

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT  
CLINTON COUNTY, INDIANA

July 1, 2013 to June 30, 2015



**FILED**  
09/23/2017



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cheryl Roberson Mandi Pennington	07-01-13 to 06-30-14 07-01-14 to 06-30-18
Superintendent of Schools	Dr. James Hanna	07-01-13 to 06-30-18
President of the School Board	Phillip Burkle Joe Hufford	07-01-13 to 12-31-14 01-01-15 to 12-31-17



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statement**

We have audited the accompanying financial statement of the Rossville Consolidated School District (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement as listed in the Table of Contents.

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

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

### ***Auditor's Responsibility***

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

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

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

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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


*Other Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis 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 August 30, 2017, 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

August 30, 2017



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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 ROSSVILLE CONSOLIDATED  
SCHOOL DISTRICT, CLINTON COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Rossville Consolidated School District (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated August 30, 2017, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002 to be material weaknesses.

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

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-002.

**Rossville Consolidated School District's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

August 30, 2017

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

Fund	Cash and Investments			Other Financing		Cash and Investments			Other Financing	
	07-01-13	Receipts	Disbursements	Sources (Uses)	06-30-14	Receipts	Disbursements	Sources (Uses)	06-30-15	
General	\$ 125,235	\$ 5,566,570	\$ 5,630,170	\$ 144,892	\$ 206,527	\$ 5,724,000	\$ 5,688,515	\$ 4,828	\$ 246,840	
Debt Service	510,148	1,172,533	1,160,453	-	522,228	1,148,286	1,007,966	-	662,548	
Retirement/Severance Bond Debt Service	43,944	68,552	76,220	-	36,276	26,105	62,381	-	-	
Capital Projects	51,965	680,100	664,706	-	67,359	685,536	695,657	-	57,238	
School Transportation	40,033	421,505	396,950	15,000	79,588	427,537	379,121	-	128,004	
School Bus Replacement	56,070	112,547	-	-	168,617	129,288	105,265	(49,000)	143,640	
Rainy Day	1,041,113	-	-	(155,000)	886,113	-	49,923	49,000	885,190	
Construction	-	2,836	1,156,297	1,319,000	165,539	-	165,539	-	-	
School Lunch	76,737	403,391	391,609	-	88,519	400,510	373,603	-	115,426	
Textbook Rental	11,195	103,280	107,565	-	6,910	99,267	48,336	-	57,841	
Levy Excess	-	-	-	-	-	347	-	-	347	
Joint Service and Supply - Are	(11,002)	8,093	1,262	-	(4,171)	11,471	15,613	-	(8,313)	
Joint Service and Supply Area4	7,903	14,582	18,594	-	3,891	9,897	6,961	-	6,827	
Child Care Program	4,742	22,362	10,478	-	16,626	18,285	9,490	-	25,421	
Extra-Curricular Activities	-	12,700	12,700	-	-	36,264	36,264	-	-	
Cultural Arts	460	-	-	-	460	-	-	-	460	
Scholarships and Awards	4,770	1,500	1,500	-	4,770	1,500	2,500	-	3,770	
Mattix Trust - Special Ed Fund	10	-	-	-	10	-	-	-	10	
Taylor Rader Dance Scholarship	639	379	500	-	518	750	500	-	768	
Luella and Everett Davis Scholarship	582	-	-	-	582	-	-	-	582	
10/11 Gifted/Talented	15,289	-	15,166	-	123	27,536	24,565	-	3,094	
13/14 Gifted/Talented	-	28,124	27,724	-	400	-	(432)	-	832	
Medicaid Reimbursement	57	-	-	-	57	-	-	-	57	
Secured Schools Safety Grant	-	-	-	-	-	35,000	65,352	-	(30,352)	
Non-English Speaking Programs P.L. 273-1999	480	-	-	-	480	-	-	-	480	
School Technology	1,986	-	-	-	1,986	-	-	-	1,986	
Senator David Ford Technology	(7,206)	-	3,294	-	(10,500)	-	-	-	(10,500)	
Title I	(1,623)	69,420	77,255	-	(9,458)	36,963	29,128	-	(1,623)	
Title I FY 10/11	(378)	14,261	12,460	-	1,423	91,254	103,078	-	(10,401)	
IDEA	-	28,540	28,583	-	(43)	151,148	145,682	-	5,423	
P.L. 101-476 FY 13/14	-	131,877	176,776	-	(44,899)	45,215	40,666	-	(40,350)	
Special Education Technical Assistance	-	4,444	4,054	-	390	-	-	-	390	
Federal Assistance Educational Preschool Handicapped	7,953	-	7,953	-	-	-	7,529	-	(7,529)	
Special Education Pre-School	-	-	7,628	-	(7,628)	7,628	-	-	-	
Title IV 06/07 Safe & Drug Free	-	-	-	-	-	983	-	-	983	
Safe & Drug Free Sch FY 05/06	(389)	-	-	-	(389)	-	-	-	(389)	
Title II - Dwight D. Eisenhower - Science and Math Technology Grants	485	-	-	-	485	-	-	-	485	
Medicaid Reimbursement - Federal	11	-	-	-	11	-	-	-	11	
Improving Teaching Quality, No Child Left, Title II, Part A	6,777	28,143	30,871	-	4,049	25,872	25,872	-	4,049	
Title III - Language Instruction	(219)	-	-	-	(219)	-	-	-	(219)	
Payroll Clearing	(6,788)	2,363,348	2,352,112	-	4,448	2,105,367	2,119,153	-	(9,338)	
<b>Totals</b>	<b>\$ 1,980,979</b>	<b>\$ 11,259,087</b>	<b>\$ 12,372,880</b>	<b>\$ 1,323,892</b>	<b>\$ 2,191,078</b>	<b>\$ 11,246,009</b>	<b>\$ 11,208,227</b>	<b>\$ 4,828</b>	<b>\$ 2,233,688</b>	

