

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, 2016 to June 30, 2018



FILED
06/27/2019

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SCHEDULE OF OFFICIALS

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



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, 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 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 May 21, 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

May 21, 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 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, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated May 21, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

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

May 21, 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.

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, 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	\$ 312,317	\$ 22,427,111	\$ 22,364,283	\$ 363,664	\$ 738,809	\$ 22,912,682	\$ 22,770,428	\$ 172,826	\$ 1,053,889
Referendum Tax Levy	366,452	2,834,759	3,417,464	800,000	583,747	2,511,336	3,248,738	171,000	17,345
Debt Service	591,842	6,092,757	3,994,204	(1,599,410)	1,090,985	5,549,777	3,617,906	(990,826)	2,032,030
Retirement/Severance Bond Debt Service	11,990	751,495	690,122	(73,000)	363	725,963	825,094	111,000	12,232
Referendum Debt Exempt Capital	62,006	1,033,585	693,500	(260,000)	142,091	631,528	649,000	-	124,619
Capital Projects	138,598	132,678	517,763	388,000	141,513	58,709	358,644	186,000	27,578
School Transportation	17,904	89,957	385,289	320,000	42,572	62,652	-	-	105,224
School Bus Replacement	4,204	216	-	-	4,420	1,561	-	-	5,981
Rainy Day	9,091	-	-	-	9,091	-	-	350,000	359,091
Retirement/Severance Bond	201,538	-	11,940	-	189,598	-	3,855	-	185,743
School Lunch	361,048	1,692,055	1,526,111	60,746	587,738	2,147,613	2,080,762	-	654,589
Textbook Rental	110,330	304,004	267,365	-	146,969	365,781	278,011	-	234,739
Levy Excess	-	5,679	-	-	5,679	-	-	-	5,679
Alternative Education	-	71,180	71,180	-	-	81,588	-	-	81,588
Early Intervention Grant	-	15,632	-	-	15,632	15,632	21,367	-	9,897
Lilly Grant	-	29,828	13,389	-	16,439	-	12,751	-	3,688
Scholarships and Awards	1,286	-	1,286	-	-	-	-	-	-
Construction, Remodeling, and Equipping Buildings	-	-	-	-	-	10,000	-	-	10,000
2015 HVAC/ Arts Construction	239,441	-	239,441	-	-	-	-	-	-
CSL A0801 Construction	(465)	1,607,252	1,606,257	-	530	239,498	240,028	-	-
CSL A2881 Tech Loan	-	61,520	61,520	-	-	-	-	-	-
CSL Tech Loan 2017	-	-	-	-	-	246,450	246,450	-	-
Miscellaneous Programs	3,741	8,982	2,396	-	10,327	6,533	10,327	-	6,533
HP Donations	5,852	3,250	2,107	-	6,995	398	3,647	-	3,746
HP Music Donations	-	-	-	-	-	408	-	-	408
MS Art Donations	-	-	-	-	-	729	-	-	729
MS Autism Donations	-	-	-	-	-	11	-	-	11
CE Donations	3,253	1,264	1,439	-	3,078	(1,459)	405	-	1,214
CE Music Donations	-	-	-	-	-	526	-	-	526
CE Art Donations	-	-	-	-	-	285	-	-	285
CE Literacy Donations	-	-	-	-	-	785	-	-	785
CE Speech Donations	-	-	-	-	-	1,051	410	-	641
SG Donations	1,158	6,286	3,161	-	4,283	118	3,851	-	550
Little Free Pantries	-	250	-	-	250	-	36	-	214
SG Music Donations	-	-	-	-	-	600	-	-	600
SG Art Donations	-	-	-	-	-	500	-	-	500
SG Robotics Donations	-	-	-	-	-	1,504	-	-	1,504
BGMS Donations	3,179	3,085	887	-	5,377	(554)	1,342	-	3,481
Hunger Heros Challenge	64	-	-	-	64	-	-	-	64
Dow Chemical Contest	-	-	-	-	-	1,000	871	-	129
MS Choir Donations	-	-	-	-	-	600	-	-	600
MS Art Donations	-	-	-	-	-	265	-	-	265

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, 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
MS Literacy Donations	-	-	-	-	-	803	-	-	803
Whole Kids Foundation Grant	-	-	-	-	-	2,000	-	-	2,000
BGHS Donations	6,332	14,317	11,471	-	9,178	(508)	8,110	-	560
HS Band Donations	-	-	-	-	-	600	-	-	600
HS Choir Donations	-	-	-	-	-	1,100	-	-	1,100
ADM Cares	-	-	-	-	-	4,339	1,667	-	2,672
HS Art Donations	-	-	-	-	-	2,430	-	-	2,430
Hornet Care Pantry Donations	-	-	-	-	-	5,000	-	-	5,000
HS Career Readiness	-	-	-	-	-	748	-	-	748
HS Community Service Donations	-	-	-	-	-	130	-	-	130
HS Robotics Donations	-	-	-	-	-	560	-	-	560
HS Renaissance Donations	-	-	-	-	-	4,765	2,060	-	2,705
HEA Donations	1,022	-	-	-	1,022	-	-	-	1,022
HS Athletic Donations	-	-	-	-	-	2,760	-	-	2,760
Dollar General Grant	-	-	-	-	-	9,463	4,363	-	5,100
Formative Assessment	19,126	40,114	80,914	-	(21,674)	38,136	16,462	-	-
G.T. High Ability Grant	(350)	37,851	36,268	-	1,233	38,118	40,335	-	(984)
Chamber of Commerce Grant	7,766	-	7,766	-	-	-	-	-	-
Secured Schools Safety Grant	(78,295)	31,500	(46,795)	-	-	-	109,131	-	(109,131)
Non-English Speaking Programs	-	-	286	-	(286)	17,500	-	-	17,214
School Technology	24,383	5,228	-	-	29,611	7,770	-	-	37,381
Career and Technical Performance Grant	-	20,101	12,879	-	7,222	16,412	220	-	23,414
Miscellaneous Funds	-	-	-	-	-	30,000	6,145	-	23,855
Work Ethic Grant	-	3,065	3,411	-	(346)	10,141	9,682	-	113
Excess PTRC Distributions	26,109	-	-	-	26,109	-	-	-	26,109
Project Lead the Way	-	-	190	-	(190)	-	(190)	-	-
Title I	(19,918)	632,420	634,669	-	(22,167)	706,890	777,693	-	(92,970)
Title I - IPS	78	-	-	-	78	(78)	-	-	-
Title V Grant	355	-	355	-	-	-	-	-	-
IDEA	-	114,921	161,406	-	(46,485)	176,841	197,579	-	(67,223)
CICF - BGHS Library	3,281	-	3,281	-	-	-	-	-	-
21st Century Learning Center	(35,559)	234,474	218,169	-	(19,254)	201,091	180,232	-	1,605
Improving Teacher Quality, No Child Left, Title II, Part A	(18,679)	32,079	17,866	-	(4,466)	103,329	117,560	-	(18,697)
Title III - English Proficiency Migrant	1,355	18,044	19,557	-	(158)	11,918	9,567	-	2,193
TIF/TAP Grant	6,748	-	6,748	-	-	-	-	-	-
Payroll Clearing	(133,219)	8,631,527	8,856,311	-	(358,003)	9,384,512	9,295,073	-	(268,565)
Totals	\$ 2,255,364	\$ 46,988,466	\$ 45,895,856	\$ -	\$ 3,347,974	\$ 46,350,840	\$ 45,149,612	\$ -	\$ 4,549,201

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.

