

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

RUSH COUNTY SCHOOLS
RUSH COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
03/22/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Bryce Welsh	07-01-15 to 06-30-19
Superintendent of Schools	Matt Vance	07-01-15 to 06-30-19
President of the School Board	Jeff Slaton Dr. Steve Sickbert Tammy Jackman	01-01-15 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE RUSH COUNTY SCHOOLS, RUSH COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Rush County Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, 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, 2015 to June 30, 2017.

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, 2015 to June 30, 2017, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 December 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

December 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 RUSH COUNTY SCHOOLS, RUSH 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 Rush County Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated December 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002, that we consider to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001.

Rush County School'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

December 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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RUSH COUNTY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 807,928	\$ 14,214,632	\$ 14,405,636.00	\$ 343,084	\$ 960,008	\$ 14,025,517	\$ 14,449,215	\$ 280,953	\$ 817,263
Debt Service	1,345,521	2,263,595	2,165,000	-	1,444,116	2,122,794	2,163,500	-	1,403,410
Capital Projects	1,644,768	2,515,585	2,347,733	(67,462)	1,745,158	2,645,737	1,911,162	(770,435)	1,709,298
School Transportation	478,303	2,028,520	1,763,993	11,103	753,933	2,073,338	1,752,847	-	1,074,424
School Bus Replacement	283,715	468,053	343,400	(111,103)	297,265	437,410	275,390	(150,000)	309,285
Rainy Day	2,042,000	62,227	-	(150,000)	1,954,227	-	-	600,000	2,554,227
School Lunch	549,236	1,458,428	1,470,094	-	537,570	1,413,004	1,342,569	-	608,005
Textbook Rental	307,677	296,524	297,378	-	306,823	363,323	161,516	(19,526)	489,104
Educational License Plates	2,340	244	1,619	-	965	225	293	-	897
SAFE School Haven	-	12,000	-	(3,000)	9,000	11,171	-	(9,000)	11,171
Early Intervention Grant	1,800	7,200	-	-	9,000	8,321	-	-	17,321
School Intervention and Career Counseling	-	-	-	-	-	30,000	-	-	30,000
Memorial Fund Donations	165	100	-	-	265	-	-	-	265
Extra-Curricular Activities	(6,331)	50	3,671	9,916	(36)	1,384	1,444	-	(96)
Indiana Youth Survey	-	200	-	-	200	-	-	-	200
Miscellaneous Programs	200	-	-	-	200	-	-	-	200
Outdoor Nature Lab	919	1,011	50	-	1,880	495	59	-	2,316
Formative Assessment	-	32,538	-	(32,538)	-	27,520	-	(27,520)	-
Secured Schools Safety Grant	-	-	-	-	-	-	-	-	-
School Technology	2,015	4,888	-	-	6,903	-	-	(6,903)	-
Performance Based Awards	-	-	-	-	-	4,211	3,000	-	1,211
Construction, Remodeling, and Equipping Buildings	-	-	2,300	-	(2,300)	-	-	2,300	-
High Ability 14-15	55,770	36,846	15,906	(18,161)	58,549	35,941	18,808	-	75,682
DFS & Community (LLC)	18,359	18,997	20,046	-	17,310	8,500	18,469	-	7,341
Senator David Ford Technology	-	-	182	-	(182)	40,109	22,951	(30,000)	(13,024)
Technology - Rebates	(12,476)	33,720	38,543	-	(17,299)	38,974	55,610	71,694	37,759
Title I 2012-13	71,694	-	-	-	71,694	-	-	(71,694)	-
Title I 2013-14	4,490	-	179	-	4,311	-	-	-	4,311
Title I 2014-15	(61,909)	152,222	90,658	(68,332)	(68,677)	-	-	-	(68,677)
Title I 2015-16	-	266,840	275,982	(7,987)	(17,129)	188,589	162,629	-	8,831
Title I - School Improvement	-	-	-	-	-	227,906	286,267	-	(58,361)
ECIA Title I Migrant	-	-	-	-	-	-	-	-	-
CFR - Part B 2013-14	(6,763)	-	-	-	(6,763)	-	-	6,763	-
Part B 2014-15	(121,755)	234,898	223,262	-	(110,119)	-	-	110,119	-
IDEA	(5,842)	250,260	361,686	-	(117,268)	337,958	321,368	100,678	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	13,424	-	15,259	-	(1,835)	337,553	374,792	-	(39,074)
Special Ed Technical Assistance	68	-	-	-	68	-	-	-	68
CFR - Part B Preschool 2013-14	(1,050)	-	-	-	(1,050)	-	-	1,050	-
Improving Teacher Quality, No Child Left, Title II, Part A	-	24,097	-	(24,097)	-	-	-	-	-
Title II 2012-14	-	-	-	-	-	-	-	-	-
Title II 2013-15	(111,306)	32,781	12,625	81,045	(10,105)	-	65	-	(10,170)
Title II 2014-16	-	28,152	63,854	37,533	1,831	40,351	50,585	-	(8,403)
Title IIA Funding Year 2015	-	-	-	-	-	-	80,050	-	(80,050)
Special Education - Part B	-	-	-	-	-	-	104,121	(88,479)	(192,600)
Payroll Withholdings	557,398	4,573,038	4,583,509	-	546,927	4,729,887	4,713,107	-	563,707
Totals	\$ 7,860,358	\$ 29,017,646	\$ 28,502,565	\$ 1	\$ 8,375,440	\$ 29,150,218	\$ 28,269,817	\$ -	\$ 9,255,841