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

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT

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

*A. Reporting Entity*

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

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

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

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

*Intermediate sources.* Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*State sources.* Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Federal sources.* Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

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

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

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

*Instruction.* Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

*Support services.* Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

*Noninstructional services.* Amounts disbursed for food service operations and community service operations.

*Facilities acquisition and construction.* Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

*Debt service.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

*Nonprogrammed charges.* Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

*F. Other Financing Sources and Uses*

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

*Proceeds of long-term debt.* Amounts received in relation to the issuance of bonds or other long-term debt issues.

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Sale of capital assets.* Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

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

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

**G. Fund Accounting**

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

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

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of some funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2014 and 2015. In addition, the Payroll Clearing fund had a deficit cash balance due to posting errors that created a negative balance.

**Note 8. Holding Corporation**

The School Corporation has entered into a capital lease with Rossville Consolidated School District Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2014 and 2015 totaled \$812,766 and \$813,505, respectively.

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9. Subsequent Events**

The School Corporation began a \$20 million building project in the summer of 2017. On August 1, 2017, the Rossville Consolidated School District Building Corporation sold a Bond Anticipation Note (BAN) for \$2 million for initial project expenses. It is anticipated that bonds will be sold in 2018 for the first phase of the project. Bonds will then be sold at other times throughout the project as phases are began and completed over the five year construction period.

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## OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the 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 School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

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ROSSVILLE CONSOLIDATED SCHOOL DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 125,235	\$ 510,148	\$ 43,944	\$ 51,965	\$ 40,033	\$ 56,070	\$ 1,041,113	\$ -	\$ 76,737
Receipts:									
Local sources	67,438	1,080,265	68,552	674,534	409,815	112,547	-	-	282,347
Intermediate sources	31	-	-	-	-	-	-	-	-
State sources	5,492,834	-	-	-	-	-	-	-	8,513
Federal sources	-	-	-	-	-	-	-	-	112,226
Temporary loans	-	6,333	-	-	-	-	-	-	-
Other receipts	6,267	85,935	-	5,566	11,690	-	-	2,836	305
Total receipts	<u>5,566,570</u>	<u>1,172,533</u>	<u>68,552</u>	<u>680,100</u>	<u>421,505</u>	<u>112,547</u>	<u>-</u>	<u>2,836</u>	<u>403,391</u>
Disbursements:									
Instruction	3,894,139	-	-	-	-	-	-	-	-
Support services	1,658,930	-	-	435,672	396,950	-	-	-	292
Noninstructional services	77,101	-	-	-	-	-	-	-	387,258
Facilities acquisition and construction	-	-	-	229,034	-	-	-	1,156,297	4,059
Debt service	-	1,160,453	76,220	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>5,630,170</u>	<u>1,160,453</u>	<u>76,220</u>	<u>664,706</u>	<u>396,950</u>	<u>-</u>	<u>-</u>	<u>1,156,297</u>	<u>391,609</u>
Excess (deficiency) of receipts over disbursements	<u>(63,600)</u>	<u>12,080</u>	<u>(7,668)</u>	<u>15,394</u>	<u>24,555</u>	<u>112,547</u>	<u>-</u>	<u>(1,153,461)</u>	<u>11,782</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	1,319,000	-
Sale of capital assets	4,892	-	-	-	-	-	-	-	-
Transfers in	140,000	-	-	-	15,000	-	-	-	-
Transfers out	-	-	-	-	-	-	(155,000)	-	-
Total other financing sources (uses)	<u>144,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>(155,000)</u>	<u>1,319,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>81,292</u>	<u>12,080</u>	<u>(7,668)</u>	<u>15,394</u>	<u>39,555</u>	<u>112,547</u>	<u>(155,000)</u>	<u>165,539</u>	<u>11,782</u>
Cash and investments - ending	<u>\$ 206,527</u>	<u>\$ 522,228</u>	<u>\$ 36,276</u>	<u>\$ 67,359</u>	<u>\$ 79,588</u>	<u>\$ 168,617</u>	<u>\$ 886,113</u>	<u>\$ 165,539</u>	<u>\$ 88,519</u>

