

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

RICHLAND-BEAN BLOSSOM COMMUNITY  
SCHOOL CORPORATION  
MONROE COUNTY, INDIANA

July 1, 2013 to June 30, 2014



**FILED**  
08/24/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Emily Richart Rosemarie Merrick (Vacant) Debbie Tate	07-01-13 to 06-02-14 06-03-14 to 03-02-15 03-03-15 to 03-29-15 03-30-15 to 12-31-16
Superintendent of Schools	Dr. Michael Wilcox	07-01-13 to 06-30-19
President of the School Board	Dana Robert Kerr	01-01-13 to 12-31-16



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**INDEPENDENT AUDITOR'S REPORT**

TO: THE OFFICIALS OF THE RICHLAND-BEAN BLOSSOM COMMUNITY  
SCHOOL CORPORATION, MONROE COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Richland-Bean Blossom Community School Corporation (School Corporation), which comprises the financial position and results of operations for the year ended June 30, 2014, and the related notes to the financial statement as listed in the Table of Contents.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the year ended June 30, 2014.

***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 year ended June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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


*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2016, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

June 20, 2016



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

TO: THE OFFICIALS OF THE RICHLAND-BEAN BLOSSOM COMMUNITY  
SCHOOL CORPORATION, MONROE 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 Richland-Bean Blossom Community School Corporation (School Corporation), which comprises the financial position and results of operations for the year ended June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated June 20, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 and 2014-002 to be material weaknesses.



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

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002.

**Richland-Bean Blossom Community School Corporation's Response to Findings**

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

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

June 20, 2016

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ -	\$ 17,446,817	\$ 16,635,136	\$ (400,915)	\$ 410,766
Debt Service	2,548,838	5,588,698	5,954,672	642,760	2,825,624
Retirement/Severance Bond Debt Service	11,335	224,448	232,104	-	3,679
Capital Projects	-	2,071,100	2,047,249	(58,134)	(34,283)
School Transportation	98,902	1,542,366	1,189,240	-	452,028
School Bus Replacement	412,591	408,822	759,183	-	62,230
Rainy Day	454,524	-	-	-	454,524
Retirement/Severance Bond	469,418	-	-	-	469,418
School Lunch	227,433	931,652	917,291	-	241,794
Textbook Rental	171,364	213,059	374,848	-	9,575
Joint Services and Supply - Special Education Cooperative	-	895,326	849,426	(49,541)	(3,641)
Educational License Plates	300	-	-	-	300
Alternative Education	31,736	5,940	-	-	37,676
SAFE School Haven	-	4,856	-	(3,627)	1,229
Corporation Calendar	6,623	1,560	5,728	-	2,455
Smithville Disc Golf	76	-	48	-	28
Smithville EIS Art	861	732	1,593	-	-
Psi Iota Xi Donation	316	-	-	-	316
Metiri Group Grant	-	-	-	(5,320)	(5,320)
Gate Community Foundation	4,351	-	-	-	4,351
Family Engagement/Comm Founda	-	25,000	-	-	25,000
Community Foundation/Social Wk	-	1,029	974	-	55
Community Foundation Preschool	-	37,500	1,379	(9,704)	26,417
Scholarship/Oliver Deckard	3,962	24	500	-	3,486
Scholarships/Ed Ellett	9,933	42	-	-	9,975
Scholarships/Lisa Lagneaux	4,824	19	500	-	4,343
Scholarship/Lundy	2,000	-	2,000	-	-
Boston Scientific Grant	-	1,000	-	-	1,000
Scholarship /VFW Post 10526	7,858	37	500	-	7,395
Scholarship/Joyce Gates	7,425	1,019	-	-	8,444
Dairy and Nutrition Council	682	-	-	-	682
Coordinated School Health	263	1,183	614	-	832
Action For Healthy Kids	-	2,500	1,077	-	1,423
Gen Youth Foundation	-	1,150	815	-	335

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

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
Donations/Spec Needs Field Trip	3,625	1,968	2,654	-	2,939
Journalism Trip 2014	-	3,712	3,712	-	-
GQE Remediation	12,685	-	-	-	12,685
High Ability 12-13	9,840	-	9,840	-	-
High Ability 13 -14	-	34,933	27,572	-	7,361
Medicaid Reimbursement	11,661	24,069	34,986	-	744
Non-English Speaking 12-13	1,037	-	-	-	1,037
School Technology	-	5,613	6,785	(631)	(1,803)
Senator David Ford Technology	2,083	7,498	9,581	-	-
David C. Ford, Part 2	-	53,245	33,784	(14,048)	5,413
Title I 12-13	-	84,894	58,552	(26,342)	-
Title I 13-14	-	248,465	290,679	-	(42,214)
PL 101-476 IDEA 11-12	-	-	(710)	(710)	-
Special Education Improvement Award 2013	-	69,051	69,051	-	-
Special Education Technical Assistance	-	8,422	17,824	-	(9,402)
PL 101-476 IDEA 12-13	-	308,138	265,080	(43,176)	(118)
PL 101-476 IDEA 13-14	-	842,698	949,599	-	(106,901)
PL 99-457 Preschool 11-12	-	2,472	1,691	(780)	1
PL 99-457 Preschool 12-13	-	29,744	28,987	(1,087)	(330)
PL 99-457 Preschool 13-14	-	41,885	44,853	-	(2,968)
Medicaid Reimbursement - Federal	52,558	44,642	13,412	-	83,788
Title II 13-14	-	44,041	46,624	(269)	(2,852)
Title II 12-13	-	6,257	3,862	(2,395)	-
LSTA Grant	-	4,081	-	(4,081)	-
HUSSC Program	2,500	-	1,003	-	1,497
Special Education Part B	6,234	-	-	-	6,234
Qualified School Construction Bond	24,880	-	24,880	-	-
Payroll Withholdings	115,239	4,124,922	4,127,021	-	113,140
Totals	<u>\$ 4,717,957</u>	<u>\$ 35,396,629</u>	<u>\$ 35,046,199</u>	<u>\$ 22,000</u>	<u>\$ 5,090,387</u>

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

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

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

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

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

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State sources, which 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, which 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.

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*F. Other Financing Sources and Uses*

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

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.



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

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

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

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

**B. Teachers' Retirement Fund**

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants or from expenses exceeding revenues. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2014.

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8.  *Holding Corporations***

The School Corporation has entered into capital leases with Edgewood High School Building Corporation and Richland-Bean Blossom School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Lease payments during the 2013-2014 fiscal year totaled, \$1,836,508 and \$2,753,000, respectively.