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.

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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:

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. Negative Receipts and Disbursements

The financial statement contains some receipts and disbursements which appear as negative entries. The Secured Schools Safety Grant and Project Lead the Way funds had negative disbursements due to adjustments made for expenses that were over the grant amounts. The Title I - IPS fund had negative receipts of \$78 because the revenue and expenses were not deducted properly. For the CE Donations, BGMS Donations, and BGHS Donations funds, the School Corporation posted the disbursements in one fund, but then made adjustments to reflect the actual receipt activity for each fund; thus causing negative revenue.

BEECH GROVE CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursable grants being expended, but have not yet received reimbursements by fiscal year end. The Payroll Clearing fund deficit is the result of disbursements exceeding receipts by fiscal year end.

Note 9. Holding Corporations

The School Corporation has entered into capital leases with Beech Grove Central Schools Building Corporation and Beech Grove Multi-School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2017 and 2018, totaled \$3,182,799 and \$3,458,378, respectively.

Note 10. Other Postemployment Benefits

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

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

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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, 2017

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 312,317	\$ 366,452	\$ 591,842	\$ 11,990	\$ 62,006	\$ 138,598	\$ 17,904	\$ 4,204	\$ 9,091
Receipts:									
Local sources	93,470	1,521,042	5,400,830	373,564	613,585	82,107	89,838	216	-
State sources	22,076,592	-	-	-	-	-	-	-	-
Federal sources	30,225	-	-	-	-	-	-	-	-
Temporary loans	-	1,153,530	681,927	227,931	-	-	-	-	-
Interfund loans	-	160,000	10,000	150,000	420,000	-	-	-	-
Other receipts	226,824	187	-	-	-	50,571	119	-	-
Total receipts	22,427,111	2,834,759	6,092,757	751,495	1,033,585	132,678	89,957	216	-
Disbursements:									
Instruction	17,170,002	16,798	-	-	-	-	-	-	-
Support services	4,724,747	2,008,171	2,468	-	-	281,117	235,289	-	-
Noninstructional services	442,654	4,769	-	-	-	-	-	-	-
Facilities acquisition and construction	26,880	52,986	-	-	-	126,646	-	-	-
Debt service	-	1,174,740	3,841,736	680,122	273,500	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	160,000	150,000	10,000	420,000	110,000	150,000	-	-
Total disbursements	22,364,283	3,417,464	3,994,204	690,122	693,500	517,763	385,289	-	-
Excess (deficiency) of receipts over disbursements	62,828	(582,705)	2,098,553	61,373	340,085	(385,085)	(295,332)	216	-
Other financing sources (uses):									
Transfers in	424,410	800,000	-	-	-	388,000	320,000	-	-
Transfers out	(60,746)	-	(1,599,410)	(73,000)	(260,000)	-	-	-	-
Total other financing sources (uses)	363,664	800,000	(1,599,410)	(73,000)	(260,000)	388,000	320,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	426,492	217,295	499,143	(11,627)	80,085	2,915	24,668	216	-
Cash and investments - ending	\$ 738,809	\$ 583,747	\$ 1,090,985	\$ 363	\$ 142,091	\$ 141,513	\$ 42,572	\$ 4,420	\$ 9,091

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, 2017

	Retirement/ Severance Bond	School Lunch	Textbook Rental	Levy Excess	Alternative Education	Early Intervention Grant	Lilly Grant	Scholarships and Awards	Construction, Remodeling, and Equipping Buildings
Cash and investments - beginning	\$ 201,538	\$ 361,048	\$ 110,330	\$ -	\$ -	\$ -	\$ -	\$ 1,286	\$ -
Receipts:									
Local sources	-	250,309	136,967	-	-	-	29,828	-	-
State sources	-	80,457	162,996	-	71,180	-	-	-	-
Federal sources	-	1,359,878	-	-	-	15,632	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	1,411	4,041	5,679	-	-	-	-	-
Total receipts	-	1,692,055	304,004	5,679	71,180	15,632	29,828	-	-
Disbursements:									
Instruction	11,580	-	-	-	71,180	-	94	-	-
Support services	360	67,374	267,365	-	-	-	13,295	-	-
Noninstructional services	-	1,458,737	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	1,286	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	11,940	1,526,111	267,365	-	71,180	-	13,389	1,286	-
Excess (deficiency) of receipts over disbursements	(11,940)	165,944	36,639	5,679	-	15,632	16,439	(1,286)	-
Other financing sources (uses):									
Transfers in	-	74,828	-	-	-	-	-	-	-
Transfers out	-	(14,082)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	60,746	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,940)	226,690	36,639	5,679	-	15,632	16,439	(1,286)	-
Cash and investments - ending	\$ 189,598	\$ 587,738	\$ 146,969	\$ 5,679	\$ -	\$ 15,632	\$ 16,439	\$ -	\$ -

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, 2017

	2015 HVAC/ Arts Construction	CSL A0801 Construction	CSL A2881 Tech Loan	CSL Tech Loan 2017	Miscellaneous Programs	HP Donations	HP Music Donations	MS Art Donations	MS Autism Donations
Cash and investments - beginning	\$ 239,441	\$ (465)	\$ -	\$ -	\$ 3,741	\$ 5,852	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	1,607,252	61,520	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	8,982	3,250	-	-	-
Total receipts	-	1,607,252	61,520	-	8,982	3,250	-	-	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	61,520	-	2,396	2,107	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	239,441	1,606,257	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	239,441	1,606,257	61,520	-	2,396	2,107	-	-	-
Excess (deficiency) of receipts over disbursements	(239,441)	995	-	-	6,586	1,143	-	-	-
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	(239,441)	995	-	-	6,586	1,143	-	-	-
Cash and investments - ending	\$ -	\$ 530	\$ -	\$ -	\$ 10,327	\$ 6,995	\$ -	\$ -	\$ -

