

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

RIVER FOREST COMMUNITY
SCHOOL CORPORATION
LAKE COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
07/15/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brenda McCormack Lynne M. Styx	07-01-13 to 06-30-14 07-01-14 to 06-30-16
Superintendent of Schools	Dr. James H. Rice Dr. Steven C. Disney	07-01-13 to 06-30-14 07-01-14 to 06-30-16
President of the School Board	H. Marshall Gilliana, II	07-01-13 to 06-30-16



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE RIVER FOREST COMMUNITY
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the River Forest Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015.

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, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 28, 2016, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

March 28, 2016



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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 RIVER FOREST COMMUNITY
SCHOOL CORPORATION, LAKE 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 River Forest Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated March 28, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002 to be material weaknesses.

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

Compliance and Other Matters

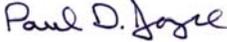
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 2015-002.

River Forest Community School Corporation's 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

March 28, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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RIVER FOREST COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 839,273	\$ 10,883,248	\$ 10,736,034	\$ -	\$ 986,487	\$ 10,954,519	\$ 11,182,162	\$ (645)	\$ 758,199
Debt Service	156,455	204,448	129,514	(14,428)	216,961	272,277	252,995	2,537	238,780
Exempt Debt	751,193	1,451,475	1,520,195	12,339	694,812	1,437,388	1,489,983	(12,339)	629,878
Exempt Retirement/Severance Bond Debt Service	20,494	43,665	40,852	418	23,725	46,698	49,197	(418)	20,808
Capital Projects	155,407	419,777	448,474	637	127,347	455,350	537,564	4,432	49,565
School Transportation	28,635	505,613	490,092	903	45,059	542,502	510,391	4,875	82,045
School Bus Replacement	94,198	93,203	86,399	131	101,133	90,626	83,220	913	109,452
Rainy Day	477,530	-	357,939	-	119,591	-	(70,436)	-	190,027
Construction	-	-	139,600	139,600	-	-	133,100	133,100	-
School Lunch	229,170	793,655	904,946	-	117,879	520,731	770,604	-	(131,994)
Textbook Rental	305,955	122,163	161,067	-	267,051	312,146	142,535	-	436,662
Self-Insurance	2,210,343	1,314,625	2,477,850	-	1,047,118	948,248	1,153,357	-	842,009
Early Intervention Grant	-	-	-	-	-	19,819	9,442	-	10,377
1934 Early Intervention Grant	-	29,997	-	-	29,997	-	29,557	-	440
2910 Donations	11,405	330	2,507	-	9,228	4,140	842	-	12,526
3716 Non-English Speaking Programs	-	18,766	18,766	-	-	-	-	-	-
3717 Non-English Speaking Programs	-	-	-	-	-	18,963	18,963	-	-
School Technology	(645)	-	-	-	(645)	-	-	645	-
Miscellaneous Programs	26,830	29,578	29,162	-	27,246	30,259	36,359	-	21,146
3910 Improving English Program	4,778	-	1,000	-	3,778	-	3,778	-	-
Title I	(20,712)	523,304	549,372	-	(46,780)	718,198	723,740	-	(52,322)
Improving Teaching Quality, No Child Left, Title II, Part A	-	4,537	8,357	-	(3,820)	51,409	51,141	-	(3,552)
6844 Improving Teaching Quality, No Child Left, Title II, Part A	(1,808)	41,688	39,944	-	(64)	-	(64)	-	-
Title III - Language Instruction	-	19,674	20,835	-	(1,161)	19,241	23,827	-	(5,747)
Clearing	91,322	2,505,062	2,421,581	-	174,803	2,404,625	2,493,015	-	86,413
Prepaid Food	1,478	110,444	110,118	-	1,804	93,178	40,988	-	53,994
Fringe Benefit Clearing	-	20,851	20,851	-	-	15,106	16,597	-	(1,491)
Totals	\$ 5,381,301	\$ 19,136,103	\$ 20,715,455	\$ 139,600	\$ 3,941,549	\$ 18,955,423	\$ 19,682,857	\$ 133,100	\$ 3,347,215

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than School Corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

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

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Receipts and Disbursements

The financial statement contains some receipts and/or disbursements that appear as negative entries. This is a result of corrections to errors from prior accounting periods; the corrections include both positive and negative journal entries to equal zero.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of some funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2014 or 2015. The cash deficit in the School Technology fund was the result of disbursements in excess of the receipts for that fund. This was corrected with adjustment entries in the following accounting year.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporation*

The School Corporation has entered into a capital lease with the Meister School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2014 and 2015 totaled \$204,000 and \$204,000, respectively.

Note 10. *Subsequent Event*

The School Corporation successfully passed a General Fund Referendum in the Spring of 2015. The School Corporation will use these funds to maintain and supplement educational programs that would otherwise be reduced or eliminated due to cuts in State funding.

Note 11. *Other Postemployment Benefits*

The School Corporation provides to eligible retirees and their spouses the following benefit: health insurance at the employee rate until age 65. This benefit poses a liability to the School Corporation for this year and in future years. Information regarding this benefit 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://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014

	General	Debt Service	Exempt Debt	Exempt Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement
Cash and investments - beginning	\$ 839,273	\$ 156,455	\$ 751,193	\$ 20,494	\$ 155,407	\$ 28,635	\$ 94,198
Receipts:							
Local sources	63,250	204,448	1,451,475	43,665	419,777	505,613	93,203
Intermediate sources	223,158	-	-	-	-	-	-
State sources	10,596,803	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	37	-	-	-	-	-	-
Total receipts	<u>10,883,248</u>	<u>204,448</u>	<u>1,451,475</u>	<u>43,665</u>	<u>419,777</u>	<u>505,613</u>	<u>93,203</u>
Disbursements:							
Current:							
Instruction	6,347,611	-	-	-	-	-	-
Support services	4,057,725	-	-	-	338,771	490,092	86,399
Noninstructional services	330,698	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	109,703	-	-
Debt services	-	129,514	1,520,195	40,852	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>10,736,034</u>	<u>129,514</u>	<u>1,520,195</u>	<u>40,852</u>	<u>448,474</u>	<u>490,092</u>	<u>86,399</u>
Excess (deficiency) of receipts over disbursements	<u>147,214</u>	<u>74,934</u>	<u>(68,720)</u>	<u>2,813</u>	<u>(28,697)</u>	<u>15,521</u>	<u>6,804</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	12,339	418	637	903	131
Transfers out	-	(14,428)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(14,428)</u>	<u>12,339</u>	<u>418</u>	<u>637</u>	<u>903</u>	<u>131</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>147,214</u>	<u>60,506</u>	<u>(56,381)</u>	<u>3,231</u>	<u>(28,060)</u>	<u>16,424</u>	<u>6,935</u>
Cash and investments - ending	<u>\$ 986,487</u>	<u>\$ 216,961</u>	<u>\$ 694,812</u>	<u>\$ 23,725</u>	<u>\$ 127,347</u>	<u>\$ 45,059</u>	<u>\$ 101,133</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Rainy Day	Construction	School Lunch	Textbook Rental	Self- Insurance	Early Intervention Grant	1934 Early Intervention Grant
Cash and investments - beginning	\$ 477,530	\$ -	\$ 229,170	\$ 305,955	\$ 2,210,343	\$ -	\$ -
Receipts:							
Local sources	-	-	108,353	36,895	1,314,625	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	2,485	85,268	-	-	29,997
Federal sources	-	-	682,817	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	793,655	122,163	1,314,625	-	29,997
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	357,939	-	-	161,067	20,350	-	-
Noninstructional services	-	-	904,946	-	-	-	-
Facilities acquisition and construction	-	139,600	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	2,457,500	-	-
Total disbursements	357,939	139,600	904,946	161,067	2,477,850	-	-
Excess (deficiency) of receipts over disbursements	(357,939)	(139,600)	(111,291)	(38,904)	(1,163,225)	-	29,997
Other financing sources (uses):							
Proceeds of long-term debt	-	139,600	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	139,600	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(357,939)	-	(111,291)	(38,904)	(1,163,225)	-	29,997
Cash and investments - ending	\$ 119,591	\$ -	\$ 117,879	\$ 267,051	\$ 1,047,118	\$ -	\$ 29,997