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#### OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ -	\$ 2,548,838	\$ 11,335	\$ -	\$ 98,902	\$ 412,591	\$ 454,524
Receipts:							
Local sources	221,225	4,488,698	224,448	2,021,924	1,033,760	408,822	-
Intermediate sources	-	-	-	-	-	-	-
State sources	16,507,261	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	600,000	1,100,000	-	-	500,000	-	-
Other receipts	118,331	-	-	49,176	8,606	-	-
Total receipts	<u>17,446,817</u>	<u>5,588,698</u>	<u>224,448</u>	<u>2,071,100</u>	<u>1,542,366</u>	<u>408,822</u>	<u>-</u>
Disbursements:							
Instruction	10,853,228	-	-	-	-	-	-
Support services	4,707,283	-	-	999,481	689,240	759,183	-
Noninstructional services	474,625	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,047,768	-	-	-
Debt services	600,000	5,954,672	232,104	-	500,000	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>16,635,136</u>	<u>5,954,672</u>	<u>232,104</u>	<u>2,047,249</u>	<u>1,189,240</u>	<u>759,183</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>811,681</u>	<u>(365,974)</u>	<u>(7,656)</u>	<u>23,851</u>	<u>353,126</u>	<u>(350,361)</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	22,000	-	-	-	-	-	-
Transfers in	-	642,760	-	-	-	-	-
Transfers out	(422,915)	-	-	(58,134)	-	-	-
Total other financing sources (uses)	<u>(400,915)</u>	<u>642,760</u>	<u>-</u>	<u>(58,134)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>410,766</u>	<u>276,786</u>	<u>(7,656)</u>	<u>(34,283)</u>	<u>353,126</u>	<u>(350,361)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 410,766</u>	<u>\$ 2,825,624</u>	<u>\$ 3,679</u>	<u>\$ (34,283)</u>	<u>\$ 452,028</u>	<u>\$ 62,230</u>	<u>\$ 454,524</u>

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

	Retirement/ Severance Bond	School Lunch	Textbook Rental	Joint Services and Supply - Special Education Cooperative	Educational License Plates	Alternative Education	SAFE School Haven
Cash and investments - beginning	\$ 469,418	\$ 227,433	\$ 171,364	\$ -	\$ 300	\$ 31,736	\$ -
Receipts:							
Local sources	-	403,087	133,743	891,320	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	9,749	76,035	-	-	5,940	4,856
Federal sources	-	518,816	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	3,281	4,006	-	-	-
Total receipts	-	931,652	213,059	895,326	-	5,940	4,856
Disbursements:							
Instruction	-	-	-	408,424	-	-	-
Support services	-	1,895	374,848	441,002	-	-	-
Noninstructional services	-	915,396	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	917,291	374,848	849,426	-	-	-
Excess (deficiency) of receipts over disbursements	-	14,361	(161,789)	45,900	-	5,940	4,856
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(49,541)	-	-	(3,627)
Total other financing sources (uses)	-	-	-	(49,541)	-	-	(3,627)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	14,361	(161,789)	(3,641)	-	5,940	1,229
Cash and investments - ending	\$ 469,418	\$ 241,794	\$ 9,575	\$ (3,641)	\$ 300	\$ 37,676	\$ 1,229

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

	Corporation Calander	Smithville Disc Golf	Smithville EIS Art	Psi Iota Xi Donation	Metiri Group Grant	Gate Community Foundation	Family Engagement Comm Founda
Cash and investments - beginning	\$ 6,623	\$ 76	\$ 861	\$ 316	\$ -	\$ 4,351	\$ -
Receipts:							
Local sources	1,560	-	732	-	-	-	25,000
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	1,560	-	732	-	-	-	25,000
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	5,728	-	1,093	-	-	-	-
Noninstructional services	-	48	-	-	-	-	-
Facilities acquisition and construction	-	-	500	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	5,728	48	1,593	-	-	-	-
Excess (deficiency) of receipts over disbursements	(4,168)	(48)	(861)	-	-	-	25,000
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(5,320)	-	-
Total other financing sources (uses)	-	-	-	-	(5,320)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,168)	(48)	(861)	-	(5,320)	-	25,000
Cash and investments - ending	\$ 2,455	\$ 28	\$ -	\$ 316	\$ (5,320)	\$ 4,351	\$ 25,000



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

	Community Foundation/ Social Wk	Community Foundation Preschool	Scholarship/ Oliver Deckard	Scholarship/ ED Ellett	Scholarship/ Lisa Lagneaux	Scholarship/ Lundy	Boston Scientific Grant
Cash and investments - beginning	\$ -	\$ -	\$ 3,962	\$ 9,933	\$ 4,824	\$ 2,000	\$ -
Receipts:							
Local sources	1,029	37,500	24	42	19	-	1,000
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>1,029</u>	<u>37,500</u>	<u>24</u>	<u>42</u>	<u>19</u>	<u>-</u>	<u>1,000</u>
Disbursements:							
Instruction	-	1,379	-	-	-	-	-
Support services	974	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	500	-	500	2,000	-
Total disbursements	<u>974</u>	<u>1,379</u>	<u>500</u>	<u>-</u>	<u>500</u>	<u>2,000</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>55</u>	<u>36,121</u>	<u>(476)</u>	<u>42</u>	<u>(481)</u>	<u>(2,000)</u>	<u>1,000</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(9,704)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(9,704)</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>55</u>	<u>26,417</u>	<u>(476)</u>	<u>42</u>	<u>(481)</u>	<u>(2,000)</u>	<u>1,000</u>
Cash and investments - ending	<u>\$ 55</u>	<u>\$ 26,417</u>	<u>\$ 3,486</u>	<u>\$ 9,975</u>	<u>\$ 4,343</u>	<u>\$ -</u>	<u>\$ 1,000</u>