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, 2017

	CE Donations	CE Music Donations	CE Art Donations	CE Literacy Donations	CE Speech Donations	SG Donations	Little Free Pantries	SG Music Donations	SG Art Donations
Cash and investments - beginning	\$ 3,253	\$ -	\$ -	\$ -	\$ -	\$ 1,158	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	1,264	-	-	-	-	6,286	250	-	-
Total receipts	1,264	-	-	-	-	6,286	250	-	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	1,439	-	-	-	-	3,161	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	1,439	-	-	-	-	3,161	-	-	-
Excess (deficiency) of receipts over disbursements	(175)	-	-	-	-	3,125	250	-	-
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	(175)	-	-	-	-	3,125	250	-	-
Cash and investments - ending	\$ 3,078	\$ -	\$ -	\$ -	\$ -	\$ 4,283	\$ 250	\$ -	\$ -

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, 2017

	SG Robotics Donations	BGMS Donations	Hunger Heros Challenge	Dow Chemical Contest	MS Choir Donations	MS Art Donations	MS Literacy Donations	Whole Kids Foundation Grant	BGHS Donations
Cash and investments - beginning	\$ -	\$ 3,179	\$ 64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,332
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	3,085	-	-	-	-	-	-	14,317
Total receipts	-	3,085	-	-	-	-	-	-	14,317
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	887	-	-	-	-	-	-	11,471
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	887	-	-	-	-	-	-	11,471
Excess (deficiency) of receipts over disbursements	-	2,198	-	-	-	-	-	-	2,846
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,198	-	-	-	-	-	-	2,846
Cash and investments - ending	\$ -	\$ 5,377	\$ 64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,178

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, 2017

	HS Band Donations	HS Choir Donations	ADM Cares	HS Art Donations	Hornet Care Pantry Donations	HS Career Readiness	HS Community Service Donations	HS Robotics Donations	HS Renaissance Donations
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2017

	HEA Donations	HS Athletic Donations	Dollar General Grant	Formative Assessment	G.T. High Ability Grant	Chamber of Commerce Grant	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology
Cash and investments - beginning	\$ 1,022	\$ -	\$ -	\$ 19,126	\$ (350)	\$ 7,766	\$ (78,295)	\$ -	\$ 24,383
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	40,114	37,851	-	-	-	5,228
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	31,500	-	-
Total receipts	-	-	-	40,114	37,851	-	31,500	-	5,228
Disbursements:									
Instruction	-	-	-	-	36,268	4,559	-	286	-
Support services	-	-	-	80,914	-	3,207	(46,795)	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	80,914	36,268	7,766	(46,795)	286	-
Excess (deficiency) of receipts over disbursements	-	-	-	(40,800)	1,583	(7,766)	78,295	(286)	5,228
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	-	-	-	(40,800)	1,583	(7,766)	78,295	(286)	5,228
Cash and investments - ending	\$ 1,022	\$ -	\$ -	\$ (21,674)	\$ 1,233	\$ -	\$ -	\$ (286)	\$ 29,611

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, 2017

	Career and Technical Performance Grant	Miscellaneous Funds	Work Ethic Grant	Excess PTRC Distributions	Project Lead the Way	Title I	Title I - IPS	Title V Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 26,109	\$ -	\$ (19,918)	\$ 78	\$ 355
Receipts:								
Local sources	-	-	-	-	-	10,386	-	-
State sources	20,101	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	622,034	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	3,065	-	-	-	-	-
Total receipts	20,101	-	3,065	-	-	632,420	-	-
Disbursements:								
Instruction	-	-	2,655	-	-	634,669	-	355
Support services	12,879	-	756	-	190	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	12,879	-	3,411	-	190	634,669	-	355
Excess (deficiency) of receipts over disbursements	7,222	-	(346)	-	(190)	(2,249)	-	(355)
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	7,222	-	(346)	-	(190)	(2,249)	-	(355)
Cash and investments - ending	\$ 7,222	\$ -	\$ (346)	\$ 26,109	\$ (190)	\$ (22,167)	\$ 78	\$ -

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, 2017

	IDEA	CICF - BGHS Library	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	\$ -	\$ 3,281	\$ (35,559)	\$ (18,679)	\$ 1,355	\$ 6,748	\$ (133,219)	\$ 2,255,364
Receipts:								
Local sources	-	-	-	-	-	-	-	8,602,142
State sources	-	-	-	-	-	-	-	24,163,291
Federal sources	-	-	234,474	32,079	18,044	-	-	2,312,366
Temporary loans	-	-	-	-	-	-	-	2,063,388
Interfund loans	-	-	-	-	-	-	-	740,000
Other receipts	114,921	-	-	-	-	-	8,631,527	9,107,279
Total receipts	114,921	-	234,474	32,079	18,044	-	8,631,527	46,988,466
Disbursements:								
Instruction	161,070	-	-	17,866	-	6,748	-	18,134,130
Support services	336	3,281	218,169	-	19,557	-	-	7,975,661
Noninstructional services	-	-	-	-	-	-	-	1,906,160
Facilities acquisition and construction	-	-	-	-	-	-	-	2,052,210
Debt service	-	-	-	-	-	-	-	5,970,098
Nonprogrammed charges	-	-	-	-	-	-	8,856,311	8,857,597
Interfund loans	-	-	-	-	-	-	-	1,000,000
Total disbursements	161,406	3,281	218,169	17,866	19,557	6,748	8,856,311	45,895,856
Excess (deficiency) of receipts over disbursements	(46,485)	(3,281)	16,305	14,213	(1,513)	(6,748)	(224,784)	675,606
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	2,007,238
Transfers out	-	-	-	-	-	-	-	(2,007,238)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(46,485)	(3,281)	16,305	14,213	(1,513)	(6,748)	(224,784)	1,092,610
Cash and investments - ending	\$ (46,485)	\$ -	\$ (19,254)	\$ (4,466)	\$ (158)	\$ -	\$ (358,003)	\$ 3,347,974

