

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
CLINTON COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED
03/07/2014

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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	6-7
Financial Statement:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement.....	12-17
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-31
Schedule of Leases and Debt	32
Schedule of Capital Assets.....	33
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	36-38
Schedule of Expenditures of Federal Awards	40-41
Notes to Schedule of Expenditures of Federal Awards.....	42
Schedule of Findings and Questioned Costs	43-46
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	47
Corrective Action Plan.....	48-49
Exit Conference.....	50

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cheryl Roberson	07-01-11 to 06-30-14
Superintendent of Schools	Dr. James Hanna	07-01-11 to 06-30-14
President of the School Board	Phillip Burkle	07-01-11 to 06-30-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE ROSSVILLE CONSOLIDATED
SCHOOL DISTRICT, CLINTON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Rossville Consolidated School District (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

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, 2011 to June 30, 2013.

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, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 15, 2014, 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.

Accompanying Information

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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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.


Paul D. Joyce, CPA
State Examiner

January 15, 2014



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 ROSSVILLE CONSOLIDATED
SCHOOL DISTRICT, CLINTON 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 Rossville Consolidated School District (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated January 15, 2014, 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 item 2013-001 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Rossville Consolidated School District'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

January 15, 2014

(This page intentionally left blank.)

FINANCIAL STATEMENT

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.

(This page intentionally left blank.)

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
General	\$ 381,231	\$ 5,680,701	\$ 5,955,239	\$ 1,472	\$ 108,165	\$ 5,738,405	\$ 5,888,815	\$ 167,480	\$ 125,235
Debt Service	235,533	946,529	831,072	-	350,990	1,073,195	914,037	-	510,148
Retirement/Severance Bond Debt Service	43,353	65,153	72,109	-	36,397	76,820	69,273	-	43,944
Capital Projects	253,669	636,449	696,670	-	193,448	686,558	828,042	-	51,964
School Transportation	105,485	382,967	434,188	3,536	57,800	403,968	437,418	15,683	40,033
School Bus Replacement	59,183	72,629	87,689	-	44,123	92,688	80,741	-	56,070
Rainy Day	1,221,711	-	-	-	1,221,711	-	-	(180,597)	1,041,114
Construction	169,315	-	161,461	-	7,854	-	7,854	-	-
School Lunch	165,703	438,799	517,750	-	86,752	454,563	464,579	-	76,736
Textbook Rental	3,155	101,474	100,718	-	3,911	104,696	97,412	-	11,195
Levy Excess	3,536	-	-	(3,536)	-	-	-	-	-
Joint Service and Supply - Are	(11,286)	16,170	2,889	-	1,995	9,475	22,472	-	(11,002)
Joint Service and Supply Area4	-	15,291	13,870	-	1,421	6,647	165	-	7,903
Child Care Program	-	-	-	-	-	15,361	10,618	-	4,743
Extra-Curricular Activities	-	-	-	-	-	9,350	9,350	-	-
Cultural Arts	460	-	-	-	460	-	-	-	460
Scholarships and Awards	4,770	1,500	2,500	-	3,770	1,500	500	-	4,770
Mattix Trust - Special Ed Fund	609	-	599	-	10	-	-	-	10
Taylor Rader Dance Scholarship	639	700	1,000	-	339	300	-	-	639
Luella and Everett Davis Scholarship	582	-	-	-	582	-	-	-	582
10/11 Gifted/Talented	1,538	-	1,538	-	-	27,661	12,372	-	15,289
Gifted & Talented 09/10	-	28,165	25,756	-	2,409	-	2,409	-	-
Medicaid Reimbursement	285	5	232	-	58	-	-	-	58
Non-English Speaking Programs P.L. 273-1999	480	-	-	-	480	-	-	-	480
School Technology	2,214	8,220	13,296	-	(2,862)	9,363	4,514	-	1,987
Senator David Ford Technology	-	-	-	-	-	30,000	37,206	-	(7,206)
School Security Grant	-	19,832	19,832	-	-	-	-	-	-
Title I	-	52,345	53,686	(1,677)	(3,018)	10,557	9,162	-	(1,623)
Title I FY 10/11	3,734	-	7,660	1,677	(2,249)	69,774	67,903	-	(378)
IDEA	(52,136)	98,053	42,801	(3,116)	-	166,633	166,633	-	-
P.L. 101-476 09/10	-	136,456	136,944	3,116	2,628	31,292	33,920	-	-
Assistive Technology Grant	-	69,528	69,528	-	-	69,970	69,970	-	-
Federal Assistance Educational Preschool Handicapped	-	-	-	-	-	7,953	-	-	7,953
Safe & Drug Free Sch FY 05/06	(389)	-	-	-	(389)	-	-	-	(389)
Title II - Dwight D. Eisenhower - Science and Math Technology Grants	485	-	-	-	485	-	-	-	485
Medicaid Reimbursement - Federal	522	9	520	-	11	-	-	-	11
Improving Teaching Quality, No Child Left, Title II, Part A	(1,380)	10,690	17,963	-	(8,653)	39,129	23,698	-	6,778
Title III, Language Instruction	871	672	494	-	1,049	-	1,268	-	(219)
Special Education - Part B	(24,078)	52,442	28,364	-	-	-	-	-	-
Education Jobs	-	160,238	164,857	-	(4,619)	28,207	23,588	-	-
Payroll Clearing	10,855	2,569,816	2,584,958	-	(4,287)	2,591,514	2,594,015	-	(6,788)
Totals	\$ 2,580,649	\$ 11,564,833	\$ 12,046,183	\$ 1,472	\$ 2,100,771	\$ 11,755,579	\$ 11,877,934	\$ 2,566	\$ 1,980,982