RIVER FOREST COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	2910 Donations	3716 Non-English Speaking Programs	3717 Non-English Speaking Programs	School Technology	Miscellaneous Programs	3910 Improving English Program	Title I
Cash and investments - beginning	\$ 11,405	\$ -	\$ -	\$ (645)	\$ 26,830	\$ 4,778	\$ (20,712)
Receipts:							
Local sources	330	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	18,766	-	-	29,578	-	-
Federal sources	-	-	-	-	-	-	523,304
Other	-	-	-	-	-	-	-
Total receipts	<u>330</u>	<u>18,766</u>	<u>-</u>	<u>-</u>	<u>29,578</u>	<u>-</u>	<u>523,304</u>
Disbursements:							
Current:							
Instruction	507	18,766	-	-	29,162	-	488,875
Support services	2,000	-	-	-	-	1,000	58,390
Noninstructional services	-	-	-	-	-	-	2,107
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>2,507</u>	<u>18,766</u>	<u>-</u>	<u>-</u>	<u>29,162</u>	<u>1,000</u>	<u>549,372</u>
Excess (deficiency) of receipts over disbursements	<u>(2,177)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>416</u>	<u>(1,000)</u>	<u>(26,068)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,177)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>416</u>	<u>(1,000)</u>	<u>(26,068)</u>
Cash and investments - ending	<u>\$ 9,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (645)</u>	<u>\$ 27,246</u>	<u>\$ 3,778</u>	<u>\$ (46,780)</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	6844 Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Clearing	Prepaid Food	Fringe Benefit Clearing	Totals
Cash and investments - beginning	\$ -	\$ (1,808)	\$ -	\$ 91,322	\$ 1,478	\$ -	\$ 5,381,301
Receipts:							
Local sources	-	-	-	-	-	-	4,241,634
Intermediate sources	-	-	-	-	-	-	223,158
State sources	-	-	-	-	-	-	10,762,897
Federal sources	4,537	41,688	19,674	-	-	-	1,272,020
Other	-	-	-	2,505,062	110,444	20,851	2,636,394
Total receipts	<u>4,537</u>	<u>41,688</u>	<u>19,674</u>	<u>2,505,062</u>	<u>110,444</u>	<u>20,851</u>	<u>19,136,103</u>
Disbursements:							
Current:							
Instruction	8,357	39,944	-	-	-	-	6,933,222
Support services	-	-	20,835	-	-	-	5,594,568
Noninstructional services	-	-	-	-	-	-	1,237,751
Facilities acquisition and construction	-	-	-	-	-	-	249,303
Debt services	-	-	-	-	-	-	1,690,561
Nonprogrammed charges	-	-	-	2,421,581	110,118	20,851	5,010,050
Total disbursements	<u>8,357</u>	<u>39,944</u>	<u>20,835</u>	<u>2,421,581</u>	<u>110,118</u>	<u>20,851</u>	<u>20,715,455</u>
Excess (deficiency) of receipts over disbursements	<u>(3,820)</u>	<u>1,744</u>	<u>(1,161)</u>	<u>83,481</u>	<u>326</u>	<u>-</u>	<u>(1,579,352)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	139,600
Transfers in	-	-	-	-	-	-	14,428
Transfers out	-	-	-	-	-	-	(14,428)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,600</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(3,820)</u>	<u>1,744</u>	<u>(1,161)</u>	<u>83,481</u>	<u>326</u>	<u>-</u>	<u>(1,439,752)</u>
Cash and investments - ending	<u>\$ (3,820)</u>	<u>\$ (64)</u>	<u>\$ (1,161)</u>	<u>\$ 174,803</u>	<u>\$ 1,804</u>	<u>\$ -</u>	<u>\$ 3,941,549</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015

