

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

RISING SUN-OHIO COUNTY  
COMMUNITY SCHOOL CORPORATION  
OHIO COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
12/21/2018



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kelli Keith	01-01-14 to 12-31-18
Superintendent of Schools	Branden Roeder	07-01-14 to 06-30-21
President of the School Board	Corey Potts Harlan Holt Hoffman William Hayes Corey Potts	01-01-14 to 12-31-14 01-01-15 to 09-09-15 09-10-15 to 12-31-15 01-01-16 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE RISING SUN-OHIO COUNTY COMMUNITY  
SCHOOL CORPORATION, OHIO COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Rising Sun-Ohio County Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, 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, 2014 to June 30, 2016.

***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, 2014 to June 30, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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


*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 27, 2018, 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 solely 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 effectiveness of the School Corporation's 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

November 27, 2018



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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 RISING SUN-OHIO COUNTY COMMUNITY  
SCHOOL CORPORATION, OHIO 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 Rising Sun-Ohio County Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated November 27, 2018, 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 item 2016-001 to be a material weakness.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Rising Sun-Ohio County Community School Corporation's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

November 27, 2018

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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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RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 445,217	\$ 5,217,716	\$ 5,586,482	\$ 178	\$ 76,629	\$ 5,510,325	\$ 5,306,800	\$ (9,545)	\$ 270,609
Referendum Tax Levy	-	-	-	-	-	347,367	331,555	-	15,812
Debt Service	986,207	191,838	654,000	-	524,045	368,807	655,175	-	237,677
Capital Projects	152,666	795,540	604,924	-	343,282	732,291	663,856	(78,311)	333,406
School Transportation	79,851	453,987	392,603	-	141,235	455,255	381,260	(45,500)	169,730
School Bus Replacement	242,196	141,113	158,230	(10,896)	214,183	153,455	212,679	(20,500)	134,459
Rainy Day	155,087	-	-	21,000	176,087	13,401	500	144,311	333,299
School Lunch	102,135	378,619	424,142	-	56,612	385,822	329,064	-	113,370
Textbook Rental	24,651	51,544	19,917	-	56,278	75,050	15,633	-	115,695
Early Intervention Grant	1	-	-	-	1	-	-	-	1
Recreational Activities	3,845	11,816	15,114	-	547	12,100	11,931	-	716
Cooper Scholarship Fund	40,999	67	41,066	-	-	-	-	-	-
United Comm. Bank Scholarship	-	1,500	-	-	1,500	-	1,500	-	-
Gray Scholarship Fund	302,853	498	303,351	-	-	-	-	-	-
Charles Johnson Scholarship	70,027	-	69,027	-	1,000	-	1,000	-	-
Preschool Fund	-	-	-	-	-	44,747	45,110	363	-
Latchkey Fund	-	-	-	-	-	8,067	17,249	9,182	-
Ohio County Comm. Found. Fund	6,781	42,704	35,427	-	14,058	37,310	42,752	-	8,616
ECO 15 Grant	1,838	680	977	-	1,541	-	-	-	1,541
LPN Grant	466	-	-	-	466	-	-	-	466
City of RS Personnel Grant	89,425	110,000	107,792	-	91,633	110,000	120,830	-	80,803
BP Gift Fund	285	-	285	-	-	-	-	-	-
Red Ribbon Grant 2012	1,011	-	736	-	275	-	-	-	275
Medicaid Reimbursement	-	504	-	(503)	1	-	-	-	1
Secured Schools Safety Grant	-	6,591	10,992	-	(4,401)	25,294	40,383	-	(19,490)
School Technology	2,007	7,671	7,619	-	2,059	6,564	6,920	-	1,703
R.S. Regional Foundation Grant	103	94,254	43,187	-	51,170	45,000	66,975	-	29,195
Prof. Develop. Cap. Bldg. Grant	500	-	-	-	500	-	-	-	500
Project Lead the Way	-	-	-	-	-	-	-	-	-
MainSource Bank Donation Fund	1,168	1,000	239	-	1,929	-	77	-	1,852
Community Donation Fund	176	-	-	-	176	-	-	-	176
Title I, 2010-2011	48	-	-	-	48	-	-	-	48
Title I: 2013-2014	(4,841)	4,841	-	-	-	-	-	-	-
Title I 14-15	-	119,925	129,427	-	(9,502)	9,502	-	-	-
Title I 15-16	-	-	-	-	-	104,292	118,514	-	(14,222)
ROD-Federal	(29,604)	208,879	192,015	-	(12,740)	194,760	192,575	-	(10,555)
Special Ed Pre School-Federal	(1,504)	10,473	9,506	-	(537)	7,839	7,591	-	(289)
Drug Free Schools	475	-	-	-	475	-	-	-	475
Arts & Education Grant	2	-	-	-	2	-	-	-	2
Medicaid Reimbursement - Federal	-	-	-	325	325	-	-	-	325
Improving Teacher Quality, No Child Left, Title II, Part A	(4,585)	35,455	30,870	-	-	18,461	23,076	-	(4,615)
Special Education - Part B	-	-	-	-	-	-	-	-	-
Payroll Withholdings	18,474	1,508,774	1,524,003	-	3,245	1,558,254	1,560,549	-	950
Prepaid Food	10,278	231,317	229,089	-	12,506	199,606	200,049	-	12,063
Southeastern Insurance Consortium	1,662,112	19,181,638	19,345,736	-	1,498,014	23,413,334	23,582,144	-	1,329,204
<b>Totals</b>	<b>\$ 4,360,350</b>	<b>\$ 28,808,944</b>	<b>\$ 29,936,756</b>	<b>\$ 10,104</b>	<b>\$ 3,242,642</b>	<b>\$ 33,836,903</b>	<b>\$ 33,935,747</b>	<b>\$ -</b>	<b>\$ 3,143,798</b>