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

RUSH COUNTY SCHOOLS
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.

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

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:

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.

RUSH COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

RUSH COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

RUSH COUNTY SCHOOLS
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. In some instances, this is a result of timing related to reimbursable grant funds. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2016 and 2017. In some instances, this is a result of disbursements exceeding receipts due to the underestimation of current requirements.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with the Rush County Elementary School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2016 and 2017 totaled \$2,165,000 and \$2,163,500, respectively.

RUSH COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Subsequent Event

On June 14, 2018, the Board of School Trustees issued \$2,500,000 of General Obligation Bonds for renovations and improvements to Rushville Consolidated High School and related facilities.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the 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.

RUSH COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 807,928	\$ 1,345,521	\$ 1,644,768	\$ 478,303	\$ 283,715	\$ 2,042,000	\$ 549,236	\$ 307,677
Receipts:								
Local sources	11,786	2,263,595	2,498,850	1,993,496	430,603	-	616,569	211,464
Intermediate sources	907	-	-	-	-	-	-	-
State sources	14,169,419	-	-	-	-	-	16,073	85,060
Federal sources	-	-	-	-	-	-	725,037	-
Other receipts	32,520	-	16,735	35,024	37,450	62,227	100,749	-
Total receipts	14,214,632	2,263,595	2,515,585	2,028,520	468,053	62,227	1,458,428	296,524
Disbursements:								
Instruction	9,666,400	-	-	-	-	-	-	-
Support services	4,290,454	-	780,845	1,763,993	343,400	-	37,844	297,378
Noninstructional services	448,782	-	-	-	-	-	1,432,250	-
Facilities acquisition and construction	-	-	1,566,888	-	-	-	-	-
Debt service	-	2,165,000	-	-	-	-	-	-
Total disbursements	14,405,636.00	2,165,000	2,347,733	1,763,993	343,400	-	1,470,094	297,378
Excess (deficiency) of receipts over disbursements	(191,004)	98,595	167,852	264,527	124,653	62,227	(11,666)	(854)
Other financing sources (uses):								
Transfers in	353,000	-	32,538	11,103	-	200,000	-	-
Transfers out	(9,916)	-	(100,000)	-	(111,103)	(350,000)	-	-
Total other financing sources (uses)	343,084	-	(67,462)	11,103	(111,103)	(150,000)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	152,080	98,595	100,390	275,630	13,550	(87,773)	(11,666)	(854)
Cash and investments - ending	\$ 960,008	\$ 1,444,116	\$ 1,745,158	\$ 753,933	\$ 297,265	\$ 1,954,227	\$ 537,570	\$ 306,823