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, 2018

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 738,809	\$ 583,747	\$ 1,090,985	\$ 363	\$ 142,091	\$ 141,513	\$ 42,572	\$ 4,420	\$ 9,091
Receipts:									
Local sources	178,012	1,564,716	5,409,777	393,199	631,528	58,709	62,652	1,561	-
State sources	22,548,443	-	-	-	-	-	-	-	-
Federal sources	58,171	-	-	-	-	-	-	-	-
Temporary loans	-	936,312	-	232,764	-	-	-	-	-
Interfund loans	-	-	140,000	100,000	-	-	-	-	-
Other receipts	128,056	10,308	-	-	-	-	-	-	-
Total receipts	22,912,682	2,511,336	5,549,777	725,963	631,528	58,709	62,652	1,561	-
Disbursements:									
Instruction	17,661,768	-	-	-	-	-	-	-	-
Support services	4,691,245	2,232,468	7,440	-	-	358,644	-	-	-
Noninstructional services	393,013	-	-	-	-	-	-	-	-
Facilities acquisition and construction	24,402	76,514	481	-	-	-	-	-	-
Debt service	-	939,756	3,509,985	685,094	649,000	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	100,000	140,000	-	-	-	-	-
Total disbursements	22,770,428	3,248,738	3,617,906	825,094	649,000	358,644	-	-	-
Excess (deficiency) of receipts over disbursements	142,254	(737,402)	1,931,871	(99,131)	(17,472)	(299,935)	62,652	1,561	-
Other financing sources (uses):									
Transfers in	522,826	250,000	79,000	111,000	-	186,000	-	-	350,000
Transfers out	(350,000)	(79,000)	(1,069,826)	-	-	-	-	-	-
Total other financing sources (uses)	172,826	171,000	(990,826)	111,000	-	186,000	-	-	350,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	315,080	(566,402)	941,045	11,869	(17,472)	(113,935)	62,652	1,561	350,000
Cash and investments - ending	\$ 1,053,889	\$ 17,345	\$ 2,032,030	\$ 12,232	\$ 124,619	\$ 27,578	\$ 105,224	\$ 5,981	\$ 359,091

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, 2018

	Retirement/ Severance Bond	School Lunch	Textbook Rental	Levy Excess	Alternative Education	Early Intervention Grant	Lilly Grant	Scholarships and Awards	Construction, Remodeling, and Equipping Buildings
Cash and investments - beginning	\$ 189,598	\$ 587,738	\$ 146,969	\$ 5,679	\$ -	\$ 15,632	\$ 16,439	\$ -	\$ -
Receipts:									
Local sources	-	555,766	188,280	-	-	-	-	-	-
State sources	-	78,698	175,883	-	81,588	15,632	-	-	10,000
Federal sources	-	1,498,012	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	15,137	1,618	-	-	-	-	-	-
Total receipts	-	2,147,613	365,781	-	81,588	15,632	-	-	10,000
Disbursements:									
Instruction	3,855	-	-	-	-	20,899	904	-	-
Support services	-	14,715	278,011	-	-	468	11,847	-	-
Noninstructional services	-	2,066,047	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	3,855	2,080,762	278,011	-	-	21,367	12,751	-	-
Excess (deficiency) of receipts over disbursements	(3,855)	66,851	87,770	-	81,588	(5,735)	(12,751)	-	10,000
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,855)	66,851	87,770	-	81,588	(5,735)	(12,751)	-	10,000
Cash and investments - ending	\$ 185,743	\$ 654,589	\$ 234,739	\$ 5,679	\$ 81,588	\$ 9,897	\$ 3,688	\$ -	\$ 10,000

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, 2018

	2015 HVAC/ Arts Construction	CSL A0801 Construction	CSL A2881 Tech Loan	CSL Tech Loan 2017	Miscellaneous Programs	HP Donations	HP Music Donations	MS Art Donations	MS Autism Donations
Cash and investments - beginning	\$ -	\$ 530	\$ -	\$ -	\$ 10,327	\$ 6,995	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	239,498	-	246,450	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	6,533	398	408	729	11
Total receipts	-	239,498	-	246,450	6,533	398	408	729	11
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	-	246,450	10,327	3,647	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	240,028	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	240,028	-	246,450	10,327	3,647	-	-	-
Excess (deficiency) of receipts over disbursements	-	(530)	-	-	(3,794)	(3,249)	408	729	11
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	-	(530)	-	-	(3,794)	(3,249)	408	729	11
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 6,533	\$ 3,746	\$ 408	\$ 729	\$ 11

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, 2018

	CE Donations	CE Music Donations	CE Art Donations	CE Literacy Donations	CE Speech Donations	SG Donations	Little Free Pantries	SG Music Donations	SG Art Donations
Cash and investments - beginning	\$ 3,078	\$ -	\$ -	\$ -	\$ -	\$ 4,283	\$ 250	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	(1,459)	526	285	785	1,051	118	-	600	500
Total receipts	(1,459)	526	285	785	1,051	118	-	600	500
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	405	-	-	-	410	3,851	-	-	-
Noninstructional services	-	-	-	-	-	-	36	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	405	-	-	-	410	3,851	36	-	-
Excess (deficiency) of receipts over disbursements	(1,864)	526	285	785	641	(3,733)	(36)	600	500
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	(1,864)	526	285	785	641	(3,733)	(36)	600	500
Cash and investments - ending	\$ 1,214	\$ 526	\$ 285	\$ 785	\$ 641	\$ 550	\$ 214	\$ 600	\$ 500

BEECH GROVE CITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	SG Robotics Donations	BGMS Donations	Hunger Heros Challenge	Dow Chemical Contest	MS Choir Donations	MS Art Donations	MS Literacy Donations	Whole Kids Foundation Grant	BGHS Donations
Cash and investments - beginning	\$ -	\$ 5,377	\$ 64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,178
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	1,504	(554)	-	1,000	600	265	803	2,000	(508)
Total receipts	1,504	(554)	-	1,000	600	265	803	2,000	(508)
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	1,342	-	871	-	-	-	-	8,110
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,342	-	871	-	-	-	-	8,110
Excess (deficiency) of receipts over disbursements	1,504	(1,896)	-	129	600	265	803	2,000	(8,618)
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	1,504	(1,896)	-	129	600	265	803	2,000	(8,618)
Cash and investments - ending	\$ 1,504	\$ 3,481	\$ 64	\$ 129	\$ 600	\$ 265	\$ 803	\$ 2,000	\$ 560

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, 2018

	HS Band Donations	HS Choir Donations	ADM Cares	HS Art Donations	Hornet Care Pantry Donations	HS Career Readiness	HS Community Service Donations	HS Robotics Donations	HS Renaissance Donations
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	600	1,100	4,339	2,430	5,000	748	130	560	4,765
Total receipts	600	1,100	4,339	2,430	5,000	748	130	560	4,765
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	1,667	-	-	-	-	-	2,060
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	1,667	-	-	-	-	-	2,060
Excess (deficiency) of receipts over disbursements	600	1,100	2,672	2,430	5,000	748	130	560	2,705
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	600	1,100	2,672	2,430	5,000	748	130	560	2,705
Cash and investments - ending	\$ 600	\$ 1,100	\$ 2,672	\$ 2,430	\$ 5,000	\$ 748	\$ 130	\$ 560	\$ 2,705