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

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
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.

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

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:

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

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.

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.

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent 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:

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in 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
1 North Capital Street, 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.

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Holding Corporation

The School Corporation has entered into a capital lease with Rossville Consolidated School District 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 2012 and 2013 totaled \$648,347 and \$726,500, respectively.

(This page intentionally left blank.)

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, 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.

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

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 381,231	\$ 235,533	\$ 43,353	\$ 253,669	\$ 105,485	\$ 59,183	\$ 1,221,711
Receipts:							
Local sources	82,013	946,529	65,153	636,164	382,912	72,629	-
Intermediate sources	1,291	-	-	-	-	-	-
State sources	5,595,686	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	1,711	-	-	285	55	-	-
Total receipts	<u>5,680,701</u>	<u>946,529</u>	<u>65,153</u>	<u>636,449</u>	<u>382,967</u>	<u>72,629</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	4,068,883	-	-	-	-	-	-
Support services	1,810,742	-	-	410,346	434,188	87,689	-
Noninstructional services	75,614	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	286,324	-	-	-
Debt services	-	831,072	72,109	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>5,955,239</u>	<u>831,072</u>	<u>72,109</u>	<u>696,670</u>	<u>434,188</u>	<u>87,689</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(274,538)</u>	<u>115,457</u>	<u>(6,956)</u>	<u>(60,221)</u>	<u>(51,221)</u>	<u>(15,060)</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	1,472	-	-	-	-	-	-
Transfers in	-	-	-	-	3,536	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,536</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(273,066)</u>	<u>115,457</u>	<u>(6,956)</u>	<u>(60,221)</u>	<u>(47,685)</u>	<u>(15,060)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 108,165</u>	<u>\$ 350,990</u>	<u>\$ 36,397</u>	<u>\$ 193,448</u>	<u>\$ 57,800</u>	<u>\$ 44,123</u>	<u>\$ 1,221,711</u>