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

	Textbook Rental	Levy Excess	Joint Service and Supply - Are	Joint Service and Supply Area4	Child Care Program	Extra- Curricular Activities	Cultural Arts	Scholarships and Awards	Mattix Trust - Special Ed Fund
Cash and investments - beginning	\$ 11,195	\$ -	\$ (11,002)	\$ 7,903	\$ 4,742	\$ -	\$ 460	\$ 4,770	\$ 10
Receipts:									
Local sources	84,213	-	4,862	10,571	22,362	-	-	1,500	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	19,067	-	-	-	-	-	-	-	-
Federal sources	-	-	3,231	4,011	-	12,700	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>103,280</u>	<u>-</u>	<u>8,093</u>	<u>14,582</u>	<u>22,362</u>	<u>12,700</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
Disbursements:									
Instruction	-	-	1,262	18,594	-	-	-	-	-
Support services	107,565	-	-	-	50	-	-	-	-
Noninstructional services	-	-	-	-	10,428	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	12,700	-	1,500	-
Total disbursements	<u>107,565</u>	<u>-</u>	<u>1,262</u>	<u>18,594</u>	<u>10,478</u>	<u>12,700</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(4,285)</u>	<u>-</u>	<u>6,831</u>	<u>(4,012)</u>	<u>11,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(4,285)</u>	<u>-</u>	<u>6,831</u>	<u>(4,012)</u>	<u>11,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 6,910</u>	<u>\$ -</u>	<u>\$ (4,171)</u>	<u>\$ 3,891</u>	<u>\$ 16,626</u>	<u>\$ -</u>	<u>\$ 460</u>	<u>\$ 4,770</u>	<u>\$ 10</u>

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

	Taylor Rader Dance Scholarship	Luella and Everett Davis Scholarship	10/11 Gifted/ Talented	13/14 Gifted/ Talented	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ 639	\$ 582	\$ 15,289	\$ -	\$ 57	\$ -	\$ 480	\$ 1,986
Receipts:								
Local sources	379	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	28,124	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	379	-	-	28,124	-	-	-	-
Disbursements:								
Instruction	-	-	15,166	27,724	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	500	-	-	-	-	-	-	-
Total disbursements	500	-	15,166	27,724	-	-	-	-
Excess (deficiency) of receipts over disbursements	(121)	-	(15,166)	400	-	-	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(121)	-	(15,166)	400	-	-	-	-
Cash and investments - ending	\$ 518	\$ 582	\$ 123	\$ 400	\$ 57	\$ -	\$ 480	\$ 1,986

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

	Senator David Ford Technology	Title I	Title I FY 10/11	IDEA	P.L. 101-476 FY 13/14	Special Educational Technical Assistance	Federal Assistance Educational Preschool Handicapped	Special Education Pre-School
Cash and investments - beginning	\$ (7,206)	\$ (1,623)	\$ (378)	\$ -	\$ -	\$ -	\$ 7,953	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	69,420	14,261	28,540	131,877	4,444	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	69,420	14,261	28,540	131,877	4,444	-	-
Disbursements:								
Instruction	-	77,255	13,460	28,583	176,776	4,054	7,953	7,628
Support services	3,294	-	(1,000)	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	3,294	77,255	12,460	28,583	176,776	4,054	7,953	7,628
Excess (deficiency) of receipts over disbursements	(3,294)	(7,835)	1,801	(43)	(44,899)	390	(7,953)	(7,628)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,294)	(7,835)	1,801	(43)	(44,899)	390	(7,953)	(7,628)
Cash and investments - ending	\$ (10,500)	\$ (9,458)	\$ 1,423	\$ (43)	\$ (44,899)	\$ 390	\$ -	\$ (7,628)