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, 2018

	HEA Donations	HS Athletic Donations	Dollar General Grant	Formative Assessment	G.T. High Ability Grant	Chamber of Commerce Grant	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology
Cash and investments - beginning	\$ 1,022	\$ -	\$ -	\$ (21,674)	\$ 1,233	\$ -	\$ -	\$ (286)	\$ 29,611
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	38,136	38,118	-	-	17,500	7,770
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	2,760	9,463	-	-	-	-	-	-
Total receipts	-	2,760	9,463	38,136	38,118	-	-	17,500	7,770
Disbursements:									
Instruction	-	-	-	-	33,772	-	-	-	-
Support services	-	-	4,363	16,462	6,563	-	109,131	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	4,363	16,462	40,335	-	109,131	-	-
Excess (deficiency) of receipts over disbursements	-	2,760	5,100	21,674	(2,217)	-	(109,131)	17,500	7,770
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,760	5,100	21,674	(2,217)	-	(109,131)	17,500	7,770
Cash and investments - ending	\$ 1,022	\$ 2,760	\$ 5,100	\$ -	\$ (984)	\$ -	\$ (109,131)	\$ 17,214	\$ 37,381

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, 2018

	Career and Technical Performance Grant	Miscellaneous Funds	Work Ethic Grant	Excess PTRC Distributions	Project Lead the Way	Title I	Title I - IPS	Title V Grant
Cash and investments - beginning	\$ 7,222	\$ -	\$ (346)	\$ 26,109	\$ (190)	\$ (22,167)	\$ 78	\$ -
Receipts:								
Local sources	-	-	-	-	-	22,978	-	-
State sources	16,412	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	683,912	(78)	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	30,000	10,141	-	-	-	-	-
Total receipts	16,412	30,000	10,141	-	-	706,890	(78)	-
Disbursements:								
Instruction	-	-	5,556	-	-	756,256	-	-
Support services	220	6,145	4,126	-	(190)	21,437	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	220	6,145	9,682	-	(190)	777,693	-	-
Excess (deficiency) of receipts over disbursements	16,192	23,855	459	-	190	(70,803)	(78)	-
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	16,192	23,855	459	-	190	(70,803)	(78)	-
Cash and investments - ending	\$ 23,414	\$ 23,855	\$ 113	\$ 26,109	\$ -	\$ (92,970)	\$ -	\$ -

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, 2018

	IDEA	CICF - BGHS Library	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	\$ (46,485)	\$ -	\$ (19,254)	\$ (4,466)	\$ (158)	\$ -	\$ (358,003)	\$ 3,347,974
Receipts:								
Local sources	-	-	-	-	-	-	-	9,067,178
State sources	-	-	-	-	-	-	-	23,514,128
Federal sources	-	-	201,091	103,329	11,918	-	-	2,556,355
Temporary loans	-	-	-	-	-	-	-	1,169,076
Interfund loans	-	-	-	-	-	-	-	240,000
Other receipts	176,841	-	-	-	-	-	9,384,512	9,804,103
Total receipts	176,841	-	201,091	103,329	11,918	-	9,384,512	46,350,840
Disbursements:								
Instruction	193,557	-	-	117,560	-	-	-	18,794,127
Support services	4,022	-	180,232	-	9,567	-	-	8,236,056
Noninstructional services	-	-	-	-	-	-	-	2,459,096
Facilities acquisition and construction	-	-	-	-	-	-	-	341,425
Debt service	-	-	-	-	-	-	-	5,783,835
Nonprogrammed charges	-	-	-	-	-	-	9,295,073	9,295,073
Interfund loans	-	-	-	-	-	-	-	240,000
Total disbursements	197,579	-	180,232	117,560	9,567	-	9,295,073	45,149,612
Excess (deficiency) of receipts over disbursements	(20,738)	-	20,859	(14,231)	2,351	-	89,439	1,201,228
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	1,498,826
Transfers out	-	-	-	-	-	-	-	(1,498,826)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20,738)	-	20,859	(14,231)	2,351	-	89,439	1,201,228
Cash and investments - ending	\$ (67,223)	\$ -	\$ 1,605	\$ (18,697)	\$ 2,193	\$ -	\$ (268,565)	\$ 4,549,201

BEECH GROVE CITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Santandor Bank	Lease Bus# 30	\$ 16,950	4/1/2015	7/24/2019
Santandor Bank	Lease Bus# 18	19,007	7/22/2015	7/22/2019
Santandor Bank	Lease Bus # 29	19,767	7/22/2015	7/22/2019
Shepherd Betty	Land Contract - Butler Ave	150,000	6/13/2016	2/1/2019
Beech Grove Central Schools Building Corporation	HS HVAC Lease Rental 2011	3,645,000	7/15/2012	7/15/2031
Beech Grove Central Schools Building Corporation	HVAC 2015	7,430,000	9/8/2015	1/15/2035
Beech Grove Central Schools Building Corporation	QSCB 2009	1,029,000	7/1/2010	7/1/2025
Beech Grove Central Schools Building Corporation	Taxable Ad Valorem Property Tax Series 2014	6,350,000	1/10/2015	7/10/2030
Beech Grove Multi-School Building Corporation	Kindergarten Center Lease Rental 2001	4,705,447	7/15/2003	7/15/2026
Beech Grove Multi-School Building Corporation	Refinanced 2005 Issue SG & MS 2016	<u>9,605,000</u>	6/21/2016	7/5/2034
Total governmental activities		<u>32,970,171</u>		
Total of annual lease payments		<u>\$ 32,970,171</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Bond 2004	\$ 3,150,000	\$ 494,848
Notes and loans payable	Common School Loan A0575	408,333	74,083
Notes and loans payable	Common School Loan A0603	1,550,000	161,000
Notes and loans payable	Common School Loan A0615	1,312,500	126,750
Notes and loans payable	Common School Loan A0801	1,945,125	176,558
Notes and loans payable	Common School Loan A1738	77,460	52,286
Notes and loans payable	Common School Loan A1781	76,650	51,739
Notes and loans payable	Common School Loan A1808	47,115	31,802
Notes and loans payable	Common School Loan A1860	49,505	25,186
Notes and loans payable	Common School Loan A1883	139,475	57,045
Notes and loans payable	Common School Loan A1917	173,948	59,577
Notes and loans payable	Common School Loan A2881	276,120	63,968
Notes and loans payable	Lease Career Center 2009	<u>53,471</u>	<u>28,459</u>
Total governmental activities		<u>9,259,702</u>	<u>1,403,301</u>
Totals		<u>\$ 9,259,702</u>	<u>\$ 1,403,301</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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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 *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. Except as discussed below, 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.