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Construction	School Lunch	Textbook Rental	Levy Excess	Joint Service and Supply - Are	Joint Service and Supply Area4	Child Care Program
Cash and investments - beginning	\$ 169,315	\$ 165,703	\$ 3,155	\$ 3,536	\$ (11,286)	\$ -	\$ -
Receipts:							
Local sources	-	290,761	82,577	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	7,675	18,897	-	-	-	-
Federal sources	-	140,225	-	-	16,170	15,291	-
Temporary loans	-	-	-	-	-	-	-
Other	-	138	-	-	-	-	-
Total receipts	-	438,799	101,474	-	16,170	15,291	-
Disbursements:							
Current:							
Instruction	-	-	-	-	2,889	13,870	-
Support services	-	174	100,718	-	-	-	-
Noninstructional services	-	451,090	-	-	-	-	-
Facilities acquisition and construction	161,461	66,486	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	161,461	517,750	100,718	-	2,889	13,870	-
Excess (deficiency) of receipts over disbursements	(161,461)	(78,951)	756	-	13,281	1,421	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(3,536)	-	-	-
Total other financing sources (uses)	-	-	-	(3,536)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(161,461)	(78,951)	756	(3,536)	13,281	1,421	-
Cash and investments - ending	\$ 7,854	\$ 86,752	\$ 3,911	\$ -	\$ 1,995	\$ 1,421	\$ -

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Extra-Curricular Activities	Cultural Arts	Scholarships and Awards	Mattix Trust - Special Ed Fund	Taylor Rader Dance Scholarship	Luella and Everett Davis Scholarship	10/11 Gifted/Talented
Cash and investments - beginning	\$ -	\$ 460	\$ 4,770	\$ 609	\$ 639	\$ 582	\$ 1,538
Receipts:							
Local sources	-	-	1,500	-	700	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	1,500	-	700	-	-
Disbursements:							
Current:							
Instruction	-	-	-	599	-	-	442
Support services	-	-	-	-	-	-	1,096
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	2,500	-	1,000	-	-
Total disbursements	-	-	2,500	599	1,000	-	1,538
Excess (deficiency) of receipts over disbursements	-	-	(1,000)	(599)	(300)	-	(1,538)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(1,000)	(599)	(300)	-	(1,538)
Cash and investments - ending	\$ -	\$ 460	\$ 3,770	\$ 10	\$ 339	\$ 582	\$ -

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Gifted & Talented 09/10	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Senator David Ford Technology	School Security Grant	Title I
Cash and investments - beginning	\$ -	\$ 285	\$ 480	\$ 2,214	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	28,165	5	-	8,220	-	19,832	-
Federal sources	-	-	-	-	-	-	52,345
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>28,165</u>	<u>5</u>	<u>-</u>	<u>8,220</u>	<u>-</u>	<u>19,832</u>	<u>52,345</u>
Disbursements:							
Current:							
Instruction	25,756	232	-	-	-	-	53,686
Support services	-	-	-	13,296	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	19,832	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>25,756</u>	<u>232</u>	<u>-</u>	<u>13,296</u>	<u>-</u>	<u>19,832</u>	<u>53,686</u>
Excess (deficiency) of receipts over disbursements	<u>2,409</u>	<u>(227)</u>	<u>-</u>	<u>(5,076)</u>	<u>-</u>	<u>-</u>	<u>(1,341)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(1,677)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,677)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,409</u>	<u>(227)</u>	<u>-</u>	<u>(5,076)</u>	<u>-</u>	<u>-</u>	<u>(3,018)</u>
Cash and investments - ending	<u>\$ 2,409</u>	<u>\$ 58</u>	<u>\$ 480</u>	<u>\$ (2,862)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,018)</u>

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title I FY 10/11	IDEA	P.L. 101-476 09/10	Assistive Technology Grant	Federal Assistance Educational Preschool Handicapped	Safe & Drug Free School FY 05/06	Title II - Dwight D. Eisenhower - Science and Math Technology Grants
Cash and investments - beginning	\$ 3,734	\$ (52,136)	\$ -	\$ -	\$ -	\$ (389)	\$ 485
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	98,053	136,456	69,528	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>98,053</u>	<u>136,456</u>	<u>69,528</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	7,660	42,801	136,944	-	-	-	-
Support services	-	-	-	69,528	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>7,660</u>	<u>42,801</u>	<u>136,944</u>	<u>69,528</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(7,660)</u>	<u>55,252</u>	<u>(488)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	1,677	-	3,116	-	-	-	-
Transfers out	-	(3,116)	-	-	-	-	-
Total other financing sources (uses)	<u>1,677</u>	<u>(3,116)</u>	<u>3,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(5,983)</u>	<u>52,136</u>	<u>2,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ (2,249)</u>	<u>\$ -</u>	<u>\$ 2,628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (389)</u>	<u>\$ 485</u>