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

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

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

**A. Reporting Entity**

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

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
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.

*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 services.* 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.

*Interfund loans.* Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

**F. Other Financing Sources and Uses**

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

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

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
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.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015 and 2016.

**Note 8. Holding Corporation**

The School Corporation has entered into a capital lease with Rising Sun School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the fiscal years 2015 and 2016 totaled \$654,000 and \$654,000, respectively.

#### 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 Indiana Gateway for Government Units 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.

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

	General	Referendum Tax Levy	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Early Intervention Grant
Cash and investments - beginning	\$ 445,217	\$ -	\$ 986,207	\$ 152,666	\$ 79,851	\$ 242,196	\$ 155,087	\$ 102,135	\$ 24,651	\$ 1
Receipts:										
Local sources	272,359	-	191,838	795,540	453,958	141,113	-	228,815	29,990	-
Intermediate sources	27	-	-	-	-	-	-	-	-	-
State sources	4,926,343	-	-	-	-	-	-	4,558	21,554	-
Federal sources	-	-	-	-	-	-	-	145,246	-	-
Other receipts	18,987	-	-	-	29	-	-	-	-	-
Total receipts	5,217,716	-	191,838	795,540	453,987	141,113	-	378,619	51,544	-
Disbursements:										
Instruction	3,893,689	-	-	-	-	-	-	196,973	-	-
Support services	1,544,356	-	-	450,282	392,603	158,230	-	4,228	19,917	-
Noninstructional services	148,437	-	-	-	-	-	-	222,941	-	-
Facilities acquisition and construction	-	-	-	154,642	-	-	-	-	-	-
Debt services	-	-	654,000	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,586,482	-	654,000	604,924	392,603	158,230	-	424,142	19,917	-
Excess (deficiency) of receipts over disbursements	(368,766)	-	(462,162)	190,616	61,384	(17,117)	-	(45,523)	31,627	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	10,104	-	-	-	-
Transfers in	178	-	-	-	-	-	21,000	-	-	-
Transfers out	-	-	-	-	-	(21,000)	-	-	-	-
Total other financing sources (uses)	178	-	-	-	-	(10,896)	21,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(368,588)	-	(462,162)	190,616	61,384	(28,013)	21,000	(45,523)	31,627	-
Cash and investments - ending	\$ 76,629	\$ -	\$ 524,045	\$ 343,282	\$ 141,235	\$ 214,183	\$ 176,087	\$ 56,612	\$ 56,278	\$ 1

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
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 For the Year Ended June 30, 2015

	Recreational Activities	Cooper Scholarship Fund	United Comm. Bank Scholarship	Gray Scholarship Fund	Charles Johnson Scholarship	Preschool Fund	Latchkey Fund	Ohio County Comm. Found. Fund	ECO 15 Grant
Cash and investments - beginning	\$ 3,845	\$ 40,999	\$ -	\$ 302,853	\$ 70,027	\$ -	\$ -	\$ 6,781	\$ 1,838
Receipts:									
Local sources	11,816	67	1,500	498	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	680
Federal sources	-	-	-	-	-	-	-	42,083	-
Other receipts	-	-	-	-	-	-	-	621	-
Total receipts	11,816	67	1,500	498	-	-	-	42,704	680
Disbursements:									
Instruction	-	-	-	-	-	-	-	30,977	977
Support services	-	-	-	-	-	-	-	4,450	-
Noninstructional services	15,114	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	41,066	-	303,351	69,027	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	15,114	41,066	-	303,351	69,027	-	-	35,427	977
Excess (deficiency) of receipts over disbursements	(3,298)	(40,999)	1,500	(302,853)	(69,027)	-	-	7,277	(297)
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	(3,298)	(40,999)	1,500	(302,853)	(69,027)	-	-	7,277	(297)
Cash and investments - ending	\$ 547	\$ -	\$ 1,500	\$ -	\$ 1,000	\$ -	\$ -	\$ 14,058	\$ 1,541