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

	Title IV 06/07 Safe & Drug Free	Safe & Drug Free Sch FY 05/06	Title II - Dwight D. Eisenhower - Science and Math Technology Grants	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ (389)	\$ 485	\$ 11	\$ 6,777	\$ (219)	\$ (6,788)	\$ 1,980,979
Receipts:								
Local sources	-	-	-	-	-	-	-	2,819,385
Intermediate sources	-	-	-	-	-	-	-	31
State sources	-	-	-	-	-	-	-	5,548,538
Federal sources	-	-	-	-	28,143	-	-	408,853
Temporary loans	-	-	-	-	-	-	-	6,333
Other receipts	-	-	-	-	-	-	2,363,348	2,475,947
Total receipts	-	-	-	-	28,143	-	2,363,348	11,259,087
Disbursements:								
Instruction	-	-	-	-	30,871	-	-	4,303,465
Support services	-	-	-	-	-	-	-	2,601,753
Noninstructional services	-	-	-	-	-	-	-	474,787
Facilities acquisition and construction	-	-	-	-	-	-	-	1,389,390
Debt service	-	-	-	-	-	-	-	1,236,673
Nonprogrammed charges	-	-	-	-	-	-	2,352,112	2,366,812
Total disbursements	-	-	-	-	30,871	-	2,352,112	12,372,880
Excess (deficiency) of receipts over disbursements	-	-	-	-	(2,728)	-	11,236	(1,113,793)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,319,000
Sale of capital assets	-	-	-	-	-	-	-	4,892
Transfers in	-	-	-	-	-	-	-	155,000
Transfers out	-	-	-	-	-	-	-	(155,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	1,323,892
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(2,728)	-	11,236	210,099
Cash and investments - ending	\$ -	\$ (389)	\$ 485	\$ 11	\$ 4,049	\$ (219)	\$ 4,448	\$ 2,191,078

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 206,527	\$ 522,228	\$ 36,276	\$ 67,359	\$ 79,588	\$ 168,617	\$ 886,113	\$ 165,539	\$ 88,519
Receipts:									
Local sources	41,983	1,148,286	26,105	685,536	427,464	129,288	-	-	260,678
Intermediate sources	18	-	-	-	-	-	-	-	-
State sources	5,675,845	-	-	-	-	-	-	-	7,506
Federal sources	721	-	-	-	-	-	-	-	131,315
Other receipts	5,433	-	-	-	73	-	-	-	1,011
Total receipts	5,724,000	1,148,286	26,105	685,536	427,537	129,288	-	-	400,510
Disbursements:									
Instruction	3,790,986	-	-	-	-	-	-	-	-
Support services	1,827,244	-	-	498,504	379,121	105,265	-	-	182
Noninstructional services	70,036	-	-	-	-	-	-	-	369,215
Facilities acquisition and construction	-	-	-	197,153	-	-	49,923	165,539	4,206
Debt service	249	1,007,966	62,381	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	5,688,515	1,007,966	62,381	695,657	379,121	105,265	49,923	165,539	373,603
Excess (deficiency) of receipts over disbursements	35,485	140,320	(36,276)	(10,121)	48,416	24,023	(49,923)	(165,539)	26,907
Other financing sources (uses):									
Sale of capital assets	4,828	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	49,000	-	-
Transfers out	-	-	-	-	-	(49,000)	-	-	-
Total other financing sources (uses)	4,828	-	-	-	-	(49,000)	49,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	40,313	140,320	(36,276)	(10,121)	48,416	(24,977)	(923)	(165,539)	26,907
Cash and investments - ending	\$ 246,840	\$ 662,548	\$ -	\$ 57,238	\$ 128,004	\$ 143,640	\$ 885,190	\$ -	\$ 115,426