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Medicaid Reimbursement -	Improving Teaching Quality, No Child Left, Title II, Part A	Title III, Language Instruction	Special Education - Part B	Education Jobs	Payroll Clearing	Totals
	Federal						
Cash and investments - beginning	\$ 522	\$ (1,380)	\$ 871	\$ (24,078)	\$ -	\$ 10,855	\$ 2,580,649
Receipts:							
Local sources	-	-	-	-	-	-	2,560,938
Intermediate sources	-	-	-	-	-	-	1,291
State sources	-	-	672	-	-	-	5,679,152
Federal sources	9	10,690	-	52,442	160,238	-	751,447
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	2,569,816	2,572,005
Total receipts	<u>9</u>	<u>10,690</u>	<u>672</u>	<u>52,442</u>	<u>160,238</u>	<u>2,569,816</u>	<u>11,564,833</u>
Disbursements:							
Current:							
Instruction	520	17,963	494	28,364	164,857	-	4,565,960
Support services	-	-	-	-	-	-	2,927,777
Noninstructional services	-	-	-	-	-	-	526,704
Facilities acquisition and construction	-	-	-	-	-	-	534,103
Debt services	-	-	-	-	-	-	903,181
Nonprogrammed charges	-	-	-	-	-	2,584,958	2,588,458
Total disbursements	<u>520</u>	<u>17,963</u>	<u>494</u>	<u>28,364</u>	<u>164,857</u>	<u>2,584,958</u>	<u>12,046,183</u>
Excess (deficiency) of receipts over disbursements	<u>(511)</u>	<u>(7,273)</u>	<u>178</u>	<u>24,078</u>	<u>(4,619)</u>	<u>(15,142)</u>	<u>(481,350)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	1,472
Transfers in	-	-	-	-	-	-	8,329
Transfers out	-	-	-	-	-	-	(8,329)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,472</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(511)</u>	<u>(7,273)</u>	<u>178</u>	<u>24,078</u>	<u>(4,619)</u>	<u>(15,142)</u>	<u>(479,878)</u>
Cash and investments - ending	<u>\$ 11</u>	<u>\$ (8,653)</u>	<u>\$ 1,049</u>	<u>\$ -</u>	<u>\$ (4,619)</u>	<u>\$ (4,287)</u>	<u>\$ 2,100,771</u>

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 108,165	\$ 350,990	\$ 36,397	\$ 193,448	\$ 57,800	\$ 44,123	\$ 1,221,711
Receipts:							
Local sources	49,957	1,073,195	76,820	671,224	403,968	92,688	-
Intermediate sources	22	-	-	-	-	-	-
State sources	5,682,531	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	14,716	-	-	-
Other	5,895	-	-	618	-	-	-
Total receipts	<u>5,738,405</u>	<u>1,073,195</u>	<u>76,820</u>	<u>686,558</u>	<u>403,968</u>	<u>92,688</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	4,171,679	-	-	-	-	-	-
Support services	1,649,894	-	-	550,146	437,418	80,741	-
Noninstructional services	67,242	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	277,896	-	-	-
Debt services	-	914,037	69,273	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>5,888,815</u>	<u>914,037</u>	<u>69,273</u>	<u>828,042</u>	<u>437,418</u>	<u>80,741</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(150,410)</u>	<u>159,158</u>	<u>7,547</u>	<u>(141,484)</u>	<u>(33,450)</u>	<u>11,947</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	2,566	-	-	-	-	-	-
Transfers in	164,914	-	-	-	15,683	-	-
Transfers out	-	-	-	-	-	-	(180,597)
Total other financing sources (uses)	<u>167,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,683</u>	<u>-</u>	<u>(180,597)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>17,070</u>	<u>159,158</u>	<u>7,547</u>	<u>(141,484)</u>	<u>(17,767)</u>	<u>11,947</u>	<u>(180,597)</u>
Cash and investments - ending	<u>\$ 125,235</u>	<u>\$ 510,148</u>	<u>\$ 43,944</u>	<u>\$ 51,964</u>	<u>\$ 40,033</u>	<u>\$ 56,070</u>	<u>\$ 1,041,114</u>