Basis for Qualified Opinion on Special Education Cluster (IDEA)

As described in items 2018-008 and 2018-009 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Special Education Cluster (IDEA) regarding Matching, Level of Effort, Earmarking and Procurement and Suspension and Debarment. Consequently, we were unable to determine whether the School Corporation complied with those requirements 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 2018-003 and 2018-005 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management and Equipment and Real Property Management 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.

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) for the period of July 1, 2016 to June 30, 2018.

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 Child Nutrition Cluster for the period of July 1, 2016 to June 30, 2018.

Unmodified Opinion on Title I Grants to Local Educational Agencies

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2016 to June 30, 2018.

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 items 2018-004, 2018-006, and 2018-010. 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.


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

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 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, and 2018-010, 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.

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, CPA
State Examiner

May 21, 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.

BEECH GROVE CITY SCHOOLS
 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			FY17	\$ -	\$ 367,092	\$ -	\$ -
School Breakfast			FY18	-	-	-	420,837
Total - School Breakfast Program				-	367,092	-	420,837
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			FY17	-	933,165	-	-
After School Snack Program			FY17	-	17,647	-	-
Commodities			FY17	-	143,525	-	-
School Lunch			FY18	-	-	-	992,226
After School Snack Program			FY18	-	-	-	19,735
Commodities			FY18	-	-	-	127,620
Total - National School Lunch Program				-	1,094,337	-	1,139,581
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service			FY17	-	24,859	-	-
Summer Food Service			FY18	-	-	-	12,236
Total - Summer Food Service Program for Children				-	24,859	-	12,236
Total - Child Nutrition Cluster				-	1,486,288	-	1,572,654
Child and Adult Care Food Program	Indiana Department of Education	10.558					
Supper Program			FY17	-	59,454	-	-
Supper Program			FY18	-	-	-	82,861
Total - Child and Adult Care Food Program				-	59,454	-	82,861
Total - Department of Agriculture				-	1,545,742	-	1,655,515
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Part B 611			14215-051-PN01	-	54,884	-	-
Part B 611			14216-051-PN01	-	290,505	-	38,342
Part B 611			14217-051-PN01	-	312,173	-	343,900
Part B 611			18611-051-PN01	-	-	-	306,909
Total - Special Education Grants to States				-	657,562	-	689,151

BEECH GROVE CITY SCHOOLS
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					
Part B 619			45715-051-PN01	-	531	-	-
Part B 619			45716-051-PN01	-	5,262	-	-
Part B 619			45717-051-PN01	-	7,445	-	12,031
Part B 619			18619-051-PN01	-	-	-	4,933
Total - Special Education Preschool Grants				-	13,238	-	16,964
Total - Special Education Cluster (IDEA)				-	670,800	-	706,115
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
FY16			16-5380	-	19,277	-	-
FY17			17-5380	-	602,757	-	95,091
FY18			18-5380	-	-	-	585,863
Total - Title I Grants to Local Educational Agencies				-	622,034	-	680,954
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287					
FY16			A58-6-16DL-0203	-	30,822	-	-
FY17			A58-7-17DL-0029	-	203,651	-	1,725
FY18			A58-7-17DL-0029	-	-	-	199,366
Total - Twenty-First Century Community Learning Centers				-	234,473	-	201,091
English Language Acquisition State Grants	Indiana Department of Education	84.365					
FY16			01115-071-PN01	-	11,257	-	-
FY17			01116-072-PN01	-	6,787	-	5,058
FY18			01117-069-PN01	-	-	-	6,861
Total - English Language Acquisition State Grants				-	18,044	-	11,919
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
FY16			S367-A-150013	-	18,678	-	-
FY17			S367-A-160013	-	13,401	-	43,019
FY18			S367-A-170013	-	-	-	60,310
Total - Supporting Effective Instruction State Grants				-	32,079	-	103,329
Total - Department of Education				-	1,577,430	-	1,703,408
Total federal awards expended				\$ -	\$ 3,123,172	\$ -	\$ 3,358,923

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, 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 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 weakness 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
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:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies	Qualified Qualified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2018-001

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 2016-001.

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).

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

The School Corporation had not established an effective system of 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 by \$10,386 for fiscal year 2016-2017 and \$25,937 for 2017-2018.
2. The National School Lunch Program Commodities were overstated by \$4,697 for 2016-2017.
3. The Special Education Cluster (IDEA) was omitted, resulting in an understatement of \$670,800 and \$706,115 for 2016-2017 and 2017-2018, respectively.

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

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. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

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

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

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.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-002

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

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): FY17, FY18

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

Repeat Finding

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

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

Context

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

Criteria

2 CFR section 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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 to ensure compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) 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 at risk of noncompliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) 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 2018-003

Subject: School Breakfast Program and 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): FY17, FY18
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
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 2016-003.

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 Cash Management compliance requirement.

The School Corporation did not ensure that the net cash resources in the School Corporation's School Lunch fund had not exceeded three months average expenditures for its nonprofit school food service program. The net cash resources in the School Lunch fund had exceeded the three months average expenditures for five months during the audit period.

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

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 grant agreement and the Cash Management compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance 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 a system of internal 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 2018-004

Subject: School Breakfast Program and 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): FY17, FY18
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
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 2016-004.

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 for its food service programs. The School Corporation used a subaccount (820) of the School Lunch fund to record prepaid transfers. The prepaid monies were transferred semiannually in June and December of each year.

The School Corporation created fund 8400 in June 2018 and was intended to be used for prepaid receipts and transfers in fiscal year 2018-2019. The prepaid amounts currently in the 820 subaccount were transferred to the fund 8400 on June 30, 2018.

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)

7 CFR 210.14(c) states:

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

7 CFR 220.7(e) states in part:

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

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

7 CFR 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."

When a student puts money into their individual meal account, it should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while money is in the student's individual account, the balance should not be included in Fund 800 School Lunch. A school should set up a clearing account with the fund number of 8400 Prepaid School Lunch Accounts, which is included in Chapter 4 of the State Board of Accounts Uniform Compliance Guidelines for Indiana Public School Corporations. When a student brings in a deposit the receipt should be recorded to fund 8400 using receipt account 1630 Special Functions. After the student has charged meals, you should disburse the amount charged from 8400 using expenditure account 31900 Other Food Services and receipt this into fund 800 using the Food Services receipt accounts 1611-1623 at the time established in a written school policy to ensure accurate monthly reporting. At this point the receipts are considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis it is required that the balance of the 8400 fund be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

Cause

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

Effect

The failure to establish an effective internal control system enabled noncompliance 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 a system of internal controls to ensure compliance with the grant agreement and the Program Income compliance requirement.

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

Views of Responsible Officials

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

FINDING 2018-005

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): FY17, FY18
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
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 2016-005.

