

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

RENSELAER CENTRAL SCHOOL CORPORATION  
JASPER COUNTY, INDIANA

July 1, 2011 to June 30, 2013



**FILED**  
03/07/2014



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dawn Claussen	07-01-11 to 06-30-14
Superintendent of Schools	Ned Speicher	07-01-11 to 06-30-14
President of the School Board	David Rodibaugh Rich Ludington	07-01-11 to 06-30-13 07-01-13 to 06-30-14



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE RENSSELAER CENTRAL  
SCHOOL CORPORATION, JASPER COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of the Rensselaer Central School Corporation (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 22, 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 22, 2014



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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 RENSSELAER CENTRAL  
SCHOOL CORPORATION, JASPER 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 Rensselaer Central School Corporation (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 22, 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*.

***Rensselaer Central 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

January 22, 2014

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## 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.

RENSSELAER CENTRAL SCHOOL CORPORATION  
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	\$ 1,405,143	\$ 10,621,147	\$ 10,724,384	\$ -	\$ 1,301,906	\$ 10,732,620	\$ 10,187,460	\$ (50,000)	\$ 1,797,066
Debt Service	117,107	1,547,141	1,124,567	18,264	557,945	1,836,298	1,768,965	(70,320)	554,958
Retirement/Severance Bond Debt Service	46,096	286,784	251,900	-	80,980	280,338	251,584	(4,510)	105,224
Capital Projects	1,247,359	1,930,518	2,378,534	29,214	828,557	1,959,231	2,654,993	(29,211)	103,584
School Transportation	369,212	884,172	825,027	(50,966)	377,391	873,421	825,337	(86,275)	339,200
School Bus Replacement	(8,985)	65,738	-	(17,100)	39,653	89,222	-	-	128,875
Rainy Day	2,367,321	-	516,770	80,000	1,930,551	-	417,285	75,000	1,588,266
Retirement/Severance Bond	309,489	-	20,706	-	288,783	-	2,592	-	286,191
Construction	-	7,724	93,397	-	(85,673)	658,055	2,156,730	1,991,149	406,801
School Lunch	855,374	797,924	917,501	-	735,797	780,966	904,466	-	612,297
Textbook Rental	44,972	186,356	350,185	-	(118,857)	180,709	65,698	92,062	88,216
Levy Excess	-	-	-	-	-	-	-	73,254	73,254
Educational License Plates	3,538	169	-	-	3,707	206	-	-	3,913
Alternative Education	141	4,337	4,337	-	141	5,045	5,186	-	-
Early Intervention Grant	-	27,072	20,059	-	7,013	-	89	-	6,924
Miscellaneous Programs	1,533	-	522	-	1,011	-	35	-	976
Miscellaneous	5,300	6,345	2,976	-	8,669	38,626	18,833	-	28,462
Drivers Ed	16,476	39,533	35,645	-	20,364	36,132	45,717	-	10,779
Amerimac	500	-	-	-	500	-	-	-	500
Coop School Summer - ESY	-	22,211	22,532	-	(321)	17,327	17,800	-	(794)
FETC - Indiana Trails	-	-	-	-	-	2,460	2,460	-	-
Monsanto	1,992	-	637	-	1,355	-	899	-	456
Auction Fund	-	-	-	-	-	40,296	1,775	-	38,521
HS Gym Floor	-	-	-	-	-	29,429	-	-	29,429
Van Rensselaer Bond	-	-	-	-	-	13,406	-	-	13,406
IPAD Insurance Account	-	-	-	-	-	605	335	-	270
RCPS Ground Lease	-	-	-	-	-	3,000	-	-	3,000
IPAD - Professional Development	-	-	-	-	-	3,000	900	-	2,100
Jasper County REMC	-	-	-	-	-	5,337	-	-	5,337
Jasper Foundation	1,542	1,500	2,546	-	496	1,800	25	-	2,271
High Ability 10-11	17,520	-	17,520	-	-	-	-	-	-