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Construction	School Lunch	Textbook Rental	Levy Excess	Joint Service and Supply - Are	Joint Service and Supply Area4	Child Care Program
Cash and investments - beginning	\$ 7,854	\$ 86,752	\$ 3,911	\$ -	\$ 1,995	\$ 1,421	\$ -
Receipts:							
Local sources	-	300,685	86,265	-	2,089	-	15,361
Intermediate sources	-	-	-	-	-	-	-
State sources	-	8,251	18,431	-	-	-	-
Federal sources	-	145,627	-	-	7,386	6,647	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	454,563	104,696	-	9,475	6,647	15,361
Disbursements:							
Current:							
Instruction	-	-	-	-	22,472	165	-
Support services	-	80	97,412	-	-	-	-
Noninstructional services	-	462,002	-	-	-	-	10,618
Facilities acquisition and construction	7,854	2,497	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	7,854	464,579	97,412	-	22,472	165	10,618
Excess (deficiency) of receipts over disbursements	(7,854)	(10,016)	7,284	-	(12,997)	6,482	4,743
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,854)	(10,016)	7,284	-	(12,997)	6,482	4,743
Cash and investments - ending	\$ -	\$ 76,736	\$ 11,195	\$ -	\$ (11,002)	\$ 7,903	\$ 4,743

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Extra-Curricular Activities	Cultural Arts	Scholarships and Awards	Mattix Trust - Special Ed Fund	Taylor Rader Dance Scholarship	Luella and Everett Davis Scholarship	10/11 Gifted/Talented
Cash and investments - beginning	\$ -	\$ 460	\$ 3,770	\$ 10	\$ 339	\$ 582	\$ -
Receipts:							
Local sources	-	-	1,500	-	300	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	27,661
Federal sources	9,350	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>9,350</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>27,661</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	12,372
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	9,350	-	500	-	-	-	-
Total disbursements	<u>9,350</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,372</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>15,289</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
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>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>15,289</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 460</u>	<u>\$ 4,770</u>	<u>\$ 10</u>	<u>\$ 639</u>	<u>\$ 582</u>	<u>\$ 15,289</u>

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Gifted & Talented 09/10	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Senator David Ford Technology	School Security Grant	Title I
Cash and investments - beginning	\$ 2,409	\$ 58	\$ 480	\$ (2,862)	\$ -	\$ -	\$ (3,018)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	9,363	30,000	-	-
Federal sources	-	-	-	-	-	-	10,557
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	9,363	30,000	-	10,557
Disbursements:							
Current:							
Instruction	2,409	-	-	-	-	-	9,162
Support services	-	-	-	4,514	37,206	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	2,409	-	-	4,514	37,206	-	9,162
Excess (deficiency) of receipts over disbursements	(2,409)	-	-	4,849	(7,206)	-	1,395
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,409)	-	-	4,849	(7,206)	-	1,395
Cash and investments - ending	\$ -	\$ 58	\$ 480	\$ 1,987	\$ (7,206)	\$ -	\$ (1,623)

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Title I FY 10/11	IDEA	P.L. 101-476 09/10	Assistive Technology Grant	Federal Assistance Educational Preschool Handicapped	Safe & Drug Free School FY 05/06	Title II - Dwight D. Eisenhower - Science and Math Technology Grants
Cash and investments - beginning	\$ (2,249)	\$ -	\$ 2,628	\$ -	\$ -	\$ (389)	\$ 485
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	69,774	166,633	31,292	69,970	7,953	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>69,774</u>	<u>166,633</u>	<u>31,292</u>	<u>69,970</u>	<u>7,953</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	66,903	166,633	33,920	-	-	-	-
Support services	1,000	-	-	69,970	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>67,903</u>	<u>166,633</u>	<u>33,920</u>	<u>69,970</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,871</u>	<u>-</u>	<u>(2,628)</u>	<u>-</u>	<u>7,953</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
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>1,871</u>	<u>-</u>	<u>(2,628)</u>	<u>-</u>	<u>7,953</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ (378)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,953</u>	<u>\$ (389)</u>	<u>\$ 485</u>