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

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)

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:

- (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 grant agreement and the Equipment and Real Property Management compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance 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 a system of internal 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 2018-006

Subject: Child Nutrition Cluster - Reporting

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY17, FY18

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

BEECH GROVE CITY SCHOOLS
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 2016-006.

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 Reporting compliance requirement.

One employee was responsible for completing and submitting all required reports, including the Monthly Sponsor Claims (claims for reimbursement), Annual Financial Reports (AFR), 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 AFRs filed for the fiscal years 2016-2017 and 2017-2018 did not agree with the School Corporation's financial records.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The noncompliance was isolated to the AFRs.

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 200.302(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. . . ."

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

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

Indiana Department of Education's *General Instructions: Annual Financial Report* states:

"All data reported is on a School Food Authority basis. It should include all financial transactions from July 1 through June 30, thereby accurately reflecting the financial position of the School Food Service Fund as of June 30. Accurate supporting documentation must be maintained by appropriate accounting officials whether consolidated Corporation-level accounting is used, or one or more Extra-Curricular accounts at separate schools are used.

The income total and expense total boxes should agree exactly with total revenues and total expenditures recorded in the SFA's accounting records. All expenses need to be allocated appropriately to all existing programs."

Cause

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

Effect

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

Questioned Cost

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal 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 2018-007

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): 16-5380, 17-5380, 18-5380

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 audit report. The prior audit finding number was 2016-011.

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 the 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 that the Schoolwide Programs during the audit period were in compliance with program requirements.

Context

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

Cause

Management had not developed a system of internal controls to ensure compliance with the grant agreement and 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.

Recommendation

We recommended that the School Corporation's management establish a system of internal 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.

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

FINDING 2018-008

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): 14215-051-PN01, 14216-051-PN01,
14217-051-PN01, 18611-051-PN01,
45715-051-PN01, 45716-051-PN01,
45717-051-PN01, 18619-051-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 2016-015.

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 Matching, Level of Effort, Earmarking compliance requirement. Documentation was not maintained to support the School Corporation's compliance with the Level of Effort - Maintenance of Effort (MOE) requirements.

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 the MOE requirement. The MOE worksheets were not provided for either fiscal year.

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

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)

34 CFR 300.203(b) states:

"Compliance standard.

- (1) Except as provided in §§ 300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.
- (2) An LEA meets this standard if it does not reduce the level of expenditures for the education of children with disabilities made by the LEA from at least one of the following sources below the level of those expenditures from the same source for the preceding fiscal year, except as provided in §§ 300.204 and 300.205:
 - (i) Local funds only;
 - (ii) The combination of State and local funds;
 - (iii) Local funds only on a per capita basis; or
 - (iv) The combination of State and local funds on a per capita basis.
- (3) Expenditures made from funds provided by the Federal government for which the SEA is required to account to the Federal government or for which the LEA is required to account to the Federal government directly or through the SEA may not be considered in determining whether an LEA meets the standard in paragraphs (b)(1) and (2) of this section."

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 adequate supporting documentation was maintained and made available for audit related to the MOE requirements of the Matching, Level of Effort, Earmarking compliance requirement.

Effect

The failure to establish an effective internal control system and provide adequate 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.

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

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure that adequate supporting documentation related to the grant agreement and 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.

FINDING 2018-009

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

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): 14216-051-PN01, 45717-051-PN01,
14217-051-PN01, 18619-051-PN01,
18611-051-PN01, 14215-051-PN01,
45715-051-PN01, 45716-051-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

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 Procurement and Suspension and Debarment compliance requirements.

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 and Suspension and Debarment compliance requirement.

Procurement

The School Corporation had not established effective controls to ensure that proper procurement procedures were followed by the Cooperative. They did not have internal controls in place to ensure that the purchasing methods used by the Cooperative complied with their procurement procedures and applicable state, local, and federal requirements. Additionally, the School Corporation did not have internal controls in place to ensure that the Cooperative properly documented the history of their procurements, including the rationale for method of procurement, selection of contract type, basis for contractor selection, and the basis for the contract price.

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

The Cooperative did not provide price or rate quotes from an adequate number of sources for purchases of goods or services costing \$3,500 - \$150,000, which fell within the small purchase procedures. The Cooperative also did not document the rationale for the method of procurement, in cases where competition was limited and that the limitation was justified.

The Cooperative did not provide bid documentation for a contract with a vendor that exceeded the simplified acquisition threshold of \$150,000. Full and open competition could not be substantiated for the \$293,307 paid to this vendor during July 1, 2017 through June 30, 2018.

Suspension and Debarment

The Cooperative did not have internal controls in place to ensure that contracted vendors who exceeded \$25,000 in the aggregate were not suspended or debarred from participation in the federal program.

The Cooperative entered into one contract with a vendor that exceeded \$25,000. They did not perform any procedures to verify that the vendor was not suspended or debarred, or otherwise excluded from, or ineligible for, participation in the federal program prior to the contract.

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 Procurement and Suspension and Debarment compliance requirement.

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 200.318 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. . . ."

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. . . .

(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.

(1) In order for sealed bidding to be feasible, the following conditions should be present:

(i) A complete, adequate, and realistic specification or purchase description is available;

(ii) Two or more responsible bidders are willing and able to compete effectively for the business; and

(iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(2) If sealed bids are used, the following requirements apply:

(i) Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;

(ii) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

(iii) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

(iv) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(v) Any or all bids may be rejected if there is a sound documented reason."

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

2 CFR 180.300 states:

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

You do this by:

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

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 adequate supporting documentation was maintained and made available for audit related to the Procurement and Suspension and Debarment compliance requirement.

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 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 a system of internal controls to ensure that adequate supporting documentation will be maintained and available for audit related to 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 2018-010

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): 14216-051-PN01, 45717-051-PN01,
14217-051-PN01, 18619-051-PN01,
18611-051-PN01, 14215-051-PN01,
45715-051-PN01, 45716-051-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding was 2016-017.

Condition

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

The School Corporation was a participating member school corporation of the Southside Special Services of Marion County Special Education Cooperative (Cooperative). The School Corporation designated a fiscal agent from the Cooperative to receive and manage the funding of the special education programs. The School Corporation relied on the Cooperative to comply with Reporting requirements; however, because the grant agreements were between the Indiana Department of Education and each member school corporation of the Cooperative, the School Corporation was ultimately responsible for ensuring compliance with the requirements.

For fiscal year 2016-2017, the Cooperative was unable to locate the required Proportionate Share Monitoring Reports due. For 2017-2018, the Cooperative was unable to locate either of the two Final Financial Reports required to be submitted during the audit period. Therefore, testing of these reports could not be performed.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The non-compliance was isolated to the two Final Financial Reports during 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

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

award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.302(b) 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 . . .

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. . . ."