	General	Debt Service	Exempt Debt	Exempt Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction
Cash and investments - beginning	\$ 986,487	\$ 216,961	\$ 694,812	\$ 23,725	\$ 127,347	\$ 45,059	\$ 101,133	\$ 119,591	\$ -
Receipts:									
Local sources	451,811	272,277	1,437,388	46,698	455,350	525,149	90,626	-	-
Intermediate sources	259,422	-	-	-	-	-	-	-	-
State sources	10,230,188	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	13,098	-	-	-	-	17,353	-	-	-
Total receipts	<u>10,954,519</u>	<u>272,277</u>	<u>1,437,388</u>	<u>46,698</u>	<u>455,350</u>	<u>542,502</u>	<u>90,626</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	6,518,061	-	-	-	-	-	-	-	-
Support services	4,380,760	-	-	-	473,386	510,391	83,220	(70,436)	-
Noninstructional services	283,341	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	64,178	-	-	-	133,100
Debt services	-	252,995	1,489,983	49,197	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>11,182,162</u>	<u>252,995</u>	<u>1,489,983</u>	<u>49,197</u>	<u>537,564</u>	<u>510,391</u>	<u>83,220</u>	<u>(70,436)</u>	<u>133,100</u>
Excess (deficiency) of receipts over disbursements	<u>(227,643)</u>	<u>19,282</u>	<u>(52,595)</u>	<u>(2,499)</u>	<u>(82,214)</u>	<u>32,111</u>	<u>7,406</u>	<u>70,436</u>	<u>(133,100)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	133,100
Transfers in	-	2,537	-	-	4,432	4,875	913	-	-
Transfers out	(645)	-	(12,339)	(418)	-	-	-	-	-
Total other financing sources (uses)	<u>(645)</u>	<u>2,537</u>	<u>(12,339)</u>	<u>(418)</u>	<u>4,432</u>	<u>4,875</u>	<u>913</u>	<u>-</u>	<u>133,100</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(228,288)</u>	<u>21,819</u>	<u>(64,934)</u>	<u>(2,917)</u>	<u>(77,782)</u>	<u>36,986</u>	<u>8,319</u>	<u>70,436</u>	<u>-</u>
Cash and investments - ending	<u>\$ 758,199</u>	<u>\$ 238,780</u>	<u>\$ 629,878</u>	<u>\$ 20,808</u>	<u>\$ 49,565</u>	<u>\$ 82,045</u>	<u>\$ 109,452</u>	<u>\$ 190,027</u>	<u>\$ -</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	School Lunch	Textbook Rental	Self- Insurance	Early Intervention Grant	1934 Early Intervention Grant	2910 Donations	3717 Non-English Speaking Programs	School Technology	Miscellaneous Programs
Cash and investments - beginning	\$ 117,879	\$ 267,051	\$ 1,047,118	\$ -	\$ 29,997	\$ 9,228	\$ -	\$ (645)	\$ 27,246
Receipts:									
Local sources	39,882	222,840	948,248	-	-	4,140	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	2,266	89,306	-	19,819	-	-	18,963	-	30,259
Federal sources	478,583	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>520,731</u>	<u>312,146</u>	<u>948,248</u>	<u>19,819</u>	<u>-</u>	<u>4,140</u>	<u>18,963</u>	<u>-</u>	<u>30,259</u>
Disbursements:									
Current:									
Instruction	-	-	-	9,442	29,557	345	18,963	-	36,359
Support services	-	142,535	115,465	-	-	497	-	-	-
Noninstructional services	770,604	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,037,892	-	-	-	-	-	-
Total disbursements	<u>770,604</u>	<u>142,535</u>	<u>1,153,357</u>	<u>9,442</u>	<u>29,557</u>	<u>842</u>	<u>18,963</u>	<u>-</u>	<u>36,359</u>
Excess (deficiency) of receipts over disbursements	<u>(249,873)</u>	<u>169,611</u>	<u>(205,109)</u>	<u>10,377</u>	<u>(29,557)</u>	<u>3,298</u>	<u>-</u>	<u>-</u>	<u>(6,100)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	645	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>645</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(249,873)</u>	<u>169,611</u>	<u>(205,109)</u>	<u>10,377</u>	<u>(29,557)</u>	<u>3,298</u>	<u>-</u>	<u>645</u>	<u>(6,100)</u>
Cash and investments - ending	<u>\$ (131,994)</u>	<u>\$ 436,662</u>	<u>\$ 842,009</u>	<u>\$ 10,377</u>	<u>\$ 440</u>	<u>\$ 12,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,146</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	3910 Improving English Program	Title I	Improving Teaching Quality, No Child Left, Title II, Part A	6844 Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Clearing	Prepaid Food	Fringe Benefit Clearing	Totals
Cash and investments - beginning	\$ 3,778	\$ (46,780)	\$ (3,820)	\$ (64)	\$ (1,161)	\$ 174,803	\$ 1,804	\$ -	\$ 3,941,549
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,494,409
Intermediate sources	-	-	-	-	-	-	-	-	259,422
State sources	-	-	-	-	-	-	-	-	10,390,801
Federal sources	-	718,198	51,409	-	19,241	-	-	-	1,267,431
Other	-	-	-	-	-	2,404,625	93,178	15,106	2,543,360
Total receipts	-	718,198	51,409	-	19,241	2,404,625	93,178	15,106	18,955,423
Disbursements:									
Current:									
Instruction	-	517,551	51,141	(64)	7,501	-	-	-	7,188,856
Support services	3,778	198,559	-	-	16,326	-	-	-	5,854,481
Noninstructional services	-	7,630	-	-	-	-	-	-	1,061,575
Facilities acquisition and construction	-	-	-	-	-	-	-	-	197,278
Debt services	-	-	-	-	-	-	-	-	1,792,175
Nonprogrammed charges	-	-	-	-	-	2,493,015	40,988	16,597	3,588,492
Total disbursements	3,778	723,740	51,141	(64)	23,827	2,493,015	40,988	16,597	19,682,857
Excess (deficiency) of receipts over disbursements	(3,778)	(5,542)	268	64	(4,586)	(88,390)	52,190	(1,491)	(727,434)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	133,100
Transfers in	-	-	-	-	-	-	-	-	13,402
Transfers out	-	-	-	-	-	-	-	-	(13,402)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	133,100
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,778)	(5,542)	268	64	(4,586)	(88,390)	52,190	(1,491)	(594,334)
Cash and investments - ending	\$ -	\$ (52,322)	\$ (3,552)	\$ -	\$ (5,747)	\$ 86,413	\$ 53,994	\$ (1,491)	\$ 3,347,215

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Meister School Building Corporation	Renovations	<u>\$ 204,000</u>	07/06/2003	01/10/2016

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Bonds	\$ 133,266	\$ 44,094
Notes and loans payable	Common School Construction Loan	8,894,584	873,762
Notes and loans payable	Common School Construction Loan	2,575,000	306,940
Notes and loans payable	Common School Construction Loan	86,333	15,663
Notes and loans payable	Common School Construction Loan	327,000	67,035
Notes and loans payable	High School Renovation - Fire Damage	350,000	866,250
Notes and loans payable	Veterans Memorial - Canopy	11,924	248,413
Notes and loans payable	Common School Construction Loan	89,286	38,929
Notes and loans payable	Common School Technology Loan	83,760	28,688
Notes and loans payable	Common School Technology Loan	<u>119,790</u>	<u>27,750</u>
Totals		<u>\$ 12,670,943</u>	<u>\$ 2,517,524</u>

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RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2015

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 10
Infrastructure	10
Buildings	10,811,500
Improvements other than buildings	1,927,072
Machinery, equipment, and vehicles	<u>260,180</u>
Total capital assets	<u>\$ 12,998,772</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE RIVER FOREST COMMUNITY
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the River Forest Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. Except as discussed in the following paragraph, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2015-004 and 2015-005 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 Child Nutrition Cluster regarding Eligibility and Special Tests and Provisions - Paid Lunch Equity. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

As described in items 2015-003, 2015-006, and 2015-008 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed, Allowable Costs/Cost Principles, Special Tests and Provisions - School Food Accounts, Equipment and Real Property Management, Program Income, and Reporting that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Basis for Qualified Opinion on Title I Grants to Local Educational Agencies

As described in items 2015-011 and 2015-012 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 Title I Grants to Local Educational Agencies regarding Eligibility and Special Tests and Provisions - School Wide Programs. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of the Child Nutrition Cluster regarding Eligibility and Special Tests and Provisions - Paid Lunch Equity, and except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraphs the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2013 to June 30, 2015.

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of Title I Grants to Local Educational Agencies regarding Eligibility and Special Tests and Provisions - School Wide Programs, described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* paragraph the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on Title I Grants to Local Educational Agencies for the period of July 1, 2013 to June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2013 to June 30, 2015.