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title III, Language Instruction	Special Education - Part B	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ 11	\$ (8,653)	\$ 1,049	\$ -	\$ (4,619)	\$ (4,287)	\$ 2,100,771
Receipts:							
Local sources	-	-	-	-	-	-	2,774,052
Intermediate sources	-	-	-	-	-	-	22
State sources	-	-	-	-	-	-	5,776,237
Federal sources	-	39,129	-	-	28,207	-	592,525
Temporary loans	-	-	-	-	-	-	14,716
Other	-	-	-	-	-	2,591,514	2,598,027
Total receipts	-	39,129	-	-	28,207	2,591,514	11,755,579
Disbursements:							
Current:							
Instruction	-	23,698	1,268	-	23,588	-	4,534,269
Support services	-	-	-	-	-	-	2,928,381
Noninstructional services	-	-	-	-	-	-	539,862
Facilities acquisition and construction	-	-	-	-	-	-	288,247
Debt services	-	-	-	-	-	-	983,310
Nonprogrammed charges	-	-	-	-	-	2,594,015	2,603,865
Total disbursements	-	23,698	1,268	-	23,588	2,594,015	11,877,934
Excess (deficiency) of receipts over disbursements	-	15,431	(1,268)	-	4,619	(2,501)	(122,355)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	2,566
Transfers in	-	-	-	-	-	-	180,597
Transfers out	-	-	-	-	-	-	(180,597)
Total other financing sources (uses)	-	-	-	-	-	-	2,566
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	15,431	(1,268)	-	4,619	(2,501)	(119,789)
Cash and investments - ending	\$ 11	\$ 6,778	\$ (219)	\$ -	\$ -	\$ (6,788)	\$ 1,980,982

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF LEASES AND DEBT
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Lease Rental - Rossville Cons Sch District Bldg Corp	Construction	\$ 605,000	12-31-07	12-31-18
Lease Rental - Rossville Cons Sch District Bldg Corp	Construction	<u>160,000</u>	01-15-12	07-15-22
Total of annual lease payments		<u>\$ 765,000</u>		

Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
School Severance Bond	Buyout pension debt	\$ 140,000	\$ 76,220
Common School Fund Loan	Construction	330,308	78,613
Common School Fund Loan	Construction	<u>75,000</u>	<u>77,813</u>
Totals		<u>\$ 545,308</u>	<u>\$ 232,646</u>

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2013

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

	Ending Balance
Governmental activities:	
Land	\$ 115,180
Buildings	11,493,861
Improvements other than buildings	1,320,133
Machinery, equipment, and vehicles	1,087,980
 Total capital assets	 \$ 14,017,154

(This page intentionally left blank.)

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 ROSSVILLE CONSOLIDATED
SCHOOL DISTRICT, CLINTON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Rossville Consolidated School District'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, 2011 to June 30, 2013. 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. 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.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-002 and 2013-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2013-002 and 2013-003 that we consider to be material weaknesses.

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

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

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



Paul D. Joyce, CPA
State Examiner

January 15, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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.