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

	Scholarship/ VFW Post 10526	Scholarship/ Joyce Gates	Dairy and Nutrition Council	Coordinated School Health	Action For Healthy Kids	Gen Youth Foundation	Donations/ Specs Needs Field Trip
Cash and investments - beginning	\$ 7,858	\$ 7,425	\$ 682	\$ 263	\$ -	\$ -	\$ 3,625
Receipts:							
Local sources	37	1,019	-	1,183	2,500	1,150	-
Intermediate sources	-	-	-	-	-	-	1,968
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>37</u>	<u>1,019</u>	<u>-</u>	<u>1,183</u>	<u>2,500</u>	<u>1,150</u>	<u>1,968</u>
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	-	614	-	-	2,654
Noninstructional services	-	-	-	-	1,077	815	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	500	-	-	-	-	-	-
Total disbursements	<u>500</u>	<u>-</u>	<u>-</u>	<u>614</u>	<u>1,077</u>	<u>815</u>	<u>2,654</u>
Excess (deficiency) of receipts over disbursements	<u>(463)</u>	<u>1,019</u>	<u>-</u>	<u>569</u>	<u>1,423</u>	<u>335</u>	<u>(686)</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>(463)</u>	<u>1,019</u>	<u>-</u>	<u>569</u>	<u>1,423</u>	<u>335</u>	<u>(686)</u>
Cash and investments - ending	<u>\$ 7,395</u>	<u>\$ 8,444</u>	<u>\$ 682</u>	<u>\$ 832</u>	<u>\$ 1,423</u>	<u>\$ 335</u>	<u>\$ 2,939</u>

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

	Journalism Trip 2014	GQE Remediation	High Ability 12-13	High Ability 13-14	Medicaid Reimbursement	Non English speaking 12-13	School Technology
Cash and investments - beginning	\$ -	\$ 12,685	\$ 9,840	\$ -	\$ 11,661	\$ 1,037	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	3,712	-	-	-	-	-	-
State sources	-	-	-	34,933	24,069	-	5,613
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>3,712</u>	<u>-</u>	<u>-</u>	<u>34,933</u>	<u>24,069</u>	<u>-</u>	<u>5,613</u>
Disbursements:							
Instruction	-	-	9,840	27,572	-	-	-
Support services	3,712	-	-	-	34,986	-	6,785
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>3,712</u>	<u>-</u>	<u>9,840</u>	<u>27,572</u>	<u>34,986</u>	<u>-</u>	<u>6,785</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(9,840)</u>	<u>7,361</u>	<u>(10,917)</u>	<u>-</u>	<u>(1,172)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(631)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(631)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>(9,840)</u>	<u>7,361</u>	<u>(10,917)</u>	<u>-</u>	<u>(1,803)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 12,685</u>	<u>\$ -</u>	<u>\$ 7,361</u>	<u>\$ 744</u>	<u>\$ 1,037</u>	<u>\$ (1,803)</u>

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

	Senator David Ford Technology	David C. Ford, Part 2	Title I 12-13	Title I 13-14	PL 101-476 IDEA 11-12	Special Education Improvement Award 2013	Special Education Technical Assistance
Cash and investments - beginning	\$ 2,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	8,422
Intermediate sources	-	-	-	-	-	-	-
State sources	7,498	53,245	-	-	-	-	-
Federal sources	-	-	84,894	248,465	-	69,051	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>7,498</u>	<u>53,245</u>	<u>84,894</u>	<u>248,465</u>	<u>-</u>	<u>69,051</u>	<u>8,422</u>
Disbursements:							
Instruction	-	-	48,053	238,224	(710)	69,051	17,824
Support services	9,581	33,784	10,499	52,455	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>9,581</u>	<u>33,784</u>	<u>58,552</u>	<u>290,679</u>	<u>(710)</u>	<u>69,051</u>	<u>17,824</u>
Excess (deficiency) of receipts over disbursements	<u>(2,083)</u>	<u>19,461</u>	<u>26,342</u>	<u>(42,214)</u>	<u>710</u>	<u>-</u>	<u>(9,402)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(14,048)	(26,342)	-	(710)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(14,048)</u>	<u>(26,342)</u>	<u>-</u>	<u>(710)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,083)</u>	<u>5,413</u>	<u>-</u>	<u>(42,214)</u>	<u>-</u>	<u>-</u>	<u>(9,402)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 5,413</u>	<u>\$ -</u>	<u>\$ (42,214)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,402)</u>

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

	PL 101-476 IDEA 12-13	PL 101-476 IDEA 13-14	PL 99-457 Preschool 11-12	PL 99-457 Preschool 12-13	PL 99-457 Preschool 13-14	Medicaid Reimbursement - Federal	Title II 13-14
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,558	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	308,138	842,698	2,472	29,744	41,885	44,642	44,041
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>308,138</u>	<u>842,698</u>	<u>2,472</u>	<u>29,744</u>	<u>41,885</u>	<u>44,642</u>	<u>44,041</u>
Disbursements:							
Instruction	201,268	767,814	1,691	28,987	44,853	13,278	-
Support services	63,812	181,785	-	-	-	134	46,624
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>265,080</u>	<u>949,599</u>	<u>1,691</u>	<u>28,987</u>	<u>44,853</u>	<u>13,412</u>	<u>46,624</u>
Excess (deficiency) of receipts over disbursements	<u>43,058</u>	<u>(106,901)</u>	<u>781</u>	<u>757</u>	<u>(2,968)</u>	<u>31,230</u>	<u>(2,583)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(43,176)	-	(780)	(1,087)	-	-	(269)
Total other financing sources (uses)	<u>(43,176)</u>	<u>-</u>	<u>(780)</u>	<u>(1,087)</u>	<u>-</u>	<u>-</u>	<u>(269)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(118)</u>	<u>(106,901)</u>	<u>1</u>	<u>(330)</u>	<u>(2,968)</u>	<u>31,230</u>	<u>(2,852)</u>
Cash and investments - ending	<u>\$ (118)</u>	<u>\$ (106,901)</u>	<u>\$ 1</u>	<u>\$ (330)</u>	<u>\$ (2,968)</u>	<u>\$ 83,788</u>	<u>\$ (2,852)</u>