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2015

	LPN Grant	City of RS Personnel Grant	BP Gift Fund	Red Ribbon Grant 2012	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology	R.S. Regional Foundation Grant	Prof. Develop. Cap. Bldg. Grant
Cash and investments - beginning	\$ 466	\$ 89,425	\$ 285	\$ 1,011	\$ -	\$ -	\$ 2,007	\$ 103	\$ 500
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	504	6,591	7,671	-	-
Federal sources	-	110,000	-	-	-	-	-	94,254	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	110,000	-	-	504	6,591	7,671	94,254	-
Disbursements:									
Instruction	-	63,135	285	736	-	3,408	-	719	-
Support services	-	44,657	-	-	-	7,584	7,619	42,468	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	107,792	285	736	-	10,992	7,619	43,187	-
Excess (deficiency) of receipts over disbursements	-	2,208	(285)	(736)	504	(4,401)	52	51,067	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(503)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(503)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,208	(285)	(736)	1	(4,401)	52	51,067	-
Cash and investments - ending	\$ 466	\$ 91,633	\$ -	\$ 275	\$ 1	\$ (4,401)	\$ 2,059	\$ 51,170	\$ 500

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
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	Project Lead the Way	MainSource Bank Donation Fund	Community Donation Fund	Title I, 2010-2011	Title I: 2013-2014	Title I 14-15	Title I 15-16	ROD- Federal	Special Ed Pre School- Federal
Cash and investments - beginning	\$ -	\$ 1,168	\$ 176	\$ 48	\$ (4,841)	\$ -	\$ -	\$ (29,604)	\$ (1,504)
Receipts:									
Local sources	-	-	-	-	-	-	-	208,879	10,473
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	1,000	-	-	4,841	119,925	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	1,000	-	-	4,841	119,925	-	208,879	10,473
Disbursements:									
Instruction	-	239	-	-	-	129,227	-	192,015	9,506
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	200	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	239	-	-	-	129,427	-	192,015	9,506
Excess (deficiency) of receipts over disbursements	-	761	-	-	4,841	(9,502)	-	16,864	967
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	-	761	-	-	4,841	(9,502)	-	16,864	967
Cash and investments - ending	\$ -	\$ 1,929	\$ 176	\$ 48	\$ -	\$ (9,502)	\$ -	\$ (12,740)	\$ (537)

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Drug Free Schools	Arts & Education Grant	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Special Education - Part B	Payroll Withholdings	Prepaid Food	Southeastern Insurance Consortium	Totals
Cash and investments - beginning	\$ 475	\$ 2	\$ -	\$ (4,585)	\$ -	\$ 18,474	\$ 10,278	\$ 1,662,112	\$ 4,360,350
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,346,846
Intermediate sources	-	-	-	-	-	-	-	-	27
State sources	-	-	-	-	-	-	-	-	4,967,901
Federal sources	-	-	-	35,455	-	-	-	-	552,804
Other receipts	-	-	-	-	-	1,508,774	231,317	19,181,638	20,941,366
Total receipts	-	-	-	35,455	-	1,508,774	231,317	19,181,638	28,808,944
Disbursements:									
Instruction	-	-	-	30,870	-	-	-	-	4,552,756
Support services	-	-	-	-	-	-	-	-	2,676,394
Noninstructional services	-	-	-	-	-	-	-	-	386,692
Facilities acquisition and construction	-	-	-	-	-	-	-	-	154,642
Debt services	-	-	-	-	-	-	-	-	654,000
Nonprogrammed charges	-	-	-	-	-	-	-	-	413,444
Interfund loans	-	-	-	-	-	1,524,003	229,089	19,345,736	21,098,828
Total disbursements	-	-	-	30,870	-	1,524,003	229,089	19,345,736	29,936,756
Excess (deficiency) of receipts over disbursements	-	-	-	4,585	-	(15,229)	2,228	(164,098)	(1,127,812)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	10,104
Transfers in	-	-	325	-	-	-	-	-	21,503
Transfers out	-	-	-	-	-	-	-	-	(21,503)
Total other financing sources (uses)	-	-	325	-	-	-	-	-	10,104
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	325	4,585	-	(15,229)	2,228	(164,098)	(1,117,708)
Cash and investments - ending	\$ 475	\$ 2	\$ 325	\$ -	\$ -	\$ 3,245	\$ 12,506	\$ 1,498,014	\$ 3,242,642

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
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 For the Year Ended June 30, 2016