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

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

	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
High Ability 11-12	-	31,069	13,818	-	17,251	-	17,251	-	-
High Ability 12-13	-	-	-	-	-	32,105	29,891	-	2,214
Education Technology	-	160,488	160,488	-	-	-	-	-	-
Drug Free Communities	6,423	3,500	3,942	-	5,981	2,233	2,675	-	5,539
Early Childhood Intervention (First Steps)	-	500	-	-	500	29,324	13,245	-	16,579
Medicaid Reimbursement	4,219	3,687	2,961	-	4,945	8,214	7,901	-	5,258
Non-English Speaking Programs P.L. 273-1999	-	4,692	4,692	-	-	3,959	3,750	-	209
School Technology	4,768	4,768	-	-	9,536	5,187	-	-	14,723
Technology Grants [IC 20-40-15]	42,533	18,453	26,940	-	34,046	31,297	26,881	-	38,462
IYI Grant	-	444	444	-	-	-	-	-	-
ISTA Medical Reimbursement	6,856	2,418	960	-	8,314	-	-	-	8,314
Senator David Ford Technology	-	8,777	132,714	-	(123,937)	172,630	48,693	-	-
Excess PTRC Distributions	59,412	-	-	(59,412)	-	-	-	-	-
Title I 10-11	9,769	-	576	(9,193)	-	-	-	-	-
Title I 11-12	-	200,416	224,930	9,193	(15,321)	44,481	29,160	-	-
Title I 12-13	-	-	-	-	-	144,591	156,460	-	(11,869)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	68,015	68,414	-	(399)
Title IV Safe and Drug Free	2,578	926	3,504	-	-	-	-	-	-
Medicaid Reimbursement - Federal	7,111	7,004	8,337	-	5,778	15,329	13,528	-	7,579
Other Federal Programs	-	2,500	291	-	2,209	-	329	-	1,880
Improving Teaching Quality, No Child Left, Title II, Part A	1,152	47,459	52,395	-	(3,784)	63,492	62,857	-	(3,149)
Title II Part A FY 2012	-	-	-	-	-	3,918	4,074	-	(156)
Title III, Language Instruction	20	-	-	-	20	993	1,013	-	-
Title I - Grants to LEAs	17,046	-	17,046	-	-	-	-	-	-
Special Education - Part B	21,827	-	21,827	-	-	-	-	-	-
Education Jobs	-	273,698	294,539	-	(20,841)	77,422	56,581	-	-
Totals	<u>\$ 6,985,344</u>	<u>\$ 17,199,470</u>	<u>\$ 18,280,149</u>	<u>\$ -</u>	<u>\$ 5,904,665</u>	<u>\$ 18,290,719</u>	<u>\$ 19,871,867</u>	<u>\$ 1,991,149</u>	<u>\$ 6,314,666</u>

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

RENSELAER CENTRAL 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.

RENSELAER CENTRAL 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.

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.

*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.

RENSELAER CENTRAL SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

**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.

RENSELAER CENTRAL SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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:

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.

RENSELAER CENTRAL 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  
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.

**Note 7. Holding Corporations**

The School Corporation has entered into a capital lease with Rensselaer Central High 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 2012 and 2013 totaled \$323,000 and \$323,000, respectively.

The School Corporation has entered into a capital lease with Rensselaer Central Multi-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 year 2013 totaled \$1,010,500.

## 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.

RENSELAER CENTRAL SCHOOL CORPORATION  
 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	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,405,143	\$ 117,107	\$ 46,096	\$ 1,247,359	\$ 369,212	\$ (8,985)	\$ 2,367,321	\$ 309,489
Receipts:								
Local sources	99,358	1,547,141	286,784	1,927,426	703,672	65,738	-	-
Intermediate sources	1,145	-	-	-	-	-	-	-
State sources	10,475,475	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	180,471	-	-	-
Other	45,169	-	-	3,092	29	-	-	-
Total receipts	<u>10,621,147</u>	<u>1,547,141</u>	<u>286,784</u>	<u>1,930,518</u>	<u>884,172</u>	<u>65,738</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	7,113,566	-	-	-	-	-	252,200	20,706
Support services	3,400,009	-	-	538,049	644,524	-	-	-
Noninstructional services	200,916	-	-	-	-	-	-	-
Facilities acquisition and construction	9,893	-	-	1,840,485	-	-	264,570	-
Debt services	-	1,124,567	251,900	-	180,503	-	-	-
Total disbursements	<u>10,724,384</u>	<u>1,124,567</u>	<u>251,900</u>	<u>2,378,534</u>	<u>825,027</u>	<u>-</u>	<u>516,770</u>	<u>20,706</u>
Excess (deficiency) of receipts over disbursements	<u>(103,237)</u>	<u>422,574</u>	<u>34,884</u>	<u>(448,016)</u>	<u>59,145</u>	<u>65,738</u>	<u>(516,770)</u>	<u>(20,706)</u>
Other financing sources (uses):								
Transfers in	-	18,264	-	29,214	9,849	2,085	80,000	-
Transfers out	-	-	-	-	(60,815)	(19,185)	-	-
Total other financing sources (uses)	<u>-</u>	<u>18,264</u>	<u>-</u>	<u>29,214</u>	<u>(50,966)</u>	<u>(17,100)</u>	<u>80,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(103,237)</u>	<u>440,838</u>	<u>34,884</u>	<u>(418,802)</u>	<u>8,179</u>	<u>48,638</u>	<u>(436,770)</u>	<u>(20,706)</u>
Cash and investments - ending	<u>\$ 1,301,906</u>	<u>\$ 557,945</u>	<u>\$ 80,980</u>	<u>\$ 828,557</u>	<u>\$ 377,391</u>	<u>\$ 39,653</u>	<u>\$ 1,930,551</u>	<u>\$ 288,783</u>