RUSH COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Educational License Plates	SAFE School Haven	Early Intervention Grant	School Intervention and Career Counseling	Memorial Fund Donations	Extra- Curricular Activities	Indiana Youth Survey	Miscellaneous Programs
Cash and investments - beginning	\$ 2,340	\$ -	\$ 1,800	\$ -	\$ 165	\$ (6,331)	\$ -	\$ 200
Receipts:								
Local sources	-	-	-	-	100	50	-	-
Intermediate sources	244	-	-	-	-	-	-	-
State sources	-	12,000	7,200	-	-	-	200	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	244	12,000	7,200	-	100	50	200	-
Disbursements:								
Instruction	298	-	-	-	-	3,671	-	-
Support services	1,321	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Total disbursements	1,619	-	-	-	-	3,671	-	-
Excess (deficiency) of receipts over disbursements	(1,375)	12,000	7,200	-	100	(3,621)	200	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	9,916	-	-
Transfers out	-	(3,000)	-	-	-	-	-	-
Total other financing sources (uses)	-	(3,000)	-	-	-	9,916	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,375)	9,000	7,200	-	100	6,295	200	-
Cash and investments - ending	\$ 965	\$ 9,000	\$ 9,000	\$ -	\$ 265	\$ (36)	\$ 200	\$ 200

RUSH COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Outdoor Nature Lab	Formative Assessment	Secured Schools Safety Grant	School Technology	Performance Based Awards	Construction, Remodeling, and Equipping Buildings	High Ability 14-15	DFS & Community (LLC)
Cash and investments - beginning	\$ 919	\$ -	\$ -	\$ 2,015	\$ -	\$ -	\$ 55,770	\$ 18,359
Receipts:								
Local sources	1,011	-	-	-	-	-	-	18,997
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	32,538	-	4,888	-	-	36,846	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	1,011	32,538	-	4,888	-	-	36,846	18,997
Disbursements:								
Instruction	50	-	-	-	-	-	15,906	20,046
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	2,300	-	-
Debt service	-	-	-	-	-	-	-	-
Total disbursements	50	-	-	-	-	2,300	15,906	20,046
Excess (deficiency) of receipts over disbursements	961	32,538	-	4,888	-	(2,300)	20,940	(1,049)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(32,538)	-	-	-	-	(18,161)	-
Total other financing sources (uses)	-	(32,538)	-	-	-	-	(18,161)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	961	-	-	4,888	-	(2,300)	2,779	(1,049)
Cash and investments - ending	\$ 1,880	\$ -	\$ -	\$ 6,903	\$ -	\$ (2,300)	\$ 58,549	\$ 17,310

RUSH COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Senator David Ford Technology	Technology - Rebates	Title I 2012-13	Title I 2013-14	Title I 2014-15	Title I 2015-16	Title I - School Improvement	ECIA Title I Migrant
Cash and investments - beginning	\$ -	\$ (12,476)	\$ 71,694	\$ 4,490	\$ (61,909)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	33,720	-	-	-	-	-	-
Federal sources	-	-	-	-	152,222	266,840	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	33,720	-	-	152,222	266,840	-	-
Disbursements:								
Instruction	-	38,543	-	179	90,658	275,982	-	-
Support services	182	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Total disbursements	182	38,543	-	179	90,658	275,982	-	-
Excess (deficiency) of receipts over disbursements	(182)	(4,823)	-	(179)	61,564	(9,142)	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(68,332)	(7,987)	-	-
Total other financing sources (uses)	-	-	-	-	(68,332)	(7,987)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(182)	(4,823)	-	(179)	(6,768)	(17,129)	-	-
Cash and investments - ending	\$ (182)	\$ (17,299)	\$ 71,694	\$ 4,311	\$ (68,677)	\$ (17,129)	\$ -	\$ -

RUSH COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	CFR - Part B 2013-14	Part B 2014-15	IDEA	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special Ed Technical Assistance	CFR - Part B Preschool 2013-14	Improving Teacher Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ (6,763)	\$ (121,755)	\$ (5,842)	\$ 13,424	\$ 68	\$ (1,050)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	234,898	250,260	-	-	-	24,097
Other receipts	-	-	-	-	-	-	-
Total receipts	-	234,898	250,260	-	-	-	24,097
Disbursements:							
Instruction	-	191,566	311,972	15,259	-	-	-
Support services	-	31,696	49,634	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	80	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total disbursements	-	223,262	361,686	15,259	-	-	-
Excess (deficiency) of receipts over disbursements	-	11,636	(111,426)	(15,259)	-	-	24,097
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(24,097)
Total other financing sources (uses)	-	-	-	-	-	-	(24,097)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	11,636	(111,426)	(15,259)	-	-	-
Cash and investments - ending	\$ (6,763)	\$ (110,119)	\$ (117,268)	\$ (1,835)	\$ 68	\$ (1,050)	\$ -