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

	Textbook Rental	Levy Excess	Joint Service and Supply - Are	Joint Service and Supply Area4	Child Care Program	Extra- Curricular Activities	Cultural Arts	Scholarships and Awards	Mattix Trust - Special Ed Fund
Cash and investments - beginning	\$ 6,910	\$ -	\$ (4,171)	\$ 3,891	\$ 16,626	\$ -	\$ 460	\$ 4,770	\$ 10
Receipts:									
Local sources	76,575	347	11,471	(9,790)	18,285	36,264	-	1,500	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	21,013	-	-	-	-	-	-	-	-
Federal sources	-	-	-	19,687	-	-	-	-	-
Other receipts	1,679	-	-	-	-	-	-	-	-
Total receipts	99,267	347	11,471	9,897	18,285	36,264	-	1,500	-
Disbursements:									
Instruction	-	-	15,613	6,961	-	-	-	-	-
Support services	48,336	-	-	-	41	36,264	-	-	-
Noninstructional services	-	-	-	-	9,449	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	2,500	-
Total disbursements	48,336	-	15,613	6,961	9,490	36,264	-	2,500	-
Excess (deficiency) of receipts over disbursements	50,931	347	(4,142)	2,936	8,795	-	-	(1,000)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	50,931	347	(4,142)	2,936	8,795	-	-	(1,000)	-
Cash and investments - ending	\$ 57,841	\$ 347	\$ (8,313)	\$ 6,827	\$ 25,421	\$ -	\$ 460	\$ 3,770	\$ 10

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

	Taylor Rader Dance Scholarship	Luella and Everett Davis Scholarship	10/11 Gifted/ Talented	13/14 Gifted/ Talented	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ 518	\$ 582	\$ 123	\$ 400	\$ 57	\$ -	\$ 480	\$ 1,986
Receipts:								
Local sources	750	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	27,536	-	-	35,000	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>750</u>	<u>-</u>	<u>27,536</u>	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
Disbursements:								
Instruction	-	-	24,565	(432)	-	-	-	-
Support services	-	-	-	-	-	65,352	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	500	-	-	-	-	-	-	-
Total disbursements	<u>500</u>	<u>-</u>	<u>24,565</u>	<u>(432)</u>	<u>-</u>	<u>65,352</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>250</u>	<u>-</u>	<u>2,971</u>	<u>432</u>	<u>-</u>	<u>(30,352)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>250</u>	<u>-</u>	<u>2,971</u>	<u>432</u>	<u>-</u>	<u>(30,352)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 768</u>	<u>\$ 582</u>	<u>\$ 3,094</u>	<u>\$ 832</u>	<u>\$ 57</u>	<u>\$ (30,352)</u>	<u>\$ 480</u>	<u>\$ 1,986</u>

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

	Senator David Ford Technology	Title I	Title I FY 10/11	IDEA	P.L. 101-476 FY 13/14	Special Educational Technical Assistance	Federal Assistance Educational Preschool Handicapped	Special Education Pre-School
Cash and investments - beginning	\$ (10,500)	\$ (9,458)	\$ 1,423	\$ (43)	\$ (44,899)	\$ 390	\$ -	\$ (7,628)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	36,963	91,254	151,148	45,215	-	-	7,628
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	36,963	91,254	151,148	45,215	-	-	7,628
Disbursements:								
Instruction	-	29,128	101,941	145,682	40,666	-	7,529	-
Support services	-	-	1,137	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	29,128	103,078	145,682	40,666	-	7,529	-
Excess (deficiency) of receipts over disbursements	-	7,835	(11,824)	5,466	4,549	-	(7,529)	7,628
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	7,835	(11,824)	5,466	4,549	-	(7,529)	7,628
Cash and investments - ending	\$ (10,500)	\$ (1,623)	\$ (10,401)	\$ 5,423	\$ (40,350)	\$ 390	\$ (7,529)	\$ -

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

	Title IV 06/07 Safe & Drug Free	Safe & Drug Free Sch FY 05/06	Title II - Dwight D. Eisenhower - Science and Math Technology Grants	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ (389)	\$ 485	\$ 11	\$ 4,049	\$ (219)	\$ 4,448	\$ 2,191,078
Receipts:								
Local sources	-	-	-	-	-	-	-	2,854,742
Intermediate sources	-	-	-	-	-	-	-	18
State sources	-	-	-	-	-	-	-	5,766,900
Federal sources	-	-	-	-	25,872	-	-	509,803
Other receipts	983	-	-	-	-	-	2,105,367	2,114,546
Total receipts	983	-	-	-	25,872	-	2,105,367	11,246,009
Disbursements:								
Instruction	-	-	-	-	25,872	-	-	4,188,511
Support services	-	-	-	-	-	-	-	2,961,446
Noninstructional services	-	-	-	-	-	-	-	448,700
Facilities acquisition and construction	-	-	-	-	-	-	-	416,821
Debt service	-	-	-	-	-	-	-	1,070,596
Nonprogrammed charges	-	-	-	-	-	-	2,119,153	2,122,153
Total disbursements	-	-	-	-	25,872	-	2,119,153	11,208,227
Excess (deficiency) of receipts over disbursements	983	-	-	-	-	-	(13,786)	37,782
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	4,828
Transfers in	-	-	-	-	-	-	-	49,000
Transfers out	-	-	-	-	-	-	-	(49,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	4,828
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	983	-	-	-	-	-	(13,786)	42,610
Cash and investments - ending	\$ 983	\$ (389)	\$ 485	\$ 11	\$ 4,049	\$ (219)	\$ (9,338)	\$ 2,233,688