RENSELAER CENTRAL SCHOOL CORPORATION  
 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	Educational License Plates	Alternative Education	Early Intervention Grant	Miscellaneous Programs
Cash and investments - beginning	\$ -	\$ 855,374	\$ 44,972	\$ -	\$ 3,538	\$ 141	\$ -	\$ 1,533
Receipts:								
Local sources	7,724	308,496	121,654	-	169	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	9,473	64,702	-	-	4,337	27,072	-
Federal sources	-	479,955	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>7,724</u>	<u>797,924</u>	<u>186,356</u>	<u>-</u>	<u>169</u>	<u>4,337</u>	<u>27,072</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	4,337	20,059	522
Support services	-	-	350,185	-	-	-	-	-
Noninstructional services	-	917,501	-	-	-	-	-	-
Facilities acquisition and construction	93,397	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	<u>93,397</u>	<u>917,501</u>	<u>350,185</u>	<u>-</u>	<u>-</u>	<u>4,337</u>	<u>20,059</u>	<u>522</u>
Excess (deficiency) of receipts over disbursements	<u>(85,673)</u>	<u>(119,577)</u>	<u>(163,829)</u>	<u>-</u>	<u>169</u>	<u>-</u>	<u>7,013</u>	<u>(522)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<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>(85,673)</u>	<u>(119,577)</u>	<u>(163,829)</u>	<u>-</u>	<u>169</u>	<u>-</u>	<u>7,013</u>	<u>(522)</u>
Cash and investments - ending	<u>\$ (85,673)</u>	<u>\$ 735,797</u>	<u>\$ (118,857)</u>	<u>\$ -</u>	<u>\$ 3,707</u>	<u>\$ 141</u>	<u>\$ 7,013</u>	<u>\$ 1,011</u>

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

	Miscellaneous	Drivers Ed	Amerimac	Coop School Summer ESY	Monsanto	Jasper Foundation	High Ability 10-11	High Ability 11-12
Cash and investments - beginning	\$ 5,300	\$ 16,476	\$ 500	\$ -	\$ 1,992	\$ 1,542	\$ 17,520	\$ -
Receipts:								
Local sources	-	39,533	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	31,069
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	6,345	-	-	22,211	-	1,500	-	-
Total receipts	6,345	39,533	-	22,211	-	1,500	-	31,069
Disbursements:								
Current:								
Instruction	-	32,150	-	20,299	637	2,546	17,520	13,818
Support services	2,976	3,495	-	2,233	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	2,976	35,645	-	22,532	637	2,546	17,520	13,818
Excess (deficiency) of receipts over disbursements	3,369	3,888	-	(321)	(637)	(1,046)	(17,520)	17,251
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,369	3,888	-	(321)	(637)	(1,046)	(17,520)	17,251
Cash and investments - ending	\$ 8,669	\$ 20,364	\$ 500	\$ (321)	\$ 1,355	\$ 496	\$ -	\$ 17,251