	General	Referendum Tax Levy	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Early Intervention Grant
Cash and investments - beginning	\$ 76,629	\$ -	\$ 524,045	\$ 343,282	\$ 141,235	\$ 214,183	\$ 176,087	\$ 56,612	\$ 56,278	\$ 1
Receipts:										
Local sources	787,364	347,367	368,807	732,291	455,199	153,455	13,401	205,376	40,209	-
Intermediate sources	29	-	-	-	56	-	-	-	-	-
State sources	4,700,913	-	-	-	-	-	-	4,586	20,089	-
Federal sources	-	-	-	-	-	-	-	175,860	-	-
Other receipts	22,019	-	-	-	-	-	-	-	14,752	-
Total receipts	5,510,325	347,367	368,807	732,291	455,255	153,455	13,401	385,822	75,050	-
Disbursements:										
Instruction	3,546,230	291,618	-	-	-	-	500	174,653	-	-
Support services	1,572,718	39,937	-	467,639	381,260	212,679	-	8,456	15,558	-
Noninstructional services	187,852	-	-	-	-	-	-	145,955	-	-
Facilities acquisition and construction	-	-	-	196,217	-	-	-	-	-	-
Debt services	-	-	655,175	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	75	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,306,800	331,555	655,175	663,856	381,260	212,679	500	329,064	15,633	-
Excess (deficiency) of receipts over disbursements	203,525	15,812	(286,368)	68,435	73,995	(59,224)	12,901	56,758	59,417	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	144,311	-	-	-
Transfers out	(9,545)	-	-	(78,311)	(45,500)	(20,500)	-	-	-	-
Total other financing sources (uses)	(9,545)	-	-	(78,311)	(45,500)	(20,500)	144,311	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	193,980	15,812	(286,368)	(9,876)	28,495	(79,724)	157,212	56,758	59,417	-
Cash and investments - ending	\$ 270,609	\$ 15,812	\$ 237,677	\$ 333,406	\$ 169,730	\$ 134,459	\$ 333,299	\$ 113,370	\$ 115,695	\$ 1

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
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	Recreational Activities	Cooper Scholarship Fund	United Comm. Bank Scholarship	Gray Scholarship Fund	Charles Johnson Scholarship	Preschool Fund	Latchkey Fund	Ohio County Comm. Found. Fund	ECO 15 Grant
Cash and investments - beginning	\$ 547	\$ -	\$ 1,500	\$ -	\$ 1,000	\$ -	\$ -	\$ 14,058	\$ 1,541
Receipts:									
Local sources	11,690	-	-	-	-	-	8,067	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	44,747	-	-	-
Federal sources	-	-	-	-	-	-	-	37,310	-
Other receipts	410	-	-	-	-	-	-	-	-
Total receipts	12,100	-	-	-	-	44,747	8,067	37,310	-
Disbursements:									
Instruction	-	-	-	-	-	45,110	-	42,752	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	11,931	-	-	-	-	-	17,249	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,500	-	1,000	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	11,931	-	1,500	-	1,000	45,110	17,249	42,752	-
Excess (deficiency) of receipts over disbursements	169	-	(1,500)	-	(1,000)	(363)	(9,182)	(5,442)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	363	9,182	15	-
Transfers out	-	-	-	-	-	-	-	(15)	-
Total other financing sources (uses)	-	-	-	-	-	363	9,182	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	169	-	(1,500)	-	(1,000)	-	-	(5,442)	-
Cash and investments - ending	\$ 716	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,616	\$ 1,541

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
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	LPN Grant	City of RS Personnel Grant	BP Gift Fund	Red Ribbon Grant 2012	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology	R.S. Regional Foundation Grant	Prof. Develop. Cap. Bldg. Grant
Cash and investments - beginning	\$ 466	\$ 91,633	\$ -	\$ 275	\$ 1	\$ (4,401)	\$ 2,059	\$ 51,170	\$ 500
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	25,294	6,564	-	-
Federal sources	-	110,000	-	-	-	-	-	45,000	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	110,000	-	-	-	25,294	6,564	45,000	-
Disbursements:									
Instruction	-	71,541	-	-	-	19,489	-	44,261	-
Support services	-	49,289	-	-	-	20,894	6,920	22,714	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	120,830	-	-	-	40,383	6,920	66,975	-
Excess (deficiency) of receipts over disbursements	-	(10,830)	-	-	-	(15,089)	(356)	(21,975)	-
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	-	(10,830)	-	-	-	(15,089)	(356)	(21,975)	-
Cash and investments - ending	\$ 466	\$ 80,803	\$ -	\$ 275	\$ 1	\$ (19,490)	\$ 1,703	\$ 29,195	\$ 500

