Fund to the School Lunch Fund for expenses taken from the School Lunch Fund during the 2018 calendar year.

The district intends to apply for indirect costs rate usage for the 2019-2020 school year prior to June 30, 2019.

January 31, 2019

Dr. Brad Yates
Assistant Superintendent
Bluffton-Harrison MSD
805 East Harrison Street
Bluffton, Indiana 46714

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/>.