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Fund Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>Department of Agriculture</u>						
Child Nutrition Cluster						
School Breakfast Program	Indiana Department of Education	10.553	800	FY 2012 FY 2013	\$ 10,774 -	\$ - 12,826
Total - School Breakfast Program					10,774	12,826
National School Lunch Program	Indiana Department of Education	10.555	800	FY 2012 FY 2013	162,210 -	- 165,831
Total - National School Lunch Program					162,210	165,831
Total - Child Nutrition Cluster					172,984	178,657
Total - Department of Agriculture					172,984	178,657
<u>Department of Education</u>						
Title I, Part A Cluster						
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	4100 4110	FY 2012 FY 2013	52,346 -	10,557 69,774
Total - Title I, Part A Cluster					52,346	80,331
Special Education Cluster						
Special Education - Grants to States	Lebanon Community School Corp	84.027	5210 5200	FY 2012 FY 2013	136,456 -	31,292 166,633
Special Education - Grants to States	Community Schools of Frankfort	84.027	5200	FY2012	98,053	-
Special Education - Grants to States (IDEA Technology)	Indiana Department of Education	84.027	5260 5260	FY2012 FY2013	69,528 -	- 69,970
Total - Special Education - Grants to States					304,037	267,895

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

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Fund Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>Department of Education (continued)</u>						
Special Education Cluster (continued)						
Special Education - Preschool Grants	Lebanon Community School Corp	84.173	5400	FY2013	-	7,953
ARRA - Special Education - Grants to States	Community Schools of Frankfort	84.391	7953	FY 2012	52,442	-
Total - Special Education Cluster					<u>356,479</u>	<u>275,848</u>
Career and Technical Education - Basic Grants to States	Wildcat Creek Career Cooperative	84.048	1420 1410	FY2012 FY2013	16,170 15,291	7,386 6,647
Total - Career and Technical Education - Basic Grants to States					<u>31,461</u>	<u>14,033</u>
English Language Acquisition Grants	Wabash Valley Education Center	84.365	6880	FY 2012	672	-
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	6840 6840	FY 2012 FY 2013	10,690 -	- 39,129
Total - Improving Teacher Quality State Grants					<u>10,690</u>	<u>39,129</u>
Educational Jobs Fund	Indiana Department of Education	84.410	7965 7965	FY 2012 FY 2013	160,238 -	- 28,207
Total - Educational Jobs Fund					<u>160,238</u>	<u>28,207</u>
Total - Department of Education					<u>611,886</u>	<u>437,548</u>
Total federal awards expended					<u>\$ 784,870</u>	<u>\$ 616,205</u>

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

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Rossville Consolidated School District (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 et seq.), 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, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2012	2013
National School Lunch Program	10.555	\$ 32,759	\$ 33,030

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	no
Type of auditor's report issued on compliance for major programs:	Unmodified
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
84.410	Special Education Cluster Educational Jobs Fund

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted the following deficiency in the internal control system of the School Corporation related to financial transactions and reporting of the Financial Statement and the Schedule of Expenditures of Federal Awards. We believe the following deficiencies constitute material weaknesses:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 objections, 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)

Section III – Federal Award Findings and Questioned Costs

FINDING 2013-002 - INTERNAL CONTROL/NONCOMPLIANCE - CASH MANAGEMENT

Federal Agency: Department of Education

Federal Programs: Special Education - Grants to States, Special Education - Preschool Grants,
and ARRA - Special Education - Grants to States

CFDA Number: 84.027, 84.173, 84.391

Federal Award Number and Year (or Other Identifying Number): FY 2012, FY2013

Pass-Through Entity: Community Schools of Frankfort, Lebanon Community School Corporation,
Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the Cash Management requirements for the Special Education programs. The failure to establish an effective internal control system has led to noncompliance with the Cash Management compliance requirements for these programs.

There were instances where the School Corporation included projected expenses for months outside the reimbursement period on their "Requests for Reimbursement," thereby receiving reimbursement for expenses that had not been incurred or paid at the time of the request.

34 CFR 80.21 states in part:

"(b) *Basic standard.* Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205.

(c) *Advances.* Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee.

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

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

31 CFR 205.12(b)(5) states: "Reimbursable funding means that a Federal Program Agency transfers Federal funds to a State after that State has already paid out the funds for Federal assistance program purposes."

An internal control system, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of 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.

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 of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls related to Cash Management compliance requirements.