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
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	Project Lead the Way	MainSource Bank Donation Fund	Community Donation Fund	Title I, 2010-2011	Title I: 2013-2014	Title I 14-15	Title I 15-16	ROD- Federal	Special Ed Pre School- Federal
Cash and investments - beginning	\$ -	\$ 1,929	\$ 176	\$ 48	\$ -	\$ (9,502)	\$ -	\$ (12,740)	\$ (537)
Receipts:									
Local sources	-	-	-	-	-	-	-	194,760	7,839
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	9,502	104,292	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	9,502	104,292	194,760	7,839
Disbursements:									
Instruction	-	77	-	-	-	-	118,314	192,575	7,591
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	200	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	77	-	-	-	-	118,514	192,575	7,591
Excess (deficiency) of receipts over disbursements	-	(77)	-	-	-	9,502	(14,222)	2,185	248
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	-	(77)	-	-	-	9,502	(14,222)	2,185	248
Cash and investments - ending	\$ -	\$ 1,852	\$ 176	\$ 48	\$ -	\$ -	\$ (14,222)	\$ (10,555)	\$ (289)

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Drug Free Schools	Arts & Education Grant	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Special Education - Part B	Payroll Withholdings	Prepaid Insurance	Southeastern Insurance Consortium	Totals
Cash and investments - beginning	\$ 475	\$ 2	\$ 325	\$ -	\$ -	\$ 3,245	\$ 12,506	\$ 1,498,014	\$ 3,242,642
Receipts:									
Local sources	-	-	-	-	-	-	-	-	3,325,825
Intermediate sources	-	-	-	-	-	-	-	-	85
State sources	-	-	-	-	-	-	-	-	4,802,193
Federal sources	-	-	-	18,461	-	-	-	-	500,425
Other receipts	-	-	-	-	-	1,558,254	199,606	23,413,334	25,208,375
Total receipts	-	-	-	18,461	-	1,558,254	199,606	23,413,334	33,836,903
Disbursements:									
Instruction	-	-	-	23,076	-	-	-	-	4,577,787
Support services	-	-	-	-	-	-	-	-	2,798,064
Noninstructional services	-	-	-	-	-	-	-	-	363,187
Facilities acquisition and construction	-	-	-	-	-	-	-	-	196,217
Debt services	-	-	-	-	-	-	-	-	655,175
Nonprogrammed charges	-	-	-	-	-	-	-	-	2,575
Interfund loans	-	-	-	-	-	1,560,549	200,049	23,582,144	25,342,742
Total disbursements	-	-	-	23,076	-	1,560,549	200,049	23,582,144	33,935,747
Excess (deficiency) of receipts over disbursements	-	-	-	(4,615)	-	(2,295)	(443)	(168,810)	(98,844)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	153,871
Transfers out	-	-	-	-	-	-	-	-	(153,871)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(4,615)	-	(2,295)	(443)	(168,810)	(98,844)
Cash and investments - ending	\$ 475	\$ 2	\$ 325	\$ (4,615)	\$ -	\$ 950	\$ 12,063	\$ 1,329,204	\$ 3,143,798

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RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 142,561</u>	<u>\$ 43,288</u>

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2016

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities: Rising Sun-Ohio County School Building Corporation	Renovated School Buildings	<u>\$ 624,175</u>	7/15/2006	1/15/2027
Total of annual lease payments		<u><u>\$ 624,175</u></u>		

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2016

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

	Ending Balance
Governmental activities:	
Land	\$ 146,823
Buildings	9,066,406
Improvements other than buildings	178,325
Machinery, equipment, and vehicles	<u>2,039,937</u>
Total governmental activities	<u>11,431,491</u>
Total capital assets	<u>\$ 11,431,491</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 RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION, OHIO COUNTY, INDIANA

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

We have audited the Rising Sun-Ohio County Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Basis for Qualified Opinion on Child Nutrition Cluster***

As described in item 2016-005 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with Child Nutrition Cluster regarding Special Tests and Provisions - Paid Lunch Equity. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of Child Nutrition Cluster regarding Special Tests and Provisions - Paid Lunch Equity, described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on Child Nutrition Cluster or the period of July 1, 2014 to June 30, 2016.

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

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2014 to June 30, 2016.

***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 2016-003, 2016-004, and 2016-006. 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

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

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 2016-002, 2016-003, 2016-004, 2016-005, and 2016-006 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

November 27, 2018

#### 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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RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2015 and 2016