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

	Education Technology	Drug Free Communities	Early Childhood Intervention (First Steps)	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Technology Grants [IC 20-40-15]	IYI Grant
Cash and investments - beginning	\$ -	\$ 6,423	\$ -	\$ 4,219	\$ -	\$ 4,768	\$ 42,533	\$ -
Receipts:								
Local sources	-	-	500	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	160,488	-	-	3,687	4,692	4,768	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	3,500	-	-	-	-	18,453	444
Total receipts	160,488	3,500	500	3,687	4,692	4,768	18,453	444
Disbursements:								
Current:								
Instruction	-	3,698	-	-	4,692	-	-	444
Support services	160,488	244	-	2,961	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	26,940	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	160,488	3,942	-	2,961	4,692	-	26,940	444
Excess (deficiency) of receipts over disbursements	-	(442)	500	726	-	4,768	(8,487)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(442)	500	726	-	4,768	(8,487)	-
Cash and investments - ending	\$ -	\$ 5,981	\$ 500	\$ 4,945	\$ -	\$ 9,536	\$ 34,046	\$ -

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

	ISTA Medical Reimbursement	Senator David Ford Technology	Excess PTRC Distributions	Title I 10-11	Title I 11-12	Title IV Safe and Drug Free	Medicaid Reimbursement Federal
Cash and investments - beginning	\$ 6,856	\$ -	\$ 59,412	\$ 9,769	\$ -	\$ 2,578	\$ 7,111
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	8,777	-	-	-	-	-
Federal sources	-	-	-	-	200,416	926	7,004
Temporary loans	-	-	-	-	-	-	-
Other	2,418	-	-	-	-	-	-
Total receipts	<u>2,418</u>	<u>8,777</u>	<u>-</u>	<u>-</u>	<u>200,416</u>	<u>926</u>	<u>7,004</u>
Disbursements:							
Current:							
Instruction	-	132,714	-	226	190,230	3,504	-
Support services	960	-	-	350	34,349	-	8,337
Noninstructional services	-	-	-	-	351	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	<u>960</u>	<u>132,714</u>	<u>-</u>	<u>576</u>	<u>224,930</u>	<u>3,504</u>	<u>8,337</u>
Excess (deficiency) of receipts over disbursements	<u>1,458</u>	<u>(123,937)</u>	<u>-</u>	<u>(576)</u>	<u>(24,514)</u>	<u>(2,578)</u>	<u>(1,333)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	9,193	-	-
Transfers out	-	-	(59,412)	(9,193)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(59,412)</u>	<u>(9,193)</u>	<u>9,193</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,458</u>	<u>(123,937)</u>	<u>(59,412)</u>	<u>(9,769)</u>	<u>(15,321)</u>	<u>(2,578)</u>	<u>(1,333)</u>
Cash and investments - ending	<u>\$ 8,314</u>	<u>\$ (123,937)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,321)</u>	<u>\$ -</u>	<u>\$ 5,778</u>

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

	Other Federal Programs	Improving Teaching Quality No Child Left Title II, Part A	Title III Language Instruction	Title I Grants to LEAs	Special Education Part B	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ 1,152	\$ 20	\$ 17,046	\$ 21,827	\$ -	\$ 6,985,344
Receipts:							
Local sources	-	-	-	-	-	-	5,108,195
Intermediate sources	-	-	-	-	-	-	1,145
State sources	-	-	-	-	-	-	10,794,540
Federal sources	2,500	47,459	-	-	-	273,698	1,011,958
Temporary loans	-	-	-	-	-	-	180,471
Other	-	-	-	-	-	-	103,161
Total receipts	<u>2,500</u>	<u>47,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>273,698</u>	<u>17,199,470</u>
Disbursements:							
Current:							
Instruction	291	52,395	-	17,046	21,827	294,539	8,219,966
Support services	-	-	-	-	-	-	5,149,160
Noninstructional services	-	-	-	-	-	-	1,118,768
Facilities acquisition and construction	-	-	-	-	-	-	2,235,285
Debt services	-	-	-	-	-	-	1,556,970
Total disbursements	<u>291</u>	<u>52,395</u>	<u>-</u>	<u>17,046</u>	<u>21,827</u>	<u>294,539</u>	<u>18,280,149</u>
Excess (deficiency) of receipts over disbursements	<u>2,209</u>	<u>(4,936)</u>	<u>-</u>	<u>(17,046)</u>	<u>(21,827)</u>	<u>(20,841)</u>	<u>(1,080,679)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	148,605
Transfers out	-	-	-	-	-	-	(148,605)
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>2,209</u>	<u>(4,936)</u>	<u>-</u>	<u>(17,046)</u>	<u>(21,827)</u>	<u>(20,841)</u>	<u>(1,080,679)</u>
Cash and investments - ending	<u>\$ 2,209</u>	<u>\$ (3,784)</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,841)</u>	<u>\$ 5,904,665</u>