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

	Title II 12-13	LSTA Grant	HUSSC Program	Special Education Part B	Qualified School Construction Bond	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 2,500	\$ 6,234	\$ 24,880	\$ 115,239	\$ 4,717,957
Receipts:							
Local sources	-	4,081	-	-	-	-	9,912,325
Intermediate sources	-	-	-	-	-	-	5,680
State sources	-	-	-	-	-	-	16,729,199
Federal sources	6,257	-	-	-	-	-	2,241,103
Temporary loans	-	-	-	-	-	-	2,200,000
Other receipts	-	-	-	-	-	4,124,922	4,308,322
Total receipts	<u>6,257</u>	<u>4,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,124,922</u>	<u>35,396,629</u>
Disbursements:							
Instruction	-	-	-	-	-	-	12,730,776
Support services	3,862	-	-	-	-	-	8,432,014
Noninstructional services	-	-	1,003	-	-	-	1,392,964
Facilities acquisition and construction	-	-	-	-	24,880	-	1,073,148
Debt services	-	-	-	-	-	-	7,286,776
Nonprogrammed charges	-	-	-	-	-	4,127,021	4,130,521
Total disbursements	<u>3,862</u>	<u>-</u>	<u>1,003</u>	<u>-</u>	<u>24,880</u>	<u>4,127,021</u>	<u>35,046,199</u>
Excess (deficiency) of receipts over disbursements	<u>2,395</u>	<u>4,081</u>	<u>(1,003)</u>	<u>-</u>	<u>(24,880)</u>	<u>(2,099)</u>	<u>350,430</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	22,000
Transfers in	-	-	-	-	-	-	642,760
Transfers out	(2,395)	(4,081)	-	-	-	-	(642,760)
Total other financing sources (uses)	<u>(2,395)</u>	<u>(4,081)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>(1,003)</u>	<u>-</u>	<u>(24,880)</u>	<u>(2,099)</u>	<u>372,430</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,497</u>	<u>\$ 6,234</u>	<u>\$ -</u>	<u>\$ 113,140</u>	<u>\$ 5,090,387</u>

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Richland-Bean Blossom School Building Corporation	New Elementary Schools Construction/High School Roof	\$ 2,753,000	7/15/2004	1/15/2022
Edgewood High School Building Corporation	Junior and Senior High Schools Construction	2,502,565	7/5/2011	1/5/2024
Pitney Bowes	Postal Machine	3,060	1/30/2014	1/30/2019
Star Equipment Finance	Sharp Copiers	<u>29,412</u>	6/1/2014	5/31/2019
Total governmental activities		<u>5,288,037</u>		
Total of annual lease payments		<u>\$ 5,288,037</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	General Obligation Bond		\$ 1,146,000	\$ 114,979
General obligation bonds	General Obligation Bond Retirement Severance		1,235,000	244,466
Tax anticipation warrants	Tax Anticipation Loan		<u>2,200,000</u>	<u>2,200,000</u>
Total governmental activities			<u>4,581,000</u>	<u>2,559,445</u>
Totals			<u>\$ 4,581,000</u>	<u>\$ 2,559,445</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE RICHLAND-BEAN BLOSSOM COMMUNITY  
SCHOOL CORPORATION, MONROE COUNTY, INDIANA

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

We have audited the Richland-Bean Blossom Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. 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.

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

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

As described in items 2014-005, 2014-006, and 2014-007 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed and Unallowed, Allowable Costs/Cost Principles, Cash Management, Reporting, and Special Tests and Provisions - Comparability that are applicable to its Title I Grants to Local Educational Agencies. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

***Qualified Opinion on Title I Grants to Local Educational Agencies***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Title I Grants to Local Educational Agencies for the year ended June 30, 2014.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2014.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-008. Our opinion on each major federal program is not modified with respect to this matter.

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.


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.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 2014-003, 2014-004, and 2014-008 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

June 20, 2016

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2014

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
<u>Department of Agriculture</u>				
Child Nutrition Cluster				
School Breakfast Program	Indiana Department of Education	10.553	FY 13-14	\$ 82,912
National School Lunch Program	Indiana Department of Education	10.555	FY 13-14	497,776
Total - Department of Agriculture				580,688
<u>Institute of Museum and Library Services</u>				
Grants to States	Indiana State Library	45.310		
LSTA Grant			T12-2-2(12)	4,081
Total - Institute of Museum and Library Services				4,081
<u>Department of Education</u>				
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010		
13-5705			13-5705	84,894
14-5075			14-5075	248,464
Total - Title I Grants to Local Educational Agencies				333,358
Special Education Cluster (IDEA)				
Special Education_Grants to States	Indiana Department of Education	84.027		
14213-065-PN01			14213-065-PN01	143,425
14214-065-PN01			14214-065-PN01	388,191
99914-065-TA01			99914-065-TA01	5,759
7000H027A110084			7000H027A110084	69,051
Total - Special Education_Grants to States				606,426
Special Education_Preschool Grants	Indiana Department of Education	84.173		
45712-065-PN01			45712-065-PN01	1,151
45713-065-PN01			45713-065-PN01	15,069
45714-065-PN01			45714-065-PN01	21,196
Total - Special Education_Preschool Grants				37,416
Total - Special Education Cluster (IDEA)				643,842
Improving Teacher Quality State Grants	Indiana Department of Education	84.367		
13-5705			13-5705	6,257
14-5075			14-5075	44,041
Total - Improving Teacher Quality State Grants				50,298
Total - Department of Education				1,027,498
<u>Department of Health and Human Services</u>				
Medicaid Cluster				
Medical Assistance Program	Indiana Department of Education	93.778		
Medicaid Reimbursements-Federal			FY 13-14	44,642
Total - Department of Health and Human Services				44,642
Total federal awards expended				\$ 1,656,909

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

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

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

**Note 2. Noncash Assistance**

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

Program Title	Federal CFDA Number	2013-14
National School Lunch Program	10.555	\$ 64,968

**Note 3. Forest Hills Special Education Cooperative**

The School Corporation is a member of a Special Education Cooperative. The Special Education Cooperative operates the Special Education programs for the School Corporation. As a result, some activity for the Special Education Cluster that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFA of the member School Corporations as appropriate.

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives.



RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts. The Treasurer wrote the receipts, recorded the receipts to the ledger, completed the deposit ticket, and delivered the deposit to the bank. There was no control in place to ensure receipts were recorded to the correct fund or to verify that the correct amount was being deposited in the bank.
2. Monitoring of Controls: An evaluation of the School Corporation's system of internal control had not been conducted. The failure to monitor the internal control system placed the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation had no process to identify or communicate corrective actions to improve controls.

The failure to establish these controls would have enabled misstatements or irregularities to remain undetected.

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)

***FINDING 2014-002 - INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA would have remained undetected.

During the audit of the SEFA, there were the following errors: Federal expenditures for the Child Nutrition Cluster were understated by \$61,892, 4 of 8 program titles were incorrectly listed, and an incorrect CFDA number was used for 1 of the 12 programs. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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.