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	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program							
Indiana Department of Education							
School Breakfast Reimbursement		10.553	FY14-15	\$ -	\$ 25,022	\$ -	\$ -
School Breakfast Reimbursement			FY15-16	-	-	-	32,568
Total - School Breakfast Program				-	25,022	-	32,568
National School Lunch Program							
Indiana Department of Education							
School Lunch Reimbursement		10.555	FY14-15	-	119,993	-	-
School Lunch Reimbursement			FY15-16	-	-	-	142,631
Commodities			FY14-15	-	24,841	-	-
			FY15-16	-	-	-	21,411
Total - National School Lunch Program				-	144,834	-	164,042
Total - Child Nutrition Cluster				-	169,856	-	196,610
Total - Department of Agriculture				-	169,856	-	196,610
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States							
Indiana Department of Education							
FY2013 Part B 611		84.027	14213-052-PN01	-	43	-	-
FY2014 Part B 611			14214-052-PN01	-	146,514	-	276
FY2015 Part B 611			14215-052-PN01	-	116,216	-	128,408
FY2016 Part B 611			14216-050-PN01	-	-	-	126,471
FY2014 Technical Assistance			99914-052-TA01	-	2,557	-	1,375
Total - Special Education_Grants to States				-	265,330	-	256,530
Special Education_Preschool Grants							
Indiana Department of Education							
FY2014 Federal Preschool 619 Grant		84.173	45714-052-PN01	-	1,382	-	193
FY2015 Federal Preschool 619 Grant			45715-052-PN01	-	-	-	1,225
FY2016 Federal Preschool 619 Grant			45716-050-PN01	-	-	-	149
Total - Special Education_Preschool Grants				-	1,382	-	1,567
Total - Special Education Cluster (IDEA)				-	266,712	-	258,097
Title I Grants to Local Educational Agencies							
Indiana Department of Education							
Title I		84.010	14-6080	-	4,841	-	-
Title I			15-6080	-	119,925	-	9,502
Title I			16-6080	-	-	-	104,292
Total - Title I Grants to Local Educational Agencies				-	124,766	-	113,794
Supporting Effective Instruction State Grants							
Indiana Department of Education							
Title II Part A		84.367	14-6080	-	9,705	-	-
Title II Part A			15-6080	-	25,750	-	-
Title II Part A			16-6080	-	-	-	18,461
Total - Supporting Effective Instruction State Grants				-	35,455	-	18,461
Total - Department of Education				-	426,933	-	390,352
Total federal awards expended				\$ -	\$ 596,789	\$ -	\$ 586,962

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

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. 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.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs:

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 2016-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Finding: Material Weakness

*Condition*

The following deficiency constitutes a material weakness in the internal control system of the School Corporation related to financial reporting.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation had not separated incompatible activities related to the preparation of the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer was responsible for preparation and submission of the SEFA. There were no controls in place to ensure the SEFA was accurate prior to submission. Control activities should be in place to reduce the risks of errors in financial reporting.

*Context*

The lack of 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. . . ."

*Cause*

Management of the School Corporation had not established a proper system of internal controls to ensure the accuracy of the SEFA prior to submission.

*Effect*

The failure to establish controls could enable material misstatements or irregularities to remain undetected. The failure to monitor the internal control system places the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the preparation of the SEFA.

*Views of Responsible Officials*

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

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

**FINDING 2016-002**

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): FY14-15, FY15-16  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Cash Management, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications  
Audit Finding: Material Weakness

*Repeat Finding*

A similar finding appeared in the immediately prior report, entitled *FINDING 2014-003 - CASH MANAGEMENT, ELIGIBILITY, PROGRAM INCOME, REPORTING, AND SPECIAL TESTS AND PROVISIONS*.

*Condition*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the compliance requirements listed below.

*Cash Management*

The School Corporation had not designed or implemented adequate internal controls to ensure the School Lunch fund monthly cash balances (net cash resources) were limited to three months average expenditures. There was no oversight or review of the calculations, nor monitoring of the School Lunch fund monthly cash balances (net cash resources). The School Lunch Treasurer only periodically monitored the balance in the School Lunch fund.

*Program Income*

The School Corporation had not designed or implemented adequate policies and procedures to ensure that program income was properly recorded in the financial records.

*Reporting*

The Sponsor Claims (claims for reimbursement), the Annual Financial Reports, and the Verification Summary reports were prepared and submitted by the School Lunch Treasurer. There was no oversight, review, or approval process to ensure these reports were accurate prior to submission.

*Special Test and Provisions - Verification of Free and Reduced Price Applications*

The School Lunch Treasurer performed the verification of free and reduced price applications. There was no oversight, review, or approval process to ensure the verification of the applications was performed properly.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

The lack of internal controls was a systemic issue, which occurred throughout 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

Management had not developed a system of internal controls to ensure compliance with the requirements listed above.

*Effect*

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

*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 the compliance requirements listed above.

*Views of Responsible Officials*

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

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2016-003***

Subject: Child Nutrition Cluster - Eligibility  
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): FY14-15, FY15-16  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Eligibility  
Audit Findings: Material Weakness, Other Matters

*Condition*

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with the Eligibility compliance requirement. The eligibility determinations for Free and Reduced Lunch benefits was processed and entered by the School Lunch Treasurer with no additional oversight, review, or approval of the benefits after entry into the system to ensure accuracy.