RENSELAER CENTRAL SCHOOL CORPORATION  
 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	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 1,301,906	\$ 557,945	\$ 80,980	\$ 828,557	\$ 377,391	\$ 39,653	\$ 1,930,551	\$ 288,783	\$ (85,673)
Receipts:									
Local sources	74,527	1,836,298	280,338	1,959,231	691,099	89,222	-	-	631
Intermediate sources	1,145	-	-	-	-	-	-	-	-
State sources	10,640,509	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	182,322	-	-	-	657,424
Other	16,439	-	-	-	-	-	-	-	-
Total receipts	10,732,620	1,836,298	280,338	1,959,231	873,421	89,222	-	-	658,055
Disbursements:									
Current:									
Instruction	6,663,452	-	-	-	-	-	108,227	2,592	-
Support services	3,320,486	-	-	675,330	644,866	-	-	-	-
Noninstructional services	203,522	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,979,663	-	-	309,058	-	2,156,730
Debt services	-	1,768,965	251,584	-	180,471	-	-	-	-
Total disbursements	10,187,460	1,768,965	251,584	2,654,993	825,337	-	417,285	2,592	2,156,730
Excess (deficiency) of receipts over disbursements	545,160	67,333	28,754	(695,762)	48,084	89,222	(417,285)	(2,592)	(1,498,675)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	1,991,149
Transfers in	-	-	-	-	-	-	75,000	-	-
Transfers out	(50,000)	(70,320)	(4,510)	(29,211)	(86,275)	-	-	-	-
Total other financing sources (uses)	(50,000)	(70,320)	(4,510)	(29,211)	(86,275)	-	75,000	-	1,991,149
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	495,160	(2,987)	24,244	(724,973)	(38,191)	89,222	(342,285)	(2,592)	492,474
Cash and investments - ending	\$ 1,797,066	\$ 554,958	\$ 105,224	\$ 103,584	\$ 339,200	\$ 128,875	\$ 1,588,266	\$ 286,191	\$ 406,801

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

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	Early Intervention Grant	Miscellaneous Programs	Miscellaneous	Drivers Ed
Cash and investments - beginning	\$ 735,797	\$ (118,857)	\$ -	\$ 3,707	\$ 141	\$ 7,013	\$ 1,011	\$ 8,669	\$ 20,364
Receipts:									
Local sources	295,397	122,599	-	206	-	-	-	-	36,132
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	8,942	58,110	-	-	5,045	-	-	-	-
Federal sources	476,627	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	38,626	-
Total receipts	780,966	180,709	-	206	5,045	-	-	38,626	36,132
Disbursements:									
Current:									
Instruction	-	-	-	-	5,186	89	35	13,116	32,480
Support services	-	65,698	-	-	-	-	-	2,867	13,237
Noninstructional services	904,466	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	2,850	-
Debt services	-	-	-	-	-	-	-	-	-
Total disbursements	904,466	65,698	-	-	5,186	89	35	18,833	45,717
Excess (deficiency) of receipts over disbursements	(123,500)	115,011	-	206	(141)	(89)	(35)	19,793	(9,585)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	92,062	73,254	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	92,062	73,254	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(123,500)	207,073	73,254	206	(141)	(89)	(35)	19,793	(9,585)
Cash and investments - ending	\$ 612,297	\$ 88,216	\$ 73,254	\$ 3,913	\$ -	\$ 6,924	\$ 976	\$ 28,462	\$ 10,779

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

	Amerimac	Coop School Summer ESY	FETC Indiana Trails	Monsanto	Auction Fund	HS Gym Floor	Van Rensselaer Bond	IPAD Insurance Account
Cash and investments - beginning	\$ 500	\$ (321)	\$ -	\$ 1,355	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	17,327	2,460	-	40,296	29,429	13,406	605
Total receipts	-	17,327	2,460	-	40,296	29,429	13,406	605
Disbursements:								
Current:								
Instruction	-	16,393	-	899	-	-	-	-
Support services	-	1,407	2,460	-	1,775	-	-	335
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	-	17,800	2,460	899	1,775	-	-	335
Excess (deficiency) of receipts over disbursements	-	(473)	-	(899)	38,521	29,429	13,406	270
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(473)	-	(899)	38,521	29,429	13,406	270
Cash and investments - ending	\$ 500	\$ (794)	\$ -	\$ 456	\$ 38,521	\$ 29,429	\$ 13,406	\$ 270