FINDING 2013-003 - INTERNAL CONTROL/NONCOMPLIANCE - CASH MANAGEMENT

Federal Agency: Department of Education
Federal Program: Education Jobs Fund
CFDA Number: 84.410
Federal Award Number and Year: FY 2012, FY2013
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the Cash Management requirements for the Education Jobs Fund program. The failure to establish an effective internal control system has led to noncompliance with the Cash Management compliance requirement of this program.

There were instances where the School Corporation included projected expenses for months outside the reimbursement period on their Requests for Reimbursement, thereby receiving reimbursement for expenses that had not been incurred or paid at the time of the request.

34 CFR 80.21 states in part:

"(b) *Basic standard.* Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205.

(c) *Advances.* Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee.

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

31 CFR 205.12(b)(5) states: "Reimbursable funding means that a Federal Program Agency transfers Federal funds to a State after that State has already paid out the funds for Federal assistance program purposes."

An internal control system, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of 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.

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 of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls related to Cash Management compliance requirements.



ROSSVILLE CONSOLIDATED SCHOOL DISTRICT

James W. Hanna, Ph.D., *Superintendent*

One Robert Egly Drive • P.O. Box 11 • Rossville, Indiana 46065

Telephone: 765-379-2990 • Fax: 765-379-3014 • jhanna@rcsd.k12.in.us

December 9, 2013

Summary Schedule of Prior Audit Findings

Finding 2011-02, Internal Controls Over Financial Transactions and Reporting

The purpose of this communication is to provide an update regarding the corrective action plan for Rossville Consolidated School District. The administration has reviewed office procedures and has determined that with the current staff it is not feasible to segregate duties to improve internal control. Management, along with the School Board of Trustees, acknowledges and assumes the risk inherent with the current design of their administration office.



ROSSVILLE CONSOLIDATED SCHOOL DISTRICT

James W. Hanna, Ph.D., *Superintendent*

One Robert Egly Drive • P.O. Box 11 • Rossville, Indiana 46065

Telephone: 765-379-2990 • Fax: 765-379-3014 • jhanna@rcsd.k12.in.us

December 9, 2013

Corrective Action Plan

Section II – Financial Statement Findings

FEDERAL FINDING 2013-001, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Lack of Segregation of Duties: The administration office will review office procedures and attempt to assign duties so there will be as much segregation of the incompatible duties as is practical. However, the school corporation is a small unit and management has determined that the costs associated with employing additional staff in order to segregate duties effectively would outweigh the benefits of a stronger internal control. Management, along with the School Board of Trustees, acknowledges and assumes the risk inherent with the current design of their administration office.

Section III-Financial Statement Findings

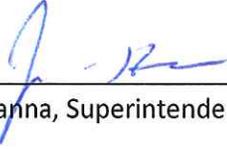
FEDERAL FINDING 2013-002, INTERNAL CONTROLS/NON-COMPLIANCE-CASH MANAGEMENT

Cash Management Non-Compliance: The administration office will review office procedures and attempt to implement an internal control system, which will include as much segregation of the incompatible duties as is practical, related to the Cash Management requirements for federal program compliance. However, the school corporation is a small unit and management has determined that the costs associated with employing additional staff in order to segregate duties effectively would outweigh the benefits of a stronger internal control. Management, along with the School Board of Trustees, acknowledges and assumes the risk inherent with the current design of their administration office.

Section III-Financial Statement Findings

FEDERAL FINDING 2013-003, INTERNAL CONTROLS/NON-COMPLIANCE-CASH MANAGEMENT

Cash Management Non-Compliance: The administration office will review office procedures and attempt to implement an internal control system, which will include as much segregation of the incompatible duties as is practical, related to the Cash Management requirements for federal program compliance. However, the school corporation is a small unit and management has determined that the costs associated with employing additional staff in order to segregate duties effectively would outweigh the benefits of a stronger internal control. Management, along with the School Board of Trustees, acknowledges and assumes the risk inherent with the current design of their administration office.



Dr. James Hanna, Superintendent of Schools



Cheryl Roberson, Treasurer

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on January 15, 2014, with Dr. James Hanna, Superintendent of Schools; Cheryl Roberson, Treasurer; and Phillip Burkle, President of the School Board.