The School Corporation failed to retain for audit the notifications provided to households of their benefits upon completion of the eligibility determination.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred throughout 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 245.6(c)(6) states in part:

"Notice of Approval-

i. Income applications. The local educational agency must notify the household of the children's eligibility and provide the eligible children the benefits to which they are entitled within 10 operating days of receiving the application from the household. . . ."

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Eligibility compliance requirement.

*Effect*

The failure to retain or provide appropriate supporting documentation regarding the notice of approval prevented the determination of the School Corporation's compliance with the Eligibility compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls and ensure documentation was maintained and made available for audit relating to the Eligibility 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 2016-004**

Subject: Child Nutrition Cluster - Suspension and Debarment  
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): FY14-15, FY15-16  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

A similar finding was reported in the immediately prior audit, entitled *FINDING 2014-005 - SUSPENSION AND DEBARMENT*.

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Suspension and Debarment compliance requirements.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation did not perform any procedure to verify vendors were not suspended or debarred from participation in the federal program before entering into a contract.

*Context*

The lack of controls and noncompliance were systemic issues throughout 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Suspension and Debarment compliance requirements.

*Effect*

The failure to establish an effective internal control system resulted in noncompliance with the grant agreement and the Suspension and Debarment compliance requirements.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls and ensure compliance with the grant agreement and the Suspension and Debarment compliance requirements.

*Views of Responsible Officials*

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

*Auditor's Response*

The correction to the repeat finding as indicated in the School Corporation's Corrective Action Plan did not occur during the current audit period but in the subsequent 2016-2017 school year.

**FINDING 2016-005**

Subject: National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity  
Federal Agency: Department of Agriculture  
Federal Program: National School Lunch Program  
CFDA Number: 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY14-15, FY15-16  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

A similar finding was reported in the immediately prior audit, entitled *FINDING 2014-004 - SPECIAL TESTS AND PROVISIONS*.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the requirements related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

The School Corporation did not retain documentation of its paid lunch equity calculation for the audit period; therefore, it could not be determined if the School Corporation was in compliance with the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

*Context*

The lack of properly designed and implemented controls was a systemic issue throughout the audit period. A determination of compliance could not be made due to the lack of documentation regarding the paid lunch equity calculation.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 210.15(b) states in part:

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

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

7 CFR 210.14(e) states in part:

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

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

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

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

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

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

7 CFR 3016.42 states in part:

"(a) *Applicability.*

- (1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:
  - (i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or
  - (ii) Otherwise reasonably considered as pertinent to program regulations or the grant agreement. . . .

(b) *Length of retention period.*

- (1) Except as otherwise provided, records must be retained for three years . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured proper supporting documentation was maintained and made available for audit relating to the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

*Effect*

The failure to establish an effective internal control system prevented the determination of the School Corporation's compliance with the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls and ensure compliance with the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

*Views of Responsible Officials*

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

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2016-006**

Subject: Special Education Cluster (IDEA) - Level of Effort - Maintenance of Effort

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-052-PN01, 45714-052-PN01,  
14214-052-PN01, 45715-052-PN01,  
14215-052-PN01, 45716-050-PN01,  
14216-050-PN01, 99914-052-TA01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

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 the grant agreement and the Level of Effort - Maintenance of Effort compliance requirement.

The School Corporation included federal funds in its calculation of Level of Effort - Maintenance of Effort (MOE) resulting in noncompliance with the compliance requirement.

*Context*

The lack of controls and noncompliance were systemic issues throughout 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

34 CFR 300.203(a) states:

"*General.* Except as provided in §§ 300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year."

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

34 CFR 300.203(b) states:

*"Compliance standard.*

- (1) Except as provided in §§ 300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.
- (2) An LEA meets this standard if it does not reduce the level of expenditures for the education of children with disabilities made by the LEA from at least one of the following sources below the level of those expenditures from the same source for the preceding fiscal year, except as provided in §§ 300.204 and 300.205:
  - (i) Local funds only;
  - (ii) The combination of State and local funds;
  - (iii) Local funds only on a per capita basis; or
  - (iv) The combination of State and local funds on a per capita basis.
- (3) Expenditures made from funds provided by the Federal government for which the SEA is required to account to the Federal government or for which the LEA is required to account to the Federal government directly or through the SEA may not be considered in determining whether an LEA meets the standard in paragraphs (b)(1) and (2) of this section."

*Cause*

Management had not developed a system of internal controls over the Level of Effort - Maintenance of Effort compliance requirement that would have ensured proper amounts were used for the maintenance of effort calculation.