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT  
SCHEDULE OF LEASES AND DEBT  
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Rossville Consolidated School District Building Corporation	Cafeteria Lease	\$ 178,000	4/20/2011	7/15/2022
Rossville Consolidated School District Building Corporation	Refinance Lease Rental Bond 1999/2007	<u>660,500</u>	12/31/2007	12/31/2018
Total governmental activities		<u>838,500</u>		
Total of annual lease payments		<u>\$ 838,500</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Building Project	\$ 1,060,000	\$ 78,595
Notes and loans payable	Common School Loan	<u>198,185</u>	<u>73,328</u>
Total governmental activities		<u>1,258,185</u>	<u>151,923</u>
Totals		<u>\$ 1,258,185</u>	<u>\$ 151,923</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 ROSSVILLE CONSOLIDATED  
SCHOOL DISTRICT, CLINTON COUNTY, INDIANA

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015.

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-004 and 2015-005. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**


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

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

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

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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ROSSVILLE CONSOLIDATED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2014 and 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<b>Department of Agriculture</b>							
Child Nutrition Cluster	Indiana Department of Education						
School Breakfast Program		10.553	FY 2014, FY 2015	\$ -	\$ 9,682	\$ -	\$ 10,245
National School Lunch Program Commodities		10.555	FY 2014, FY 2015 FY 2014, FY 2015	-	119,051 33,115	-	118,297 34,868
Total - National School Lunch Program				-	152,166	-	153,165
Total - Child Nutrition Cluster				-	161,848	-	163,410
Total - Department of Agriculture				-	161,848	-	163,410
<b>Department of Education</b>							
Special Education Cluster (IDEA)	Indiana Department of Education						
Special Education _ Grants to States		84.027	14214-099-PN01 14215-099-PN01	-	164,861	-	-
Total - Special Education _ Grants to States				-	164,861	-	188,791
Special Education _ Preschool Grants		84.173	45715-099-PN01	-	-	-	7,628
Total - Special Education Cluster (IDEA)				-	164,861	-	196,419
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	12-1180 13-1180 14-1180	-	14,261 69,420 -	-	-
Total - Title I Grants to Local Educational Agencies				-	83,681	-	128,216
Career and Technical Education -- Basic Grants to States	Wildcat Creek Career Cooperative	84.048	FY 2014 FY2015	-	22,074	-	-
Total - Career and Technical Education -- Basic Grants to States				-	22,074	-	20,587
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	FY 2014 FY 2015	-	28,143	-	-
Total - Supporting Effective Instruction State Grants				-	28,143	-	25,872
Total - Department of Education				-	298,759	-	371,094
Total federal awards expended				\$ -	\$ 460,607	\$ -	\$ 534,504

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

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

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2014 and 2015. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

ROSSVILLE CONSOLIDATED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported

Type of auditor's report issued on compliance for major programs:	Unmodified
---	------------

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

\_\_\_\_\_ Name of Federal Program or Cluster \_\_\_\_\_  
Child Nutrition Cluster  
Special Education Cluster (IDEA)

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 2015-001**

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a partial repeat finding from the immediate prior audit. The prior audit finding number was 2013-001.

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

*Condition*

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to payroll disbursements. The recording and posting of payroll was done almost entirely by one employee.
2. Recording and Processing: The School Corporation had no controls in place to ensure receipts were written and recorded timely.
3. Evaluation of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting required the School Corporation to evaluate and assess the quality of the system of internal control.

*Context*

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

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

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

Management remediates identified issues. . . ."

*Cause*

Management of the School Corporation had not established a proper system of internal control related to payroll disbursements and receipts and had not established a system to evaluate and improve controls.

*Effect*

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties related to payroll disbursements; establish controls to ensure receipts are written and recorded timely; and to establish a system to ensure that controls are evaluated periodically.

*Views of Responsible Officials*

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

**FINDING 2015-002**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness; Other Matters

*Repeat Finding*

This is not a repeat finding from the immediate prior audit.