Other 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.

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

Report on Internal Control Over Compliance

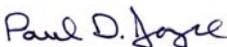
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-003, 2015-004, 2015-005, 2015-006, 2015-007, 2015-008, 2015-009, 2015-010, 2015-011, and 2015-012 to be material weaknesses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 28, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>					
Child Nutrition Cluster	Indiana Department of Education				
School Breakfast Program		10.553	FY 2013-14 and 2014-15	\$ 141,289	\$ 106,017
National School Lunch Program		10.555	FY 2013-14 and 2014-15	543,811	409,071
Summer Food Service Program for Children		10.559	FY 2013-14 and 2014-15	<u>38,805</u>	<u>17,370</u>
Total - Child Nutrition Cluster				<u>723,905</u>	<u>532,458</u>
Child and Adult Care Food Program	Indiana Department of Education	10.558	FY 2014 and 2015	<u>4,883</u>	<u>71</u>
Total - Department of Agriculture				<u>728,788</u>	<u>532,529</u>
<u>Department of Education</u>					
Special Education Cluster					
Special Education - Grants to States	Indiana Department of Education	84.027	14213-047-PN01	71,402	83
			14214-047-PN01	258,252	91,925
			14215-047-PN01	-	221,887
Special Education - Technical Assistance Grants			99914-047-TA01	<u>4,868</u>	<u>3,431</u>
Total - Special Education - Grants to States				<u>334,522</u>	<u>317,326</u>
Special Education - Preschool Grants	Indiana Department of Education	84.173	45713-047-PN01	4,070	-
			45714-047-PN01	7,322	5,160
			45715-064-PN01	-	8,562
Total - Special Education - Preschool Grants				<u>11,392</u>	<u>13,722</u>
Total - Special Education Cluster				<u>345,914</u>	<u>331,048</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I			13-4590	105,262	-
Title I			14-4590	418,042	285,277
Title I			15-4590	-	432,920
Total - Title I Grants to Local Educational Agencies				<u>523,304</u>	<u>718,197</u>
English Language Acquisition State Grants	Indiana Department of Education	84.365			
Title III			01112-040-PN01	10,979	-
Title III			01113-044-PN01	1,142	4,544
Title III			01114-068-PN01	7,552	8,916
Title III			01115-047-PN01	-	5,781
Total - English Language Acquisition State Grants				<u>19,673</u>	<u>19,241</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
Title II			12-4590	41,688	-
Title II			15-4590	<u>4,537</u>	<u>51,409</u>
Total - Improving Teacher Quality State Grants				<u>46,225</u>	<u>51,409</u>
Total - Department of Education				<u>935,116</u>	<u>1,119,895</u>
Total federal awards expended				<u>\$ 1,663,904</u>	<u>\$ 1,652,424</u>

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2014 and 2015. This noncash assistance is also included in the federal expenditures presented in the SEFA.

Program Title	Federal CFDA Number	2014	2015
National School Lunch Program	10.555	\$ 45,972	\$ 53,947

Note 3. Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative. As a result, some activity for the Special Education Cluster that is presented as federal awards expended in the SEFA 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 Special Education Cooperative.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Qualified for Child Nutrition Cluster and Title I Grants to Local Educational Agencies and Unmodified for Special Education Cluster
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Special Education Cluster Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee?	no
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RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II - Financial Statement Findings

FINDING 2015-001 - FINANCIAL TRANSACTIONS AND REPORTING

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting that constitute material weaknesses.

1. **Lack of Segregation of Duties:** The School Corporation had not separated incompatible activities related to receipts. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

One employee is responsible for issuing, recording, reporting, and depositing receipts without evidence of oversight, review, or approval. Segregation of duties was not evident; nor was there adequate oversight, review, or approval of the transactions or reports generated based on the transactions.

2. **Preparing Financial Statement:** The School Corporation had not identified risks to the preparation of a reliable financial statement and as a result had failed to design effective controls over the preparation of the financial statement to prevent, or detect and correct, material misstatements.

The Form 9, Financial Activity Reports, which include financial activity of all funds and are the basis for the financial statement, were signed by the Treasurer, Superintendent of Schools, and President of the School Board. Although the reports contained all required certifications, there was no evidence of an adequate oversight or review process prior to submission.

3. **Monitoring of Controls:** An evaluation of the School Corporation's system of internal controls had not been conducted. The failure to monitor the internal control system places the School Corporation at risk that controls may not be designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation had no process to identify or communicate corrective actions to improve controls.

While the payroll disbursement process had separated the duties for initiating, approving, recording, and reconciling payroll, the process lacked adequate oversight and approval of the transactions or reports generated based on the transactions.

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

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2015-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

The internal controls established by the School Corporation over the preparation and review of the SEFA were not properly implemented. The SEFA was not reviewed by someone other than the preparer. A proper system of internal controls would include segregation of duties by having a proper oversight, review, or approval process and would allow the School Corporation to prevent, or detect, and correct errors on the SEFA in a timely manner.

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

1. The following grant activity was not properly reported:
 - a. Child Nutrition Cluster expenditures were understated by \$723,905 and \$532,458 for 2013-2014 and 2014-2015 school years, respectively.
 - b. Child and Adult Care Food Program expenditures were understated by \$4,883 and \$71 for 2013-2014 and 2014-2015 school years, respectively.
 - c. Special Education Cluster expenditures were understated by \$345,914 and \$331,048 for 2013-2014 and 2014-2015 school years, respectively.
 - d. Title I Grants to Local Educational Agencies expenditures were understated by \$105,262 and \$285,277 for 2013-2014 and 2014-2015 school years, respectively.
 - e. English Language Acquisition State Grants expenditures were understated by \$4,544 for the 2014-2015 school year.
 - f. Improving Teacher Quality State Grants expenditures were understated by \$41,688 for the 2013-2014 school year.

These errors resulted in an understatement of federal expenditures of \$2,375,050.

2. Some nonfederal grant activity for the 2013-2014 and 2014-2015 school years was reported in error on the SEFA totaling \$18,766 and \$37,521, respectively. The inclusion of these non federal grants resulted in an overstatement of the federal expenditures of \$56,287.

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

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. . . . "

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-003 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, SPECIAL TESTS AND PROVISIONS - SCHOOL FOOD ACCOUNTS

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 Years: FY 2013-14, FY 2014-15

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - School Food Accounts. There was no process to ensure that expenditures of program funds were only for allowable activities, allowable costs, and operation of the food service program. An adequate oversight, review, or approval process had not been established.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs.

The School Corporation operated a food service program, which was the recipient of federal funding. All transactions related to the food service program were recorded in the School Lunch fund. This includes, but was not limited to: salaries and benefits, food purchases, supplies, and all revenue generated by the food service program.

The School Corporation employed playground aides that supervised children in the lunchroom as well as on the playground. The playground aides were paid exclusively from the School Lunch fund; however, not all duties of the playground aides were related to food service. The playground aides did not maintain personnel activity reports to support the distribution of their time between playground supervision activities, and lunchroom supervision activities.