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

***FINDING 2014-003 - INTERNAL CONTROLS OVER THE SPECIAL EDUCATION CLUSTER***

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to Schools, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-065-PN01, 14214-065-PN01,  
45712-065-PN01, 45713-065-PN01,  
45714-065-PN01, 99914-065-TA01

Pass-Through Entity: Indiana Department of Education

The School Corporation was a member of the Forest Hills Special Education Cooperative (Cooperative). The Cooperative operated the Special Education programs and managed the Special Education grant funds.

Management of the Cooperative had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Cash Management, Period of Availability, and Reporting compliance requirements.

*Cash Management, Reporting*

The Cooperative had not designed or implemented adequate policies or procedures to ensure that required reports were accurately prepared. One employee was solely responsible for preparing and submitting all required reports. There was no segregation of duties, such as an oversight, review, or approval process.

*Period of Availability*

The Cooperative had not designed or implemented adequate policies or procedures to ensure that adjustments made to the ledger for corrections of amounts expended were properly made. One employee was solely responsible for making the adjustments. There was no segregation of duties, such as an oversight, review, or approval process.

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

RICHLAND-BEAN BLOSSOM COMMUNITY 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. . . ."

We recommended that the School Corporation's management develop and implement procedures and establish controls to monitor the Cooperative.

***FINDING 2014-004 - INTERNAL CONTROLS OVER TITLE I  
GRANTS TO LOCAL EDUCATIONAL AGENCIES***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-5705, 14-5705

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed and Unallowed, Allowable Costs/Cost Principles, Cash Management, Reporting, and Special Test and Provisions - Comparability.

*Activities Allowed and Unallowed, Allowable Costs/Cost Principles*

The School Corporation had not designed or implemented adequate controls, policies, or procedures to ensure that Activities Allowed and Unallowed and Allowable Costs/Cost Principles were in compliance with program requirements. Payroll was the most significant use of the School Corporation's Title I funds. One employee was solely responsible for ensuring that only Title I employees were paid from the grant. There were no controls in place to ensure payroll transactions were for allowable activities.

*Cash Management, Reporting*

The School Corporation had not designed or implemented adequate controls, policies, or procedures to ensure that costs were paid prior to reimbursement being requested and that requests for reimbursement and other required reports were accurately prepared. One employee was solely responsible for preparing, and submitting all required reports. There was no control in place to ensure that the reports were complete and accurate.

*Special Tests and Provisions - Comparability*

The School Corporation had not designed or implemented adequate controls, policies, or procedures to ensure that Comparability Reports were being filed in compliance with program requirements.

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

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

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

The failure to establish internal controls would have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements would have resulted in the loss of federal funds to the School Corporation.

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

***FINDING 2014-005 - ACTIVITIES ALLOWED AND UNALLOWED AND ALLOWABLE COSTS/COST PRINCIPLES***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-5705, 14-5075

Pass-Through Entity: Indiana Department of Education

The School Corporation had designated the primary school and the intermediate school to be eligible to receive Title I services. During the audit period, the School Corporation made payments from the Title I program for the salaries and benefits of a teacher and a teaching aide who were not designated as Title I employees. Salaries and benefits paid to staff for non-Title I services are not allowable activities or allowable costs for the Title I program and are considered questioned costs.

Total questioned costs in relation to the Title I program are \$13,980.

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

34 CFR 80.22 states:

"(a) *Limitation on use of funds.* Grant funds may be used only for:

(1) The allowable costs of the grantees, subgrantees and cost-type contractors, including allowable costs in the form of payments to fixed-price contractors; . . .

(b) For each kind of organization, there is a set of Federal principles for determining allowable costs. For the costs of a State, local, or Indian Tribal government, the Secretary applies the cost principles in OMB Circular A-87, as amended on June 9, 1987."

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

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. . . ."

(a) More than one Federal award,

(b) A Federal award and a non Federal award,

(c) An indirect cost activity and a direct cost activity,

(d) Two or more indirect activities which are allocated using different allocation bases, or

(e) An unallowable activity and a direct or indirect cost activity. . . ."

Failure to adhere to Activities Allowed and Unallowed and Allowable Cost/Cost Principles compliance requirements would have resulted in the loss of federal funds to the School Corporation.

We recommended that the School Corporation ensure only allowable and properly documented costs are paid from the program.

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2014-006 - CASH MANAGEMENT AND REPORTING**

Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 13-5705, 14-5705  
Pass-Through Entity: Indiana Department of Education

During the audit period, the School Corporation filed nine Reimbursement Forms with the Indiana Department of Education for Title I funds. Supporting documentation was not retained for one Reimbursement Form and three Reimbursement Forms had attached expenditure reports that did not fully support the amount requested.

34 CFR 80.42 states:

". . . (b) *Length of retention period.* (1) Except as otherwise provided, records must be retained for three years from the starting date specified in paragraph (c) of this section . . .

(c) *Starting date of retention period*—(1) General. When grant support is continued or renewed at annual or other intervals, the retention period for the records of each funding period starts on the day the grantee or subgrantee submits to the awarding agency its single or last expenditure report for that period. However, if grant support is continued or renewed quarterly, the retention period for each year's records starts on the day the grantee submits its expenditure report for the last quarter of the Federal fiscal year. In all other cases, the retention period starts on the day the grantee submits its final expenditure report. If an expenditure report has been waived, the retention period starts on the day the report would have been due. . . . "

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. . . .

(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 states in part:

". . . (5) 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. . . . "

The failure to comply with the compliance requirements would have resulted in the loss of federal funds to the School Corporation.

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

We recommended that the School Corporation's management establish procedures regarding records retention to ensure compliance with Cash Management and Reporting compliance requirements.

**FINDING 2014-007 - SPECIAL TESTS AND PROVISIONS - COMPARABILITY**

Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 13-5705, 14-5705  
Pass-Through Entity: Indiana Department of Education

The School Corporation is required by the Indiana Department of Education to complete a Comparability Report annually and submit it to the State every two years. The School Corporation did not complete a Comparability Report during the audit year.

34 CFR 76.722 states: "A State may require a subgrantee to submit reports in a manner and format that assists the State in complying with the requirements under 34 CFR 76.720 and in carrying out other responsibilities under the program."

Indiana Department of Education issued *Title I Comparability of Services Handbook* states:

"All LEAs must complete comparability yearly and submit information to the SEA every two years for compliance with the comparability requirement. Also, Title I LEAs must develop procedures for compliance with the comparability requirement and implement those procedures annually. . . ."

Noncompliance with the grant agreement or the compliance requirements would have resulted in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish procedures related to the grant agreement and Special Tests and Provisions - Comparability compliance requirement.