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

	RCPS Ground Lease	IPAD Professional Development	Jasper County REMC	Jasper Foundation	High Ability 11-12	High Ability 12-13	Drug Free Communities	Early Childhood Intervention (First Steps)
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 496	\$ 17,251	\$ -	\$ 5,981	\$ 500
Receipts:								
Local sources	-	-	-	-	-	-	-	29,324
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	32,105	2,233	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	3,000	3,000	5,337	1,800	-	-	-	-
Total receipts	3,000	3,000	5,337	1,800	-	32,105	2,233	29,324
Disbursements:								
Current:								
Instruction	-	900	-	25	17,251	29,891	2,431	13,245
Support services	-	-	-	-	-	-	244	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	-	900	-	25	17,251	29,891	2,675	13,245
Excess (deficiency) of receipts over disbursements	3,000	2,100	5,337	1,775	(17,251)	2,214	(442)	16,079
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,000	2,100	5,337	1,775	(17,251)	2,214	(442)	16,079
Cash and investments - ending	\$ 3,000	\$ 2,100	\$ 5,337	\$ 2,271	\$ -	\$ 2,214	\$ 5,539	\$ 16,579

RENSELAER CENTRAL SCHOOL CORPORATION  
 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	Non-English Speaking Programs P.L. 273-1999	School Technology	Technology Grants [IC 20-40-15]	ISTA Medical Reimbursement	Senator David Ford Technology	Title I 11-12	Title I 12-13
Cash and investments - beginning	\$ 4,945	\$ -	\$ 9,536	\$ 34,046	\$ 8,314	\$ (123,937)	\$ (15,321)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	8,214	3,959	5,187	-	-	172,630	-	-
Federal sources	-	-	-	-	-	-	44,481	144,591
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	31,297	-	-	-	-
Total receipts	8,214	3,959	5,187	31,297	-	172,630	44,481	144,591
Disbursements:								
Current:								
Instruction	-	3,750	-	-	-	48,693	17,151	123,361
Support services	7,901	-	-	2,767	-	-	9,395	32,313
Noninstructional services	-	-	-	-	-	-	2,614	786
Facilities acquisition and construction	-	-	-	24,114	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	7,901	3,750	-	26,881	-	48,693	29,160	156,460
Excess (deficiency) of receipts over disbursements	313	209	5,187	4,416	-	123,937	15,321	(11,869)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	313	209	5,187	4,416	-	123,937	15,321	(11,869)
Cash and investments - ending	\$ 5,258	\$ 209	\$ 14,723	\$ 38,462	\$ 8,314	\$ -	\$ -	\$ (11,869)

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

	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Medicaid Reimbursement Federal	Other Federal Programs	Improving Teaching Quality No Child Left Title II, Part A	Title III Part A FY 2012	Title III Language Instruction	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ 5,778	\$ 2,209	\$ (3,784)	\$ -	\$ 20	\$ (20,841)	\$ 5,904,665
Receipts:								
Local sources	-	-	-	-	-	-	-	5,415,004
Intermediate sources	-	-	-	-	-	-	-	1,145
State sources	-	-	-	-	-	-	-	10,936,934
Federal sources	68,015	15,329	-	63,492	3,918	993	77,422	894,868
Temporary loans	-	-	-	-	-	-	-	839,746
Other	-	-	-	-	-	-	-	203,022
Total receipts	<u>68,015</u>	<u>15,329</u>	<u>-</u>	<u>63,492</u>	<u>3,918</u>	<u>993</u>	<u>77,422</u>	<u>18,290,719</u>
Disbursements:								
Current:								
Instruction	68,015	-	329	62,857	4,074	1,013	56,581	7,292,036
Support services	-	13,528	-	-	-	-	-	4,794,609
Noninstructional services	-	-	-	-	-	-	-	1,111,388
Facilities acquisition and construction	399	-	-	-	-	-	-	4,472,814
Debt services	-	-	-	-	-	-	-	2,201,020
Total disbursements	<u>68,414</u>	<u>13,528</u>	<u>329</u>	<u>62,857</u>	<u>4,074</u>	<u>1,013</u>	<u>56,581</u>	<u>19,871,867</u>
Excess (deficiency) of receipts over disbursements	<u>(399)</u>	<u>1,801</u>	<u>(329)</u>	<u>635</u>	<u>(156)</u>	<u>(20)</u>	<u>20,841</u>	<u>(1,581,148)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,991,149
Transfers in	-	-	-	-	-	-	-	240,316
Transfers out	-	-	-	-	-	-	-	(240,316)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,991,149</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(399)</u>	<u>1,801</u>	<u>(329)</u>	<u>635</u>	<u>(156)</u>	<u>(20)</u>	<u>20,841</u>	<u>410,001</u>
Cash and investments - ending	<u>\$ (399)</u>	<u>\$ 7,579</u>	<u>\$ 1,880</u>	<u>\$ (3,149)</u>	<u>\$ (156)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,314,666</u>