Each aide spent one hour of the day on playground supervision, costs that should have been paid from the General fund. The \$31,614.16 of playground supervision salaries and related employer costs paid from the School Lunch fund and charged to the federal program are considered questioned costs.

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

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

7 CFR 210.2 states in part:

"*Nonprofit school food service* means all food service operations conducted by the school food authority principally for the benefit of schoolchildren, all of the revenue from which is used solely for the operation or improvement of such food services."

7 CFR 210.14 states in part:

"(a) *Nonprofit school food service*. School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. Expenditures of nonprofit school food service revenues shall be in accordance with the financial management system established by the State agency under §210.19(a) of this part. School food authorities may use facilities, equipment, and personnel supported with nonprofit school food revenues to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 *et seq.*)."

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

- "(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
- (a) More than one Federal award,
 - (b) A Federal award and a non Federal award,
 - (c) An indirect cost activity and a direct cost activity,
 - (d) Two or more indirect activities which are allocated using different allocation bases, or
 - (e) An unallowable activity and a direct or indirect cost activity. . . . "

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - School Food Accounts requirements of the programs.

FINDING 2015-004 - ELIGIBILITY

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 Years: FY 2013-14, FY 2014-15
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Eligibility compliance requirement. There was no process to ensure that supporting documentation was retained and available for audit. Adequate oversight of the Food Service Department had not been established.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation did not retain the free and reduced price applications for the 2013-2014 and 2014-2015 school years. The Food Service Department used a web-based program to store and manage applications during the audited school years. However, the School Corporation changed software vendors for the 2015-2016 school year and could no longer access the web-based program without payment of an additional access cost.

Due to the lack of access to the applications, a test of the eligibility determinations could not be conducted. Based on the Verification Collection Report the School Corporation provided, 555 of the 1,074 eligible students, or 51.7 percent, were directly certified in the 2013-2014 school year; 567 of the 1,196 eligible students, or 47.4 percent, were directly certified in the 2014-2015 school year.

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

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

7 CFR 245.6(e) states:

"*Recordkeeping.* The local educational agency must maintain documentation substantiating eligibility determinations on file for 3 years after the date of the fiscal year to which they pertain, except that if audit findings have not been resolved, the documentation must be maintained as long as required for resolution of the issues raised by the audit."

The failure to establish internal controls could enable material noncompliance to go undetected. The failure to comply with the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Eligibility requirements of the programs.

FINDING 2015-005 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture
Federal Programs: National School Lunch Program
CFDA Numbers: 10.555
Federal Award Years: FY 2013-14, FY 2014-15
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

The School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with the Special Tests and Provisions - Paid Lunch Equity. There were no procedures in place to ensure that documentation of the calculations was maintained or that the lunch prices charged were approved by the School Board. An oversight, review, or approval process had not been established.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs.

The School Corporation did not retain its paid lunch equity calculations from the Indiana Department of Education or other locally produced documents; therefore, we could not determine if they were in compliance with the Paid Lunch Equity requirements. Beginning in the 2010-2011 school year, the officials put a plan into place to raise lunch prices by ten cents each year from the 2010-2011 to the 2018-2019 school year in order to be in compliance with these requirements. However, the School Board did not publically adopt the breakfast and lunch prices for each school year.

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

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

7 CFR 210.14(e) states:

"*Pricing paid lunches.* For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

(ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section."

7 CFR 210.15(b) states in part:

"*Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

(6) Records to document compliance with the requirements in §210.14(e); . . ."

The failure to establish internal controls could enable material noncompliance to go undetected. The failure to comply with the compliance requirement could result in the loss of federal funds to the School Corporation.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Special Tests and Provisions - Paid Lunch Equity requirements of the programs.

FINDING 2015-006 - 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 Years: FY 2013-14, FY 2014-15

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Equipment and Real Property Management compliance requirement.

The School Corporation had not designed or implemented adequate policies or procedures to ensure that equipment purchased with food service funds was properly accounted for in the capital asset records, or maintain other property records. An oversight, review, or approval process had not been established.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs.

The School Corporation failed to include all applicable equipment purchased with food service funds in their capital assets records, or maintain other property records. These assets included a \$40,140 walk-in freezer, a \$14,094 dishwasher, and a \$5,000 dish machine exhaust. The School Corporation also did not maintain capital asset records or other property records that were up to date; the asset list that was provided for audit had not been updated since June 2013. In addition, assets purchased with federal funds were not distinguished from assets purchased with nonfederal funds in the School Corporation's records.

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

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

7 CFR 3016.32 states in part:

"(b) States. A State will use, manage, and dispose of equipment acquired under a grant by the State in accordance with State laws and procedures. Other grantees and subgrantees will follow paragraphs (c) through (e) of this section. . . ."

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, 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 property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, 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.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated."

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Equipment Management requirements of the programs.

FINDING 2015-007 - LEVEL OF EFFORT - MAINTENANCE OF EFFORT

Federal Agency: Department of Education
Federal Program: Special Education - Grants to States
CFDA Number: 84.027
Federal Award Numbers: 14213-047-PN01, 14214-047-PN01, 4215-047-PN01
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Level of Effort - Maintenance of Effort compliance requirement.

The School Corporation had not designed or implemented effective policies or procedures to ensure compliance with the program requirements of Level of Effort - Maintenance of Effort. An oversight, review, or approval process had not been established to ensure compliance with maintenance of effort amounts reported to the pass-through entity.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirement could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and the Level of Effort - Maintenance of Effort compliance requirement.

FINDING 2015-008 - 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 Years: FY 2013-14, FY 2014-15
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Reporting compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the monthly claims for reimbursement or the Annual Financial Report were properly supported by the financial records and/or submitted by the due dates. An oversight or review process had not been established.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs.

The School Corporation failed to review and ensure the accuracy of the monthly Claims for Reimbursement and retain the proper supporting documentation. Monthly summary reports of the lunch counts were not provided for audit. A verification of the monthly claims for reimbursement, by comparing the total of the daily sales reports to the number of meals claimed, revealed meals claimed in excess of the monthly sales total. However, not all daily sales reports were provided for audit.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation must submit an Annual Financial Report within 30 days after June 30. As of February 8, 2016, the School Corporation has not submitted the report for the 2014-2015 school year.

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

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

7 CFR 210.8(a) states in part:

"(2) *School food authority claims review process.* Prior to the submission of a monthly Claim for Reimbursement, each school food authority shall review the lunch count data for each school under its jurisdiction to ensure the accuracy of the monthly Claim for Reimbursement. The objective of this review is to ensure that monthly claims include only the number of free, reduced price and paid lunches served on any day of operation to children currently eligible for such lunches. . . .

(5) *Recordkeeping.* School food authorities shall maintain on file, each month's Claim for Reimbursement and all data used in the claims review process, by school. Records shall be retained as specified in §210.23(c) of this part. School food authorities shall make this information available to the Department and the State agency upon request."