RUSH COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Title II 2012-14	Title II 2013-15	Title II 2014-16	Title IIA Funding Year 2015	Special Education - Part B	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ (111,306)	\$ -	\$ -	\$ -	\$ 557,398	\$ 7,860,358
Receipts:							
Local sources	-	-	-	-	-	4,573,038	12,619,559
Intermediate sources	-	-	-	-	-	-	1,151
State sources	-	-	-	-	-	-	14,397,944
Federal sources	-	32,781	28,152	-	-	-	1,714,287
Other receipts	-	-	-	-	-	-	284,705
Total receipts	-	32,781	28,152	-	-	4,573,038	29,017,646
Disbursements:							
Instruction	-	-	-	-	-	4,583,509	15,214,039
Support services	-	12,625	63,854	-	-	-	7,673,226
Noninstructional services	-	-	-	-	-	-	1,881,032
Facilities acquisition and construction	-	-	-	-	-	-	1,569,268
Debt service	-	-	-	-	-	-	2,165,000
Total disbursements	-	12,625	63,854	-	-	4,583,509	28,502,565
Excess (deficiency) of receipts over disbursements	-	20,156	(35,702)	-	-	(10,471)	515,081
Other financing sources (uses):							
Transfers in	9,242	118,578	37,533	-	-	-	771,910
Transfers out	(9,242)	(37,533)	-	-	-	-	(771,910)
Total other financing sources (uses)	-	81,045	37,533	-	-	-	1
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	101,201	1,831	-	-	(10,471)	515,082
Cash and investments - ending	\$ -	\$ (10,105)	\$ 1,831	\$ -	\$ -	\$ 546,927	\$ 8,375,440

RUSH COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 960,008	\$ 1,444,116	\$ 1,745,158	\$ 753,933	\$ 297,265	\$ 1,954,227	\$ 537,570	\$ 306,823
Receipts:								
Local sources	57,587	2,122,794	2,516,292	2,043,169	437,410	-	608,472	278,264
Intermediate sources	-	-	-	-	-	-	-	-
State sources	13,841,656	-	-	-	-	-	14,779	85,059
Federal sources	-	-	-	-	-	-	784,607	-
Other receipts	126,274	-	129,445	30,169	-	-	5,146	-
Total receipts	14,025,517	2,122,794	2,645,737	2,073,338	437,410	-	1,413,004	363,323
Disbursements:								
Instruction	9,406,363	-	-	-	-	-	-	-
Support services	4,583,430	-	445,222	1,752,847	275,390	-	-	161,516
Noninstructional services	459,422	-	-	-	-	-	1,342,569	-
Facilities acquisition and construction	-	-	1,465,940	-	-	-	-	-
Debt service	-	2,163,500	-	-	-	-	-	-
Total disbursements	14,449,215	2,163,500	1,911,162	1,752,847	275,390	-	1,342,569	161,516
Excess (deficiency) of receipts over disbursements	(423,698)	(40,706)	734,575	320,491	162,020	-	70,435	201,807
Other financing sources (uses):								
Transfers in	411,084	-	77,046	-	-	600,000	-	-
Transfers out	(130,131)	-	(847,481)	-	(150,000)	-	-	(19,526)
Total other financing sources (uses)	280,953	-	(770,435)	-	(150,000)	600,000	-	(19,526)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(142,745)	(40,706)	(35,860)	320,491	12,020	600,000	70,435	182,281
Cash and investments - ending	\$ 817,263	\$ 1,403,410	\$ 1,709,298	\$ 1,074,424	\$ 309,285	\$ 2,554,227	\$ 608,005	\$ 489,104