RENSELAER CENTRAL SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Capital Leases				
Rensselaer Central High School Holding Corp	Refinance	\$ 321,300	07-15-07	07-15-21
Rensselaer Central Multi-School Building Corp	New Primary School/Security	<u>1,077,775</u>	07-15-11	12-31-31
Total of annual lease payments		<u>\$ 1,399,075</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Notes and loans payable:			
General obligation bonds - 2012	Improvements to High School and Van Rens	\$ 2,000,000	\$ 295,388
General obligation pension bond 2005	Retirement - pension	365,000.00	254,356.00
Tax anticipation warrants	Indiana Bond Bank - transportation	182,322.00	183,742.59
Lines of credit	Alliance Bank	657,424.00	663,367.64
Other debt - common school	A1452 - 2010 - 165,687.00	66,275.00	33,717.30
Other debt - common school	A1594 - 2012 - 160,488.00	<u>144,439</u>	<u>33,462</u>
Totals		<u>\$ 3,415,460</u>	<u>\$ 1,464,033</u>

RENSELAER CENTRAL SCHOOL CORPORATION  
 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	\$ 997,423
Buildings	23,769,210
Machinery, equipment, and vehicles	4,433,415
Construction in progress	14,192,884
Total capital assets	\$ 43,392,932

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE RENSSELAER CENTRAL  
SCHOOL CORPORATION, JASPER COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited the Rensselaer Central 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, 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)

***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 2013-002 and 2013-003 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

January 22, 2014

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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RENSSELAER CENTRAL SCHOOL CORPORATION  
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	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553		\$ 117,223	\$ 115,065
National School Lunch Program	Indiana Department of Education	10.555		<u>421,675</u>	<u>423,826</u>
Total - U.S. Department of Agriculture				<u>538,898</u>	<u>538,891</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
FY 2011-2012			11-3815	200,416	44,481
FY 2012-2013			12-3815	<u>-</u>	<u>144,591</u>
Total - Title I, Part A Cluster				<u>200,416</u>	<u>189,072</u>
Special Education (IDEA) Cluster					
Special Education - Grants to States	Indiana Department of Education	84.027			
FY 2012-2013			12-3815	<u>-</u>	<u>68,015</u>
Total - Special Education Cluster (IDEA)				<u>-</u>	<u>68,015</u>
Safe and Drug Free Schools and Communities - State Grants					
Title VI-Safe and Drug Free Schools	Indiana Department of Education	84.186			
PL 107-110 SY 09-10			10-3815	<u>926</u>	<u>-</u>
English Language Acquisition Grants					
SY - 12-13	West Lafayette School Corporation	84.365			
			12-3815	<u>-</u>	<u>993</u>
Improving Teacher Quality State Grants					
SY - 10-11	Indiana Department of Education	84.367	10-3815	45,727	16,152
SY - 11-12			11-3815	1,732	47,340
SY - 12-13			12-3815	<u>-</u>	<u>3,918</u>
Total - Improving Teacher Quality State Grants				<u>47,459</u>	<u>67,410</u>
Education Jobs Fund					
Education Jobs	Indiana Department of Education	84.410	10-3815	<u>273,698</u>	<u>77,422</u>
Total - U.S. Department of Education				<u>522,499</u>	<u>402,912</u>
Total federal awards expended				<u>\$ 1,061,397</u>	<u>\$ 941,803</u>

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

RENSSELAER CENTRAL SCHOOL CORPORATION  
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 Rensselaer Central School Corporation (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
Child Nutrition Cluster: Food Commodities: National School Lunch Program	10.555	\$ 58,944	\$ 62,264

RENSELAER CENTRAL 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?	no

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:	Unmodified
---	------------

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes
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Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.410	Child Nutrition Cluster Education 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 Finding**

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

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. 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 school lunch 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.