7 CFR 3016.20(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."

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Reporting requirements of the programs.

FINDING 2015-009 - CHILD NUTRITION CLUSTER

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 Years: FY 2013-14, FY 2014-15

Pass-Through Entity: Indiana Department of Education

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Cash Management, Procurement and Suspension and Debarment, and Special Tests and Provisions - Verification of Free and Reduced Price Applications compliance requirements.

Cash Management

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances are limited to the average expenditures for three months. An oversight or review process had not been established to document the monitoring of the cash balances.

Procurement and Suspension and Debarment

The School Corporation utilized a third-party for Food Service bids. The third-party administered the bidding process as well as verified that the vendors were not suspended or debarred. The third-party made a recommendation to the School Corporation for the winning bids. However, there were no controls in place to ensure that the School Corporation and School Board formally approved the bids or awarded the contracts to the successful bidders. An oversight, review, or approval process had not been established.

Special Tests and Provisions - Verification of Free and Reduced Price Applications

Each School Corporation that participates in the National School Lunch Program must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals. The School Corporation performed the verifications; however, there was no documentation that an oversight or review process had been established to ensure the accuracy of the verifications performed.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs.

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

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

FINDING 2015-010 - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers: 13-4590, 14-4590, 15-4590
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Level of Effort, Reporting, Specials Tests and Provisions - Comparability. The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Activities Allowed or Unallowed, Allowable Costs/Cost Principles

The School Corporation did not properly document segregation of duties related to the payment of payroll. One employee was responsible for the generation and payment of payroll. The School Corporation failed to properly document a review of payroll costs associated with their various grants, which would include a review by someone familiar with the respective grant requirements. The initiation, approval, recording, and reconciliation duties were segregated, but were not properly monitored. The School Corporation did not have controls in place to ensure that payroll expenditures charged to the program were for allowable activities and for allowable costs.

Level of Effort - Maintenance of Effort

Maintenance of Effort calculations were prepared by the Indiana Department of Education (IDOE) when allocating Title I funding to each school district. The IDOE used the expenditure information submitted by schools on their Form 9, Financial Activity Report (Form 9) to calculate maintenance of effort. The Form 9s, which included financial activity of all funds and were the basis for the financial statement, were signed by the Treasurer, Superintendent of Schools, and President of the School Board. Although the reports were signed by the appropriate individuals, there were no reviews or other controls in place to ensure the accuracy of the reports prior to submission.

Reporting

The School Corporation was responsible for providing information that is used to compile the State's Per Pupil Expenditure (SPPE) report. This information was provided to the IDOE via the financial information in the Form 9s. In order to ensure accurate reporting of the Form 9, it was signed by the President of the School Board and the Superintendent of Schools. Although the reports were signed by the appropriate individuals, there were no reviews or other controls in place to ensure the accuracy of the reports prior to submission.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Special Tests and Provisions - Comparability

The comparability reports were prepared and submitted by the Title I Consultant. There was no evidence of adequate oversight or review before submission.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

FINDING 2015-011 - ELIGIBILITY

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers: 13-4590, 14-4590, 15-4590
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Eligibility compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the State of Indiana's pre-populated public and poverty enrollment figures reported on Eligible Schools Summary page of the Title I application were reflective of the School Corporation's records. An oversight or review process over the reported enrollment had not been established.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

To be in compliance with the Eligibility requirements, the public enrollment as well as the public poverty data on the Eligible School Summary page of the Title I application must agree to the School Corporation records.

The State of Indiana pre-populates the public and poverty enrollment based upon data previously collected as of October 1 of a school year. The School Corporation did not maintain supporting documentation to support the public enrollment reported. In addition, the Food Service Department did not maintain copies of the free and reduced eligibility applications to document poverty enrollment. The food service software was changed after the audit period so the School Corporation no longer had access to the eligibility applications or poverty data. Therefore, the public and poverty enrollment used to determine eligibility for Title I could not be verified to School Corporation records.

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

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

34 CFR 200.78(a)(1) states:

"An LEA must allocate funds under subpart A of this part to school attendance areas and schools, identified as eligible and selected to participate under section 1113(a) or (b) of the ESEA, in rank order on the basis of the total number of children from low-income families in each area or school."

The failure to establish internal controls could enable material noncompliance to go undetected. The failure to comply with the compliance requirement could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Eligibility requirements of the program.

FINDING 2015-012 - 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: 13-4590, 14-4590, 15-4590
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Schoolwide Programs compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with the Schoolwide Programs requirements. School Corporations operating a schoolwide program must verify that they were eligible to do so by ensuring that each school met the 40 percent poverty requirements and that the schoolwide programs included a plan that included the required components.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program.

The Food Service Department did not maintain copies of the free and reduced price applications to document poverty percentages. The food service software was changed after the audit period so the School Corporation no longer had access to the applications or poverty counts. Therefore, compliance with the eligibility requirements for poverty could not be verified. However, based on the School Corporation's Verification Collection Report that was provided, the School Corporation did have 32.9 percent and 37.1 percent of the total number of students directly certified for eligibility for the 2013-2014 and 2014-2015 school years, respectively.

Furthermore, the schoolwide plans presented for audit did not include the required annual evaluations of the results achieved by the program. Therefore, they also did not include any revisions of the schoolwide plans based upon an evaluation.

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

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

34 CFR 200.25(b)(1) states:

"A school may operate a schoolwide program if—

- (i) The school's LEA determines that the school serves an eligible attendance area or is a participating school under section 1113 of the ESEA; and
- (ii) For the initial year of the schoolwide program—
 - (A) The school serves a school attendance area in which not less than 40 percent of the children are from low-income families; or
 - (B) Not less than 40 percent of the children enrolled in the school are from low-income families."

34 CFR 200.26(c) states:

"*Evaluation.* A school operating a schoolwide program must—

- (1) Annually evaluate the implementation of, and results achieved by, the schoolwide program, using data from the State's annual assessments and other indicators of academic achievement;
- (2) Determine whether the schoolwide program has been effective in increasing the achievement of students in meeting the State's academic standards, particularly for those students who had been furthest from achieving the standards; and

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (3) Revise the plan, as necessary, based on the results of the evaluation, to ensure continuous improvement of students in the schoolwide program."

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Special Tests and Provisions - Schoolwide Programs requirements of the program.

AUDITEE PREPARED DOCUMENTS

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

River Forest Community School Corporation

3250 Michigan Street
Hobart, Indiana 46342
Telephone: (219) 962-2909 Fax: (219) 962-4951
Dr. Steven C. Disney, Jr., Superintendent
Dr. James L. Thorne, Assistant Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-3- INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE CHILD NUTRITION CLUSTER PROGRAMS

Original Assigned SBA Audit Report Number: **B43286**
Report Period: **July 1, 2011 to June 30, 2013**
Federal Grantor Agency: U.S Department of Agriculture
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**
Contact Phone Number: **219-962-2909**

Status of Audit Finding:

In July of 2014, the new treasurer and new Superintendent reviewed all procedures with the former Director, Carolyn Nowacki. There was some disagreement regarding these procedures and as a result, Carolyn resigned effective October 31, 2014.