**FINDING 2014-008 - ALLOWABLE COSTS/COST PRINCIPLES**

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Number and Year (or Other Identifying Number): FY 13-14  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. The failure to establish an effective internal control system would have placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system would have also allowed non-compliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.



RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation had not designed or implemented adequate policies and procedures to ensure that appropriate certifications for time worked on the School Breakfast and National Lunch Programs were in compliance with program requirements. Semi-Annual Certifications were not completed for employees paid solely from the School Breakfast and National School Lunch Programs.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. 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-87, Attachment B, item 8(h), states in part:

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. . . ."

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 enabled material noncompliance to go undetected. Non-compliance with grant agreements or compliance requirements could result in the loss of federal funds to the School Corporation.

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

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#### AUDITEE PREPARED DOCUMENTS

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



# Richland-Bean Blossom Community School Corporation

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**SUPERINTENDENT**  
Dr. Mike Wilcox  
mwilcox@rbbschools.net

4/29/16

**ASSISTANT SUPERINTENDENT**  
Jason Bletzinger, Ed.S.  
jbletzinger@rbbschools.net

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**SCHOOL BOARD**  
Mr. Jimmie D. Durnil  
Mr. Dana Robert Kerr  
Mr. Larry Thrasher  
Ms. Debra Walcott  
Mr. Randall C. Wright

**FINDING 2013-002** Internal Controls over Cash Management and Reporting  
Original Assigned SBA Audit Report Number: B43439  
Report Period: July 1, 2011 to June 30, 2013  
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Dr. Mike Wilcox, Superintendent  
Contact Phone Number: (812) 876-7100


**VISION**  
Living, learning and leading together to achieve 90, 90, 90.

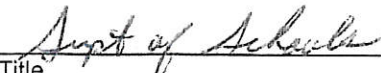
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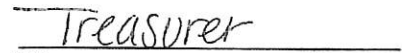
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Our mission is to work in cooperation with the community and families to provide students with an education that promotes responsible citizenship, develops critical thinking, communication, collaboration and creativity.


During the 2013-2014 Audit Period the School Corporation had not fully implemented the internal control over cash management and reporting compliance requirements for reimbursements of federal grants due to a turnover of key personnel. However this has been corrected during the 2015-2016 school year. The Treasurer and Superintendent or any authorized individuals with a knowledgeable understanding of the grants will continue to review all reimbursement requests for federal grants.

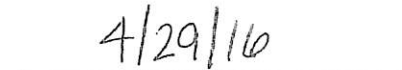
  
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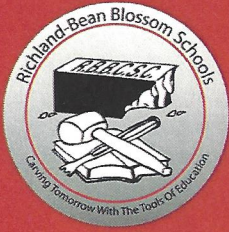
  
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## AUDIT FINDINGS Section II

### FINDING 2014-001

Report Period: July 1, 2013 to June 30, 2014

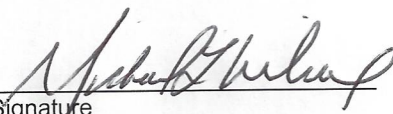
Contact Person Responsible for Corrective Action: Dr. Mike Wilcox, Superintendent

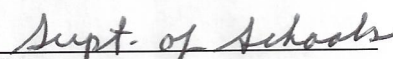
Contact Phone Number: (812) 876-7100

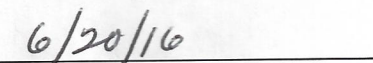
Anticipated Completion Date: Immediately and Throughout the year, as operating procedures are completed.

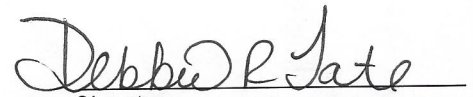
### Corrective Action Plan:


During the 2013-2014 audit period the school corporation had not fully implemented internal controls over financial transactions and reporting compliance requirements such as segregation of duties and monitoring controls, however as of May 2015 during the initial term of the Corporation Treasurer these processes and procedures were set in place and will continue to be reviewed and updated by the Corporation Treasurer and Superintendent.

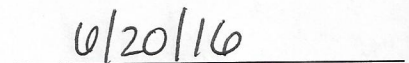
  
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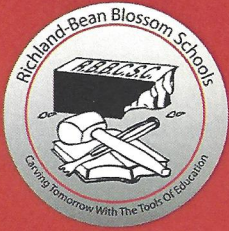
  
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## AUDIT FINDINGS Section II

### FINDING 2014-002

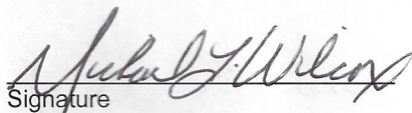
Contact Person Responsible for Corrective Action: Dr. Mike Wilcox, Superintendent

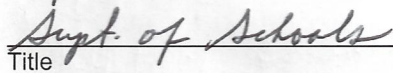
Contact Phone Number: (812) 876-7100

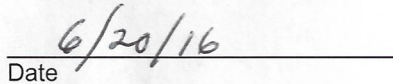
Anticipated Completion Date: Immediately and Throughout the year, as operating procedures are completed.

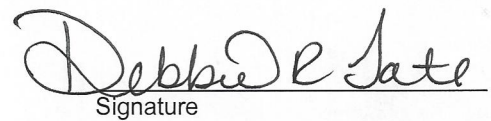
#### Corrective Action Plan:

During the 2013-2014 Audit Period the School Corporation had not fully implemented the internal control over cash management and reporting compliance requirements for reimbursements of federal grants due to a turnover of key personnel, however this has been corrected during the 2015-2016 school year. The school corporation will continue to implement a system of internal control over cash management and reporting compliance requirements. The Treasurer and Superintendent or any authorized individuals with a knowledgeable understanding of the grants will continue to review all reimbursement requests for federal grants.