RENSELAER CENTRAL SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the School Corporation's audited financial statement and then determining how those identified risks should be managed. The School Corporation has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the School Board to monitor and assess the quality of the School Corporation's system of internal control. The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls.

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)

**Section III – Federal Award Findings and Questioned Costs**

**FINDING 2013-002 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE CHILD NUTRITION CLUSTER**

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY 2012, FY 2013

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 grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Eligibility; Equipment and Real Property; Procurement, Suspension and Debarment; Program Income; Reporting; and Special Test and Provisions. The failure to establish an effective internal control system places 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 grant.

RENSELAER CENTRAL SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 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. 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. Non-compliance with 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's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect on the program.

***FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS  
THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE EDUCATION JOBS FUND***

Federal Agency: U.S. Department of Education

Federal Program: Education Jobs Fund

CFDA Number: 84.410

Federal Award Number and Year (or Other Identifying Number): 10-3815, FY 2012, FY 2013

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 grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Period of Availability; and Reporting. The failure to establish an effective internal control system places 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 grant.

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 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. 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.

RENSELAER CENTRAL SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 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's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect on the program.

# RENSELAEER CENTRAL SCHOOLS CORPORATION

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**Mr. Ned L. Speicher**  
Superintendent

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2011-2

Original SBOA Audit Report Number: B39941

Finding Notation: Internal Controls over Financial Transactions and Reporting

Auditee Contact Person: Dawn Claussen

Title of Contact Person: Treasurer

Phone: (219)-866-7822

Fiscal Year: 2011

### Status of Finding:

The corporation treasurer's office has attempted to institute duties that would involve, at least on a sample basis, reviews of the work being performed by each of the office employees. However, the school is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate the duties in the office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent with the current design of their treasurer's office.



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12/3/2013

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Dawn Claussen, Corporation Treasurer

Date

605 Grove Street – Rensselaer, Indiana 47978

Phone 219.866.7822 – Fax 219.866.8360

[www.renselaerschools.org](http://www.renselaerschools.org)

# RENSSELAER CENTRAL SCHOOLS CORPORATION

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**Mr. Ned L. Speicher**  
Superintendent

## Corrective Action Plan

Auditee Contact Person: Dawn Claussen  
Title of Contact Person: Treasurer  
Phone Number of Contact Person: (219)-866-7822

### Section II Financial Statement Finding

#### FINDING 2013-01 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The management of the Rensselaer Central School Corporation has reviewed the Financial Statement Findings related to their audit for the fiscal year ending June 30, 2013 and offers the following corrective actions.

1. Lack of Segregation of Duties – The corporation treasurer's office will review their office procedures and attempt to institute duties that would involve, at least on a sample basis, reviews of the work being performed by each of the office employees. However, the school is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate the duties in the office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent with the current design of their treasurer's office.

### Section III – Federal Award Findings And Questioned Costs

#### Finding 2013-2 Internal Controls over Financial Transactions and Reporting

Federal Agency: U.S. Department of Agriculture

Federal Program: Child Nutrition Cluster

CFDA Number: 10.553 & 10.555

Pass Through Entity: Indiana Department of Education

The management of the Rensselaer Central School Corporation has reviewed the Financial Statement Findings related to their audit for the fiscal year ending June 30, 2013 and offers the following corrective actions.

1. Lack of Segregation of Duties – The corporation treasurer's office will review their office procedures and attempt to institute duties that would involve, at least on a sample basis, reviews of the work being performed by each of the office employees. However, the school is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate the duties in the office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent with the current design of their treasurer's office.

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Section III – Federal Award Findings And Questioned Costs

Finding 2013-3 Internal Controls over Financial Transactions and Reporting

Federal Agency: U.S. Department of Education

Federal Program: Education Jobs

CFDA Number: 84.410

Pass Through Entity: Indiana Department of Education

The management of the Rensselaer Central School Corporation has reviewed the Financial Statement Findings related to their audit for the fiscal year ending June 30, 2013 and offers the following corrective actions.

1. Lack of Segregation of Duties – The corporation treasurer's office will review their office procedures and attempt to institute duties that would involve, at least on a sample basis, reviews of the work being performed by each of the office employees. However, the school is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate the duties in the office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent with the current design of their treasurer's office.



Dawn Claussen, Treasurer

Dated: December 3, 2013

RENSELAER CENTRAL SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on January 22, 2014, with Ned Speicher, Superintendent of Schools, and Dawn Claussen, Treasurer.