*Condition*

The School Corporation had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units, which is a financial reporting system and the source of information used to compile the Schedule of Expenditures of Federal Awards (SEFA).

Due to the lack of effective controls, the SEFA contained the following material errors:

1. The National School Lunch Program expenditures were understated by \$152,166 and \$38,905 for the years ended June 30, 2014 and 2015, respectively.
2. The Special Education\_Grants to States expenditures were understated by \$32,984 for the year ended June 30, 2014.

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

*Context*

The lack of controls and errors on the SEFA were systemic issues. The SEFA contained errors in both years of the audit period.

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

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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

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

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

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

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

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure proper reporting of the SEFA.

*Views of Responsible Officials*

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

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

**FINDING 2015-003**

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program; National School Lunch Program

CFDA Numbers: 10.553; 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014; FY 2015

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management; Eligibility; Program Income

Audit Finding: Material Weakness

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management, Eligibility, and Program Income.

*Cash Management*

The School Corporation had not designed or implemented adequate control procedures to ensure that the School Lunch fund's cash balance (Net Cash Resources) did not exceed the three months average expenditures in accordance with the Cash Management compliance requirement. An oversight, review process, or other compensating control had not been established.

*Eligibility*

There were no controls in place to ensure that the eligibility determinations for free and reduced price meals were accurate.

*Program Income*

There were no controls in place to verify that program income collected and recorded by the Food Service Director was subsequently recorded by the Treasurer.

*Context*

The lack of controls was a systemic problem throughout the audit period.

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

*Criteria*

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. . . ."

*Cause*

The School Corporation had not developed a system of internal controls to ensure compliance with the Cash Management, Eligibility, and Program Income compliance requirements.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have allowed noncompliance with the 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 programs.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and Cash Management, Eligibility, and Program Income compliance requirements.

*Views of Responsible Officials*

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

***FINDING 2015-004***

Subject: Child Nutrition Cluster - Reporting  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program; National School Lunch Program  
CFDA Numbers: 10.553; 10.555  
Federal Award Numbers and Years (or Other Identifying Number): FY 2014; FY 2015  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness; Other Matters

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

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. The School Corporation had not designed or implemented adequate policies and procedures to ensure that the Monthly Sponsor Claim (claims for reimbursement), Annual Financial Reports, and School Food Authority (SFA) Verification Collection Reports were accurately completed prior to submission.

The School Corporation did not comply with the Reporting compliance requirement as it relates to the Annual Financial Reports and the School Food Authority (SFA) Verification Collection Reports. Information reported for the Annual Financial Reports and the School Food Authority (SFA) Verification Collection Reports could not be verified to the School Corporation's records.

*Context*

The lack of controls and the noncompliance were systemic issues. The lack of properly designed or implemented controls allowed noncompliance with the Reporting compliance requirement for the Annual Financial Reports and the School Food Authority (SFA) Verification Collection Reports for both years of the audit period.

*Criteria*

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

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

7 CFR 3016.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

IDOE General Guidelines for the Annual Financial Report states in part:

". . . Accurate supporting documentation must be maintained by appropriate accounting officials whether consolidated Corporation-level accounting is used, or one or more Extra-Curricular accounts at separate schools are used. . . ."

*Cause*

The School Corporation had not established an effective system of internal controls that would have ensured compliance with the Reporting compliance requirement.

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

*Effect*

The failure to establish effective internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2015-005**

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program; National School Lunch Program  
CFDA Numbers: 10.553; 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014; FY 2015  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)  
Audit Findings: Material Weakness; Other Matters

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement. The School Corporation had not designed or implemented adequate policies and procedures to ensure that the required changes were made to the status of the applicants after income verification.

The School Corporation did not fully comply with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement. The School Corporation reviewed the required number of applications, but did not make the required changes after income verification. Three out of six applications tested that required a status change were not changed.

*Context*

The lack of controls and the noncompliance were systemic issues. The lack of properly designed or implemented controls allowed noncompliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement for both years of the audit period.

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

*Criteria*

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

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

7 CFR 245.6a(f) states in part:

"(f) *Verification procedures and assistance for households* - . . .

- (7) *Eligibility changes*. Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. The local educational agency must notify the household of any change. Households must be notified of any reduction in benefits in accordance with paragraph (j) of this section. Households with reduced benefits or that are longer eligible for free or reduced price meals must be notified of their right to reapply at any time with documentation of income or participation in one of the eligible programs in paragraph (a)(1) of this section."