*Effect*

The failure to establish a system of internal controls allowed material noncompliance in the calculation of the Level of Effort - Maintenance of Effort compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls and ensure compliance with the grant agreement and the Maintenance of Effort compliance requirement.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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



# Rising Sun ~ Ohio County Community Schools

110 HENRIETTA STREET • RISING SUN, INDIANA 47040

PHONE (812) 438-2655 • FAX (812) 438-4636

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2014-003**

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Aryn Webster

Contact Phone Number: 812-438-2626

#### Status of Audit Finding:

We monitored the cash balance to ensure it did not exceed the total 3 month's expenditures. We had another staff member review prices charged per student, review computer printouts, review the weighted average meal prices, and sign off on the above. We had another staff member sign off on the Verification of Free and Reduced Price Applications.

Aryn Webster  
(Signature)

Lunch Treasurer  
(Title)

10-30-18  
(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).)



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2014-004**

Fiscal year in which the finding initially occurred: 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Aryn Webster  
Contact Phone Number: 812-438-2626

#### Status of Audit Finding:

We monitored the cash balance to ensure it did not exceed the total 3 month's expenditures. We had another staff member review prices charged per student, review computer printouts, review the weighted average meal prices, and sign off on the above. We had another staff member sign off on the Verification of Free and Reduced Price Applications.

Aryn Webster  
(Signature)

Lunch Treasurer  
(Title)

10-30-18  
(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).)



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2014-005**

Fiscal year in which the finding initially occurred: 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Rita Scudder  
Contact Phone Number: 812-438-2655

Status of Audit Finding:

We monitored the federal website to verify cafeteria vendors

Rita Scudder  
(Signature)

Deputy Treasurer  
(Title)

10/30/2018  
(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).)



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2014-006**

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Marcia Fullenkamp

Contact Phone Number: 812-623-2212

#### Status of Audit Finding:

The request for reimbursement was signed off by the fiscal agent treasurer and the director of special education.

Marcia A Fullenkamp  
(Signature)[jc1]

Treasurer  
(Title)

October 30, 2013  
(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).)



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## CORRECTIVE ACTION PLAN

### **FINDING 2016-001**

Contact Person Responsible for Corrective Action: Kelli Keith

Contact Phone Number: 812-438-2655

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The SEFA will be prepared by the school treasurer and another employee will sign off on the report before the SEFA is submitted.

Anticipated Completion Date: *July of 2019*

*Kelli Keith*

(Signature)

*Treasurer*

(Title)

*11-14-18*

(Date)



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BRANDEN ROEDER  
SUPERINTENDENT

## CORRECTIVE ACTION PLAN

### **FINDING 2016-002**

Contact Person Responsible for Corrective Action: Aryn Webster

Contact Phone Number: 812-438-2626

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We will monitor the cash balance to ensure it does not exceed the total 3 month's expenditures. We will add another staff member to review prices charged per student, review computer printouts, review the weighted average meal prices, and sign off on the above. We will have another staff member sign off on the Verification of Free and Reduced Price Applications.

Anticipated Completion Date: 7-1-2014

Aryn Webster  
(Signature)

Lunch Treasurer  
(Title)

11-14-18  
(Date)



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## CORRECTIVE ACTION PLAN

### **FINDING 2016-003**

Contact Person Responsible for Corrective Action: Aryn Webster

Contact Phone Number: 812-438-2626

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We will retain the notification to families regarding eligibility for free/reduced lunches for audit.

Anticipated Completion Date: 8-1-2016

Aryn Webster  
(Signature)

Lunch Treasurer  
(Title)

11-14-18  
(Date)



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## CORRECTIVE ACTION PLAN

### **FINDING 2016-004**

Contact Person Responsible for Corrective Action: Rita Scudder

Contact Phone Number: 812-438-2655

Views of Responsible Official: We do not concur with the finding.

Description of Corrective Action Plan: This is a repeat finding and was corrected immediately after the prior audit. The federal website was used to verify vendors beginning with the 2016-2017 school year which was at the time of the previous audit.

Anticipated Completion Date: 7/1/2016

Rita Scudder  
(Signature)

Deputy Treasurer  
(Title)

11/14/2018  
(Date)



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## CORRECTIVE ACTION PLAN

**FINDING 2016-005**

Contact Person Responsible for Corrective Action: Aryn Webster

Contact Phone Number: 812-438-2626

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We will retain the calculation for the school lunch pricing for audit.

Anticipated Completion Date: 11-14-18

Aryn Webster  
(Signature)

Lunch Treasurer  
(Title)

11-14-18  
(Date)



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## CORRECTIVE ACTION PLAN

### FINDING 2016-006

Contact Person Responsible for Corrective Action: Kelli Keith

Contact Phone Number: 812-438-2655

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We will no longer include federal funding in the 'state and local' section on the Maintenance of Effort Report.

Anticipated Completion Date: July of 2019

*Kelli Keith*

(Signature)

*Treasurer*

(Title)

*11-14-18*

(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/>.