RUSH COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Educational License Plates	SAFE School Haven	Early Intervention Grant	School Intervention and Career Counseling	Memorial Fund Donations	Extra- Curricular Activities	Indiana Youth Survey	Miscellaneous Programs
Cash and investments - beginning	\$ 965	\$ 9,000	\$ 9,000	\$ -	\$ 265	\$ (36)	\$ 200	\$ 200
Receipts:								
Local sources	-	-	-	30,000	-	1,384	-	-
Intermediate sources	225	-	-	-	-	-	-	-
State sources	-	11,171	8,321	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	225	11,171	8,321	30,000	-	1,384	-	-
Disbursements:								
Instruction	-	-	-	-	-	180	-	-
Support services	293	-	-	-	-	1,264	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Total disbursements	293	-	-	-	-	1,444	-	-
Excess (deficiency) of receipts over disbursements	(68)	11,171	8,321	30,000	-	(60)	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(9,000)	-	-	-	-	-	-
Total other financing sources (uses)	-	(9,000)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(68)	2,171	8,321	30,000	-	(60)	-	-
Cash and investments - ending	\$ 897	\$ 11,171	\$ 17,321	\$ 30,000	\$ 265	\$ (96)	\$ 200	\$ 200

RUSH COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Outdoor Nature Lab	Formative Assessment	Secured Schools Safety Grant	School Technology	Performance Based Awards	Construction, Remodeling, and Equipping Buildings	High Ability 14-15	DFS & Community (LLC)
Cash and investments - beginning	\$ 1,880	\$ -	\$ -	\$ 6,903	\$ -	\$ (2,300)	\$ 58,549	\$ 17,310
Receipts:								
Local sources	495	-	-	-	-	-	-	8,500
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	27,520	-	-	4,211	-	35,941	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	495	27,520	-	-	4,211	-	35,941	8,500
Disbursements:								
Instruction	59	-	-	-	-	-	18,808	18,469
Support services	-	-	-	-	3,000	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Total disbursements	59	-	-	-	3,000	-	18,808	18,469
Excess (deficiency) of receipts over disbursements	436	27,520	-	-	1,211	-	17,133	(9,969)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	2,300	-	-
Transfers out	-	(27,520)	-	(6,903)	-	-	-	-
Total other financing sources (uses)	-	(27,520)	-	(6,903)	-	2,300	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	436	-	-	(6,903)	1,211	2,300	17,133	(9,969)
Cash and investments - ending	\$ 2,316	\$ -	\$ -	\$ -	\$ 1,211	\$ -	\$ 75,682	\$ 7,341

RUSH COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Senator David Ford Technology	Technology - Rebates	Title I 2012-13	Title I 2013-14	Title I 2014-15	Title I 2015-16	Title I - School Improvement	ECIA Title I Migrant
Cash and investments - beginning	\$ (182)	\$ (17,299)	\$ 71,694	\$ 4,311	\$ (68,677)	\$ (17,129)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	40,109	38,974	-	-	-	-	-	-
Federal sources	-	-	-	-	-	188,589	-	-
Other receipts	-	-	-	-	-	-	227,906	-
Total receipts	40,109	38,974	-	-	-	188,589	227,906	-
Disbursements:								
Instruction	61	55,610	-	-	-	123,864	282,237	(150)
Support services	22,890	-	-	-	-	26,465	4,030	150
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	12,300	-	-
Debt service	-	-	-	-	-	-	-	-
Total disbursements	22,951	55,610	-	-	-	162,629	286,267	-
Excess (deficiency) of receipts over disbursements	17,158	(16,636)	-	-	-	25,960	(58,361)	-
Other financing sources (uses):								
Transfers in	-	71,694	-	-	-	-	-	-
Transfers out	(30,000)	-	(71,694)	-	-	-	-	-
Total other financing sources (uses)	(30,000)	71,694	(71,694)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,842)	55,058	(71,694)	-	-	25,960	(58,361)	-
Cash and investments - ending	\$ (13,024)	\$ 37,759	\$ -	\$ 4,311	\$ (68,677)	\$ 8,831	\$ (58,361)	\$ -