*Cause*

The School Corporation had not established an effective system of internal controls that would have ensured compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Effect*

The failure to establish effective internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Views of Responsible Officials*

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

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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.



# ROSSVILLE CONSOLIDATED SCHOOL DISTRICT

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

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

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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


Fiscal year in which the finding initially occurred: 2013  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education – CFDA 843027,84.173,84.391  
Contact Person Responsible for Corrective Action: Mandi Pennington  
Contact Phone Number: 765-379-2990

Status of Audit Finding: The administration office has reviewed office procedures and have attempted to implement an internal control system. The internal control system which includes as much segregation of incompatible duties as practical, related to the Cash Management requirements for federal program compliance. The school corporation is a small unit and management has determined that the costs associated with employing additional staff in order to segregate duties effectively, outweighs the benefits of a stronger internal control. Management, along with the School Board of Trustees, acknowledges and assumes the risk inherent with the current design of their administration office. Federal grant monies are expended prior to reimbursement requests being sent to LEA or state issuing agency.

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

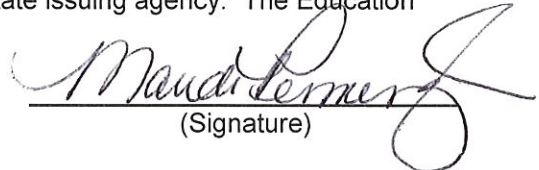
Fiscal year in which the finding initially occurred: 2013  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education - CFDA 84.410  
Contact Person Responsible for Corrective Action: Mandi Pennington  
Contact Phone Number: 765-379-2990

Status of Audit Finding: The administration office has reviewed office procedures and have attempted to implement an internal control system. The internal control system which includes as much segregation of incompatible duties as practical, related to the Cash Management requirements for federal program compliance. The school corporation is a small unit and management has determined that the costs associated with employing additional staff in order to segregate duties effectively, outweighs the benefits of a stronger internal control. Management, along with the School Board of Trustees, acknowledges and assumes the risk inherent with the current design of their administration office. Federal grant monies are expended prior to reimbursement requests being sent to LEA or state issuing agency. The Education Jobs Fund has not been awarded since 2012.

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Superintendent  
(Title)

\_\_\_\_\_  
08/08/2017  
(Date)

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Treasurer  
(Title)

\_\_\_\_\_  
08/08/2017  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



# ROSSVILLE CONSOLIDATED SCHOOL DISTRICT

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## CORRECTIVE ACTION PLAN

### Section II – Financial Statement Findings

#### ***FINDING 2015-001***

Contact Person Responsible for Corrective Action: Mandi Pennington  
Contact Phone Number: 765-379-2990

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The administration office has reviewed, formulated procedures, and has assigned duties so there is as much segregation of the incompatible duties as is practical. The school corporation is a small unit and management, along with the School Board of Trustees, acknowledges and assumes the risk inherent with the current design of the administration office.

Anticipated Completion Date: Immediate

#### ***FINDING 2015-002***

Contact Person Responsible for Corrective Action: Mandi Pennington  
Contact Phone Number: 765-379-2990

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The administration office has reviewed, formulated procedures, and has assigned duties so there is as much segregation of the incompatible duties as is practical. The school corporation is a small unit and management, along with the School Board of Trustees, acknowledges and assumes the risk inherent with the current design of the administration office.

Anticipated Completion Date: Immediate

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

#### ***FINDING 2015-003***

Contact Person Responsible for Corrective Action: Mandi Pennington  
Contact Phone Number: 765-379-2990

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The School Corporation's management will review and formulate procedures to ensure compliance with regard to Cash Management, Eligibility, and Program Income control related to the grant agreement and compliance requirement.

Anticipated Completion Date: Immediate

**FINDING 2015-004**

Contact Person Responsible for Corrective Action: Mandi Pennington  
Contact Phone Number: 765-379-2990

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The School Corporation's management will review and formulate procedures to ensure accuracy with regard to the Annual Financial Reports and Verification Summary relating to the reporting compliance requirement under the grant agreement.

Anticipated Completion Date: Immediate

**FINDING 2015-005**

Contact Person Responsible for Corrective Action: Mandi Pennington  
Contact Phone Number: 765-379-2990

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The School Corporation's management will review and formulate procedures to ensure accuracy with regard to the Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP) compliance requirement under the grant agreement.

Anticipated Completion Date: Immediate

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Treasurer  
(Title)

\_\_\_\_\_  
08/30/2017  
(Date)

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Superintendent  
(Title)

\_\_\_\_\_  
08/30/2017  
(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/>.