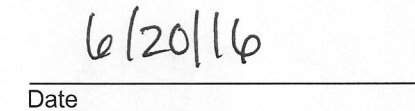
  
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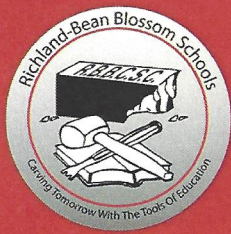
  
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6/20/16

## ASSISTANT SUPERINTENDENT

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## SCHOOL BOARD

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## VISION

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## MISSION

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## AUDIT FINDINGS Section III

### FINDING 2014-003

Federal Agency: U.S. Department of Education  
Federal Program: Special Education-Grants to Schools and Special Education – Preschool Grants  
CFDA Number: 84.027 and 84.173  
Federal Award Number and Year (or Other Identifying Number):

14213-065-PN01, 14214-065-PN01,  
45712-065-PN01, 45713-065-PN01,  
45714-065-PN01, 999914-065-TA01

Report Period: July 1, 2013 to June 30, 2014

Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education

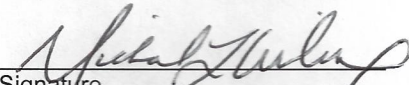
Contact Person Responsible for Corrective Action: Dr. Mike Wilcox, Superintendent

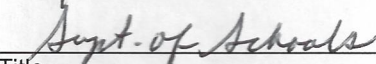
Contact Phone Number: (812) 876-7100

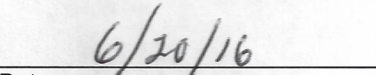
Anticipated Completion Date: Immediately and Throughout the year, as operating procedures are completed.


### Corrective Action Plan:

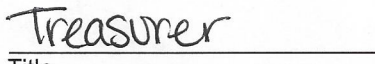
During the 2013-2014 audit period the school corporation had not fully implemented the internal control over the special education cluster cash management and reporting. The School Corporation will implement segregation of duties, related to grant agreement and the Cash Management, Period of Availability and Reporting compliance requirements that have a direct and material effect on the programs. The Director of Special Education or any authorized individual will review and approve any adjustments or reimbursement requests. Monthly reports are currently being sent to the Special Education Director or any authorized individual for a cash flow review.

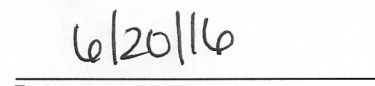
  
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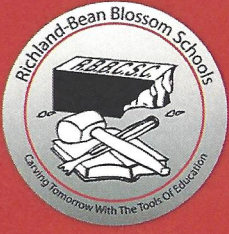
  
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## AUDIT FINDINGS Section III

### FINDING 2014-004

Federal Agency: U.S. Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Number and Year (or Other Identifying Number): 13-5705, 14-5705

Report Period: July 1, 2013 to June 30, 2014

Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education

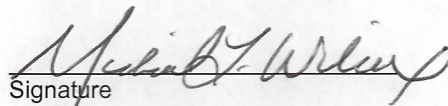
Contact Person Responsible for Corrective Action: Dr. Mike Wilcox, Superintendent

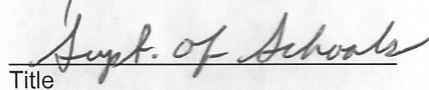
Contact Phone Number: (812) 876-7100

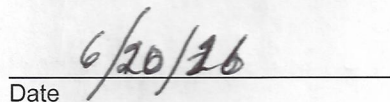
Anticipated Completion Date: Immediately and Throughout the year, as operating procedures are completed.

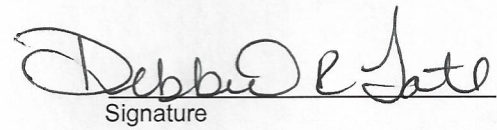
#### Corrective Action Plan:

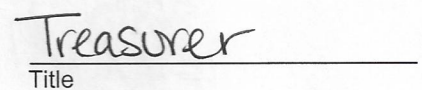
The School Corporation will implement an internal control system over grants to local agencies which will include Activities Allowed and Un-allowed, Allowable Cost/Cost Principles, Cash Management, Reporting, and Special Test and Provisions - Comparability. A position control sheet will be established to monitor all positions and accounts associated with those positions. A review process will be set in place to ensure all data is current and correct. The Treasurer and Superintendent or any authorized individuals with a knowledge and understanding of the grants will continue to review and approve all reimbursement requests for all grants.

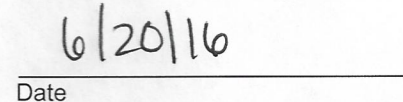
  
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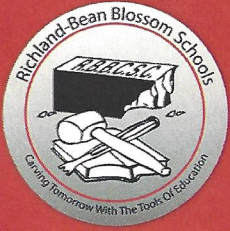
  
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## AUDIT FINDINGS Section III

**SCHOOL BOARD**  
Mr. Jimmie D. Durnil  
Mr. Dana Robert Kerr  
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Ms. Debra Walcott  
Mr. Randall C. Wright

### FINDING 2014-005

Federal Agency: U.S. Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Number and Year (or Other Identifying Number): 13-5705, FY 12-13

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Report Period: July 1, 2013 to June 30, 2014

Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education

Contact Person Responsible for Corrective Action: Dr. Mike Wilcox, Superintendent


Contact Phone Number: (812) 876-7100

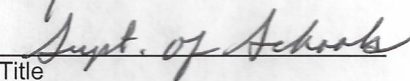
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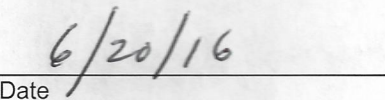
Anticipated Completion Date: Immediately and Throughout the year, as operating procedures are completed.

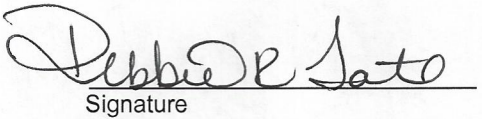
### Corrective Action Plan:

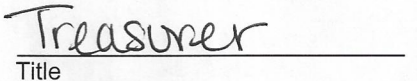
The School Corporation will implement policies and procedures to ensure only allowable and properly documented costs are paid from the program. The Treasurer and Superintendent or any authorized individuals with a knowledge and understanding of the grants will continue to review any costs paid from the Title I program to comply with the grant guidelines. An expenditure report will continue to be sent to the Superintendent and any authorized individual for a monthly review.

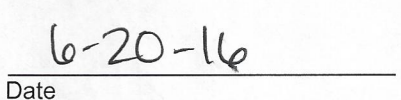
  
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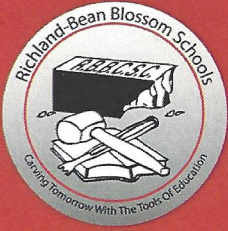
  
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## AUDIT FINDINGS Section III

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Mr. Jimmie D. Durnil  
Mr. Dana Robert Kerr  
Mr. Larry Thrasher  
Ms. Debra Walcott  
Mr. Randall C. Wright

### FINDING 2014-006

**VISION**  
Living, learning and leading together to achieve 90, 90, 90.

Federal Agency: U.S. Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Number and Year (or Other Identifying Number): 13-5705, 14-5705

Report Period: July 1, 2013 to June 30, 2014

**MISSION**  
Our mission is to work in cooperation with the community and families to provide students with an education that promotes responsible citizenship, develops critical thinking, communication, collaboration and creativity.

Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education

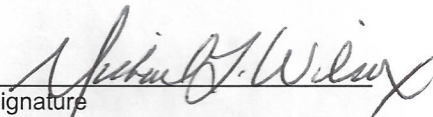
Contact Person Responsible for Corrective Action: Dr. Mike Wilcox, Superintendent

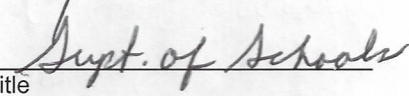
Contact Phone Number: (812) 876-7100

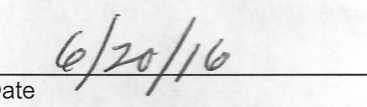
Anticipated Completion Date: Immediately and Throughout the year, as operating procedures are completed.

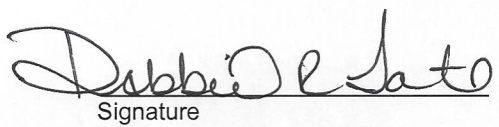
### Corrective Action Plan:

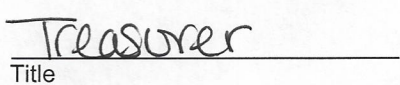
The School Corporation will implement policies and procedures in regards to proper records retention to ensure compliance with Cash Management and Reporting requirements.

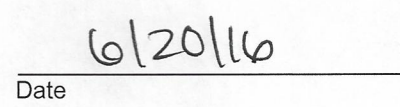
  
Signature

  
Title

  
Date

  
Signature

  
Title

  
Date



# Richland-Bean Blossom Community School Corporation

600 S. Edgewood Drive, Ellettsville, IN 47429  
(P) 812.876.7100 (F) 812.876.7020 [www.rbbcs.c.k12.in.us](http://www.rbbcs.c.k12.in.us)

**SUPERINTENDENT**  
Dr. Mike Wilcox  
[mwilcox@rbbschools.net](mailto:mwilcox@rbbschools.net)

6/20/16

**ASSISTANT SUPERINTENDENT**  
Jason Bletzinger, Ed.S.  
[jbletzinger@rbbschools.net](mailto:jbletzinger@rbbschools.net)

**SCHOOL BOARD**  
Mr. Jimmie D. Durnil  
Mr. Dana Robert Kerr  
Mr. Larry Thrasher  
Ms. Debra Walcott  
Mr. Randall C. Wright

**VISION**  
Living, learning and leading together to achieve 90, 90, 90.

**MISSION**  
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## AUDIT FINDINGS Section III

### FINDING 2014-007

Federal Agency: U.S. Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Number and Year (or Other Identifying Number): 13-5705, 14-5705

Report Period: July 1, 2013 to June 30, 2014

Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education

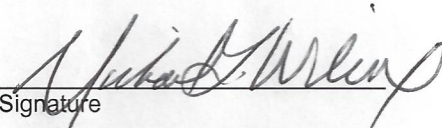
Contact Person Responsible for Corrective Action: Dr. Mike Wilcox, Superintendent

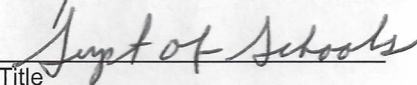
Contact Phone Number: (812) 876-7100

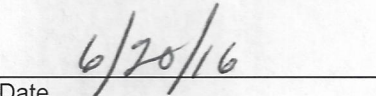
Anticipated Completion Date: Immediately and Throughout the year, as operating procedures are completed.

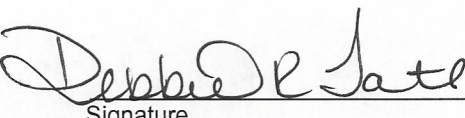
#### Corrective Action Plan:

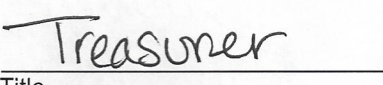
The School Corporation will implement policies and procedures annually in regards to the grant agreement and Special Tests and Provisions compliance requirements for comparability. The school corporation will complete a comparability yearly and submit information to the SEA every two years for compliance with the comparability requirement.

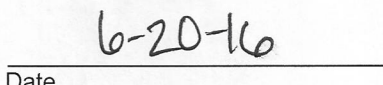
  
Signature

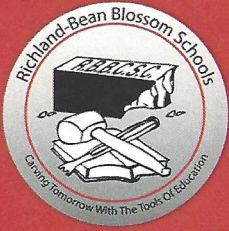
  
Title

  
Date

  
Signature

  
Title

  
Date



# Richland-Bean Blossom Community School Corporation

600 S. Edgewood Drive, Ellettsville, IN 47429  
(P) 812.876.7100 (F) 812.876.7020 [www.rbbcs.k12.in.us](http://www.rbbcs.k12.in.us)

**SUPERINTENDENT**  
Dr. Mike Wilcox  
mwilcox@rbbschools.net

6/20/16

**ASSISTANT SUPERINTENDENT**  
Jason Bletzinger, Ed.S.  
jbletzinger@rbbschools.net

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## AUDIT FINDINGS Section III

### FINDING 2014-008

Federal Agency: U.S. Department of Agriculture  
Federal Program: School Breakfast Program and National School Lunch Program  
CFDA Number: 10.553 and 10.555  
Federal Award Number and Year (or Other Identifying Number): FY 12-14

Report Period: July 1, 2013 to June 30, 2014

Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education

Contact Person Responsible for Corrective Action: Dr. Mike Wilcox, Superintendent

Contact Phone Number: (812) 876-7100

Anticipated Completion Date: Immediately and Throughout the year, as operating procedures are completed.

#### Corrective Action Plan:

The School Corporation will implement policies and procedures in regards to an internal control systems to ensure that appropriate certifications for time and effort records are in compliance with program requirements. This will also include segregation of duties and Semi-annual time and effort certifications that will be completed for employees paid solely from the School Breakfast and National School Lunch Programs.

*Michael B. Linder*  
Signature  
*Supt. of Schools*  
Title  
*6/20/16*  
Date

*Debbie L. Lutz*  
Signature  
*Treasurer*  
Title  
*6-20-16*  
Date

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.