Cause

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

Effect

The failure to establish an effective internal control system enabled 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 a system of internal 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.

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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

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001 – Preparation of the Schedule of Expenditures of Federal Awards

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: N/A
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: Effective with school year 2019-2020, the Treasurer will have the federal grant information entered into gateway reviewed and approved by the Assistant Superintendent prior to submission.

FINDING 2016-002 – Child Nutrition Cluster – Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions – Paid Lunch Equity

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: Effective with school year 2019-2020, Food Service will be implementing a new software, Mosaic. All of the applications submitted online or in person will be reviewed by the Food Service Director and another member of management. Paid Lunch Equity calculations will be completed by the Food Service Director. These calculations will be reviewed by another member of management prior to submission to IDOE and recommendations to the School Board.

FINDING 2016-003 – Child Nutrition Cluster – Cash Management

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: Effective with school year 2019-2020, the Food Service Department will limit its net cash resource to an amount that does not exceed the three month's average expenditures. This will be monitored by the Food Service Director and another member of management. If, at any time, the net cash resource does exceed the three month's average, a proper plan will be presented to the IDOE for compliance with the cash management compliance requirement over the Child Nutrition Program.

FINDING 2016-004 – Child Nutrition Cluster – Program Income

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: Effective April of 2019, a prepaid school lunch fund 8400 was established. The Treasurer will review and make proper transfers from the prepaid school lunch fund to the school lunch fund to maintain compliance with the program income compliance requirement of the Child Nutrition Program.

FINDING 2016-005 – Child Nutrition Cluster – Equipment and Real Property Management

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: In January 2019, the Food Service Director and the Treasurer established an all-inclusive inventory list of cafeteria equipment.

FINDING 2016-006 – Child Nutrition Cluster - Reporting

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: Effective school year 2019-2020, the Annual Financial Report and the Verification Summary Report will be prepared by the Treasurer and reviewed by another member of management prior to submission. Monthly Sponsor Claims are now being completed by the Food Service Director and are reviewed by the Treasurer prior to submission.

FINDING 2016-007 – Child Nutrition Cluster – Allowable Costs/Cost Principles

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: Effective with school year 2016-2017, the School Corporation no longer budgeted for or requested indirect costs.

FINDING 2016-008 – Child Nutrition Cluster - Procurement

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: This has been completed. A procurement policy has been put into place. The Food Service Director is aware of this policy and, going forward, any quotes or bids will be obtained and retained for audit.

FINDING 2016-009 – Title I Grants to Local Educational Agencies – Allowable Costs/Cost Principles

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: Effective immediately we will continue to follow Uniform Guidance related to the Time and Effort Reporting.

FINDING 2016-010 – Title I Grants to Local Educational Agencies – Special Tests and Provisions – Annual Report Card, High School Graduation Rate

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: Effective school year 2016-17, any student that is removed from the cohort, documentation is reviewed and retained by the counselor or another administrative employee.

FINDING 2016-011 – Title I Grants to Local Educational Agencies – Special Tests and Provisions –Schoolwide Programs

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: Effective with the new grant for 2019, all applicable documentation is retained related to the Schoolwide Program over Title I.

FINDING 2016-012 – Title I Grants to Local Educational Agencies – Special Tests and Provisions – Assessment System Security

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: Effective with school year 2016-17, the Assistant Superintendent of Curriculum retains all Indiana Testing Security and Integrity Agreements.

FINDING 2016-013 – Twenty-First Century Community Learning Centers – Special Tests and Provisions – Participation of Private School Children

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: Effective school year 2016-17, we no longer have this program.

FINDING 2016-014 – Twenty-First Century Community Learning Centers – Special Tests and Provisions – Schoolwide Programs

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: Effective school year 2016-17, we no longer have this program.

FINDING 2016-015 – Special Education Cluster (IDEA) – Level of Effort/Maintenance of Effort

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: Effective with grant year 2019-2020, we plan to retain supporting documentation to support calculations for this requirement. The December 1 child counts used for the grant will also be retained.

FINDING 2016-016 – Special Education Cluster (IDEA) – Allowable Costs/Cost Principles

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: Effective immediately we will continue to follow Uniform Guidance related to the Time and Effort Reporting.

FINDING 2016-017 – Special Education Cluster (IDEA) – Cash Management and Reporting

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: Effective with grant year 2018-2019, the School Corporation Treasurer completes all reimbursement requests and quarterly monitoring reports related to Special Education. All supporting documentation is retained with the reports. The reports are also being reviewed by another member of management prior to submission.

The Final Financial Report will be completed by the Treasurer and reviewed by another member of management prior to submission.

FINDING 2016-018 – Special Education Cluster (IDEA) – Period of Performance

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer
Contact Phone Number: 317-788-4481

Status of Audit Finding: Effective with grant year 2016-17, the School Corporation Treasurer completes all reimbursement requests. All supporting documentation is retained with the reports. The reports are also being reviewed by another member of management prior to submission.

Cathy Stutz
(Signature)

Treasurer
(Title)

May 13, 2019
(Date)

Beech Grove City Schools

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Beech Grove, IN 46107-2306
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CORRECTIVE ACTION PLAN

FINDING 2018-001

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. Completed Aug 1, 2018

Anticipated Completion Date: Completed August 1, 2018

FINDING 2018-002

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. A copy of the approval is sent to the Treasurer's office.

Anticipated Completion Date: Completed August 1, 2018

FINDING 2018-003

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 and Food Service Manager.

Anticipated Completion Date: Completed August 1, 2018

FINDING 2018-004

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 apply all payments there with transactions. At the end of each month a transfer will be made to the 0800 account after purchases are made.

Anticipated Completion Date: Completed August 1, 2018

FINDING 2018-005

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 was conducted by Food Service Manager and Corporation Treasurer June, 2019. And will be maintained by both as purchases and disguarding of equipment are made.

Anticipated Completion Date: Completed January 31, 2019

FINDING 2018-006

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: Completed August 1, 2018

FINDING 2018-007

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:

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

Anticipated Completion Date: Completed August 1, 2018

FINDING 2018-008

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:

We have created a better system to prove our calculations for the MOE requirements as well and Grant Applications. Along with new information from IDOE we have better calculation system in place.

Anticipated Completion Date: May 1, 2019

FINDING 2018-009

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:

For the 2018-19 school year we no longer are included on the grant with Southside Special Services, which allows us to better monitor the grant and what the items are spent on. Also, we have taken several courses and meetings and have better educated ourselves on the Part B process and how it works.

Anticipated Completion Date: July 1, 2018

FINDING 2018-010

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:

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: Completed August 1, 2018

Cathy Statzer
Signature

Treasurer
Title

May 16, 2019
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/>.