Eligibility and Verification of Free and Reduced Price Applications

Beginning in October of 2014, the school corporation has put into place a system where applications are done and verified by at least two food service employees in addition to the Director of Student Nutrition. In addition, ALL approvals or denials are reviewed by the Director.

Equipment Management

The school corporation tags all equipment that is purchased with federal funds. Every piece of equipment used for the student nutrition program is purchased with federal funds. Every two years the inventories are updated by an outside appraisal service. Current management is still working on a procedure to track the purchase, use and disposal of these assets. During the current administration, there has been no capital purchases or disposal of equipment.

Procurement, Suspension and Debarment

The school corporation is a member of Northwest Indiana Educational Service Center. As part of membership bidding is obtained by the service center, awards are voted on by the members. The School Board approves participation and payment of membership dues to the service center. Beginning in February 2016, management will seek board approval for all awards given by the cooperative.

Reporting

The school corporation has a system in place where the status of reports is verbally conveyed by the Director of Student Nutrition. Management see where a more thorough system should be in place. Beginning in January 2016, the treasurer will meet with the Director of Student Nutrition monthly to review all required reports.

FINDING 2013-4 – EQUIPMENT MANAGEMENT COMPLIANCE – CHILD NUTRITION CLUSTER PROGRAMS

Original Assigned SBA Audit Report Number: **B43286**
Report Period: **July 1, 2011 to June 30, 2013**
Federal Grantor Agency: U.S Department of Agriculture
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**
Contact Phone Number: **219-962-2909**

The school corporation is in the process of putting procedures in place to track equipment purchases and disposal. Management will compile an accounting of assets to ensure that the school corporation's records accurately reflect and agree with the inventories compiled by the capital asset appraisal firm. We expect to have this in place for the next appraisal which is scheduled to take place during 2016.

FINDING 2013-5 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE EDUCATION JOBS FUND PROGRAM

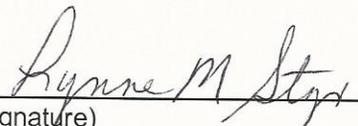
Original Assigned SBA Audit Report Number: **B43286**
Report Period: **July 1, 2011 to June 30, 2013**
Federal Grantor Agency: U.S Department of Education
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**
Contact Phone Number: **219-962-2909**

The Educational Jobs Fund was expended and closed by December of 2012. The fund is currently inactive.

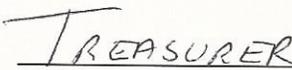
FINDING 2013-6 – COMPLIANCE WITH CASH MANAGEMENT AND REPORT – EDUCATION JOBS FUND

Original Assigned SBA Audit Report Number: **B43286**
Report Period: **July 1, 2011 to June 30, 2013**
Federal Grantor Agency: U.S Department of Education
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**
Contact Phone Number: **219-962-2909**

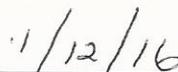
The Educational Jobs Fund was expended and closed by December of 2012. The fund is currently inactive.



(Signature)



(Title)



(Date)

River Forest Community School Corporation

3250 Michigan Street
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Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

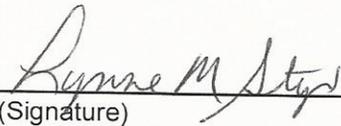
FINDING 2015-001 – Financial Transactions and Reporting

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**
Contact Phone Number: **219-962-2909**

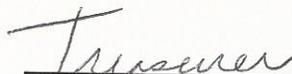
Management has put additional internal controls in place to ensure that adequate oversight has been noted by initials on both Form 9 and the receipt audit, providing evidence that a review was done by someone other than the preparer.

Management has put into place where the corporation Treasurer will review the electronic file of the payroll distribution report and sign off on said report via e-mail.

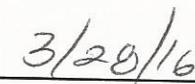
Completed February 2016 and March 2016



(Signature)



(Title)



(Date)

River Forest Community School Corporation

3250 Michigan Street
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Telephone: (219) 962-2909 Fax: (219) 962-4951
Dr. Steven C. Disney, Jr., Superintendent
Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-002 – Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**
Contact Phone Number: **219-962-2909**

While preparing the Annual Financial Reports for the 2013-2014 and 2014-2015 fiscal years I was not familiar with the reporting requirements for the SEFA. During the audit, I was made aware of my errors and omissions and will properly report only grants that should be included. In addition, management will put into place an internal control procedure whereas the Assistant Superintendent/Grant Supervisor will verify the accuracy of the SEFA and indicate he has done so by a signature.

Anticipated Completion: August 2016

Lynne M Styx
(Signature)

Treasurer
(Title)

3/28/16
(Date)

River Forest Community School Corporation

3250 Michigan Street

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Telephone: (219) 962-2909 Fax: (219) 962-4951

Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-003 – Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions School Food Accounts

Federal Agency: U.S. 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 Years: FY 2013-2014 and FY 2014-2015

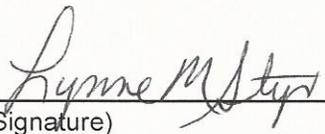
Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

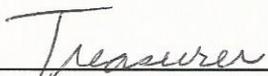
Contact Phone Number: **219-962-2909**

Management has evaluated staffing in regards to time spent for student nutrition duties and general supervisory duties and has separated such in each employees time reporting and cost distribution via payroll. In addition, the corporation Treasurer will review and sign off each payroll prepared by the Deputy Treasurer as evidence of proper internal control procedures.

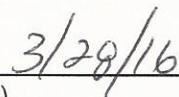
Completed: March 2016



(Signature)



(Title)



(Date)

River Forest Community School Corporation

3250 Michigan Street

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Telephone: (219) 962-2909 Fax: (219) 962-4951

Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-004 – Eligibility

Federal Agency: U.S. 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 Years: FY 2013-2014 and FY 2014-2015

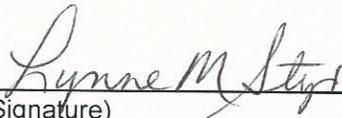
Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

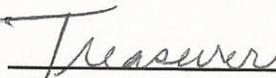
Contact Phone Number: **219-962-2909**

Management has put into place internal controls whereas free and reduced applications are processed and verified by at least two food service employees. In addition all approvals or denials are reviewed and verified by the Food Service Director. Management has also established an effective recordkeeping system to ensure that applications and verifications are available for audit.

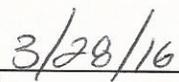
Completed: November 2015



(Signature)



(Title)



(Date)

River Forest Community School Corporation

3250 Michigan Street

Hobart, Indiana 46342

Telephone: (219) 962-2909 Fax: (219) 962-4951

Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-005 – Special Tests and Provisions – Paid Lunch Equity

Federal Agency: U.S. 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 Years: FY 2013-2014 and FY 2014-2015

Pass Through Entity: Indiana Department of Education

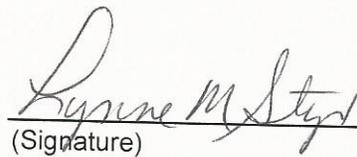
Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

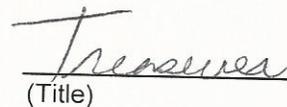
Contact Phone Number: **219-962-2909**

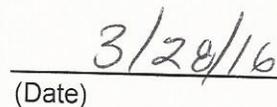
Management has put into place a software system which accurately records and reports paid lunch process for each price level (elementary and middle/high school). In addition, yearly school lunch prices will be approved by the school board.

Completed: August 2015

Anticipated Completion: June 2016


(Signature)


(Title)


(Date)

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Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-006 – Equipment Management

Federal Agency: U.S. 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 Years: FY 2013-2014 and FY 2014-2015

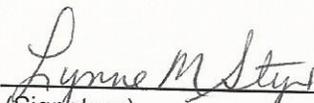
Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

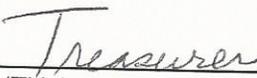
Contact Phone Number: **219-962-2909**

Management will conduct an audit of all equipment and property and maintain records to accurately track the disposition of such. In addition, the corporation Treasurer will compare the records maintained by the Food Service Director and those collected by an external Fixed Asset Auditor to ensure they accurately reflect each other.

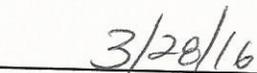
Anticipated Completion: June 2016



(Signature)



(Title)



(Date)

River Forest Community School Corporation

3250 Michigan Street

Hobart, Indiana 46342

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Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-07 – Level of Effort – Maintenance of Effort

Federal Agency: U.S. Department of Education

Federal Program: Special Education – Grants to States

CFDA Number: 84.027

Federal Award Numbers: 14213-047-PN01, 14214-047-PN01, 4215-047-PN01

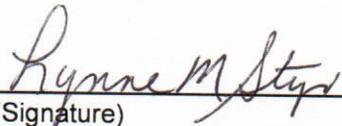
Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

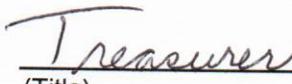
Contact Phone Number: **219-962-2909**

Management has put into place an internal control system to verify the accuracy of reporting Form 9 to the Special Education Cooperative. In addition, management will verify all additional information requested by the cooperative.

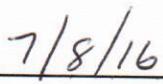
Completed: February 2016



(Signature)



(Title)



(Date)

River Forest Community School Corporation

3250 Michigan Street

Hobart, Indiana 46342

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Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-008 - Reporting

Federal Agency: U.S. 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 Years: FY 2013-2014 and FY 2014-2015

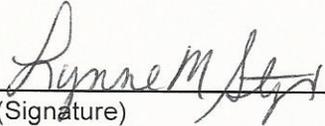
Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

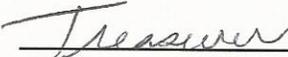
Contact Phone Number: **219-962-2909**

Management will put into place and internal control procedure where the corporation Treasurer will verify and sign off on the claims for reimbursement on a monthly basis. In addition, the corporation Treasurer will work with the Food Service Director to ensure the Annual Financial Report is submitted in a timely manner. Internal controls are in place to provide evidence that the Form 9 report is verified.

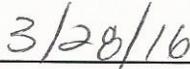
Anticipated Completion: July 2016



(Signature)



(Title)



(Date)

River Forest Community School Corporation

3250 Michigan Street

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Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-009 – Child Nutrition Cluster

Federal Agency: U.S. 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 Years: FY 2013-2014 and FY 2014-2015

Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

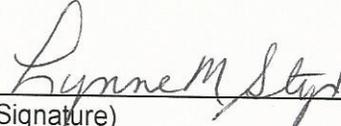
Contact Phone Number: **219-962-2909**

Management will put into place an internal control procedure to monitor cash balances for the School Lunch Fund. The corporation Treasurer will test such levels on a quarterly basis and will ensure compliance when reporting on the Form 9. Internal controls are already in place to verify Form 9 has been reviewed by someone other than the preparer.

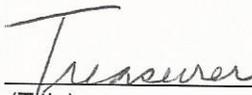
Management will obtain School Board Approval for all bids awarded by the Food Service Director and Northwest Indiana Educational Service Center.

Management has put into place an internal control procedure to review and verify for accuracy the 3% eligibility test and will work with the Food Service Director to ensure the report is submitted in a timely manner.

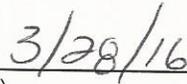
Anticipated Completion: March 2016, July 2016 and October 2016



(Signature)



(Title)



(Date)

River Forest Community School Corporation

3250 Michigan Street

Hobart, Indiana 46342

Telephone: (219) 962-2909 Fax: (219) 962-4951

Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-10 – Title I Grants to Local Educational Agencies

Federal Agency: U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers: 13-4590, 14-4590, 15-4590

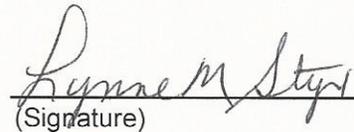
Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

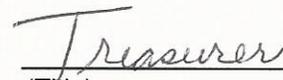
Contact Phone Number: **219-962-2909**

Management has put an internal control procedure in place for Title I compliance whereas the Assistant Superintendent/Grant Supervisor communicates accurate staffing levels to the corporation Treasurer. The corporation Treasurer reviews payroll distributions created by the Deputy Treasurer and verifies the accuracy for compliance. Segregation of duties is maintained by having a three-step approval process for purchasing and expenditures of federal funds. In addition, internal controls are in place to verify the accuracy of reporting on Form 9.

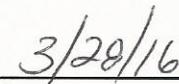
Completed: August 2015 and February 2016



(Signature)



(Title)



(Date)

River Forest Community School Corporation

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Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-11 - Eligibility

Federal Agency: U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers: 13-4590, 14-4590, 15-4590

Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

Contact Phone Number: **219-962-2909**

Management has put into place an internal control system to verify eligibility requirements are accurately reported and can be verified by maintaining proper recordkeeping.

Anticipated Completion: October 2016

Lynne M Styx
(Signature)

Treasurer
(Title)

3/28/16
(Date)

River Forest Community School Corporation

3250 Michigan Street

Hobart, Indiana 46342

Telephone: (219) 962-2909 Fax: (219) 962-4951

Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-12 – Special Tests and Provisions – School Wide Programs

Federal Agency: U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers: 13-4590, 14-4590, 15-4590

Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

Contact Phone Number: **219-962-2909**

Management has put into place proper internal controls to verify accurate and complete recordkeeping is maintained so verification can be determined for school wide program eligibility. Management has also put into place a system to ensure annual evaluations of results achieved by the Title I program are recorded and that program revisions are made based on the evaluations.

Completed: August 2015

Lynne M Styx
(Signature)

Treasurer
(Title)

3/28/16
(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/>.