RUSH COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	CFR - Part B 2013-14	Part B 2014-15	IDEA	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special Ed Technical Assistance	CFR - Part B Preschool 2013-14	Improving Teacher Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ (6,763)	\$ (110,119)	\$ (117,268)	\$ (1,835)	\$ 68	\$ (1,050)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	337,958	-	-	-	-
Other receipts	-	-	-	337,553	-	-	-
Total receipts	-	-	337,958	337,553	-	-	-
Disbursements:							
Instruction	-	-	290,562	328,996	-	-	-
Support services	-	-	30,771	45,796	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	35	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total disbursements	-	-	321,368	374,792	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	16,590	(37,239)	-	-	-
Other financing sources (uses):							
Transfers in	6,763	110,119	100,678	-	-	1,050	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	6,763	110,119	100,678	-	-	1,050	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,763	110,119	117,268	(37,239)	-	1,050	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (39,074)	\$ 68	\$ -	\$ -

RUSH COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Title II 2012-14	Title II 2013-15	Title II 2014-16	Title IIA Funding Year 2015	Special Education - Part B	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ (10,105)	\$ 1,831	\$ -	\$ -	\$ 546,927	\$ 8,375,440
Receipts:							
Local sources	-	-	-	-	-	4,729,887	12,834,254
Intermediate sources	-	-	-	-	-	-	225
State sources	-	-	-	-	-	-	14,107,741
Federal sources	-	-	40,351	-	-	-	1,351,505
Other receipts	-	-	-	-	-	-	856,493
Total receipts	-	-	40,351	-	-	4,729,887	29,150,218
Disbursements:							
Instruction	-	-	-	-	92,659	4,713,107	15,330,825
Support services	-	65	50,585	80,050	11,462	-	7,495,226
Noninstructional services	-	-	-	-	-	-	1,801,991
Facilities acquisition and construction	-	-	-	-	-	-	1,478,275
Debt service	-	-	-	-	-	-	2,163,500
Total disbursements	-	65	50,585	80,050	104,121	4,713,107	28,269,817
Excess (deficiency) of receipts over disbursements	-	(65)	(10,234)	(80,050)	(104,121)	16,780	880,401
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	1,380,734
Transfers out	-	-	-	-	(88,479)	-	(1,380,734)
Total other financing sources (uses)	-	-	-	-	(88,479)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(65)	(10,234)	(80,050)	(192,600)	16,780	880,401
Cash and investments - ending	\$ -	\$ (10,170)	\$ (8,403)	\$ (80,050)	\$ (192,600)	\$ 563,707	\$ 9,255,841

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RUSH COUNTY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 662,402</u>	<u>\$ -</u>

RUSH COUNTY SCHOOLS
 SCHEDULE OF LEASES AND DEBT
 June 30, 2017

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental Activities: Rush County Elementary Schools Building Corporation	Build Two New Schools And Renovate One School	\$ 2,163,500	11/8/2016	12/31/2028
Total governmental activities		<u>2,163,500</u>		
Total of annual lease payments		<u>\$ 2,163,500</u>		

RUSH COUNTY SCHOOLS
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2017

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	\$ 576,500
Infrastructure	200,000
Buildings	50,710,280
Improvements other than buildings	111,185
Machinery, equipment, and vehicles	7,452,626
Books and other	<u>175,000</u>
Total governmental activities	<u>59,225,591</u>
Total capital assets	<u><u>\$ 59,225,591</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE RUSH COUNTY SCHOOLS, RUSH COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Rush County Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-004, 2017-006, 2017-007, 2017-008, 2017-010, and 2017-011. 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.


A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-003, 2017-004, 2017-005, 2017-006, 2017-007, 2017-008, 2017-009, 2017-010, and 2017-011, that we consider to be material weaknesses.

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

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

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


Paul D. Joyce, CPA
State Examiner

December 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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RUSH COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-16	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program FY16			FY2016	\$ 146,667	\$ -
School Breakfast Program FY17			FY2017	-	139,945
Total - School Breakfast Program				146,667	139,945
National School Lunch Program					
National School Lunch Program FY16 Commodities	Indiana Department of Education	10.555			
National School Lunch Program FY16			FY2016	104,125	-
National School Lunch Program FY17 Commodities			FY2016	622,347	-
National School Lunch Program FY17			FY2017	-	127,964
National School Lunch Program FY17			FY2017	-	608,060
Total - National School Lunch Program				726,472	736,024
Summer Food Service Program for Children					
Summer Food Service Program for Children FY16	Indiana Department of Education	10.559			
Summer Food Service Program for Children FY17			FY2016	29,113	-
Summer Food Service Program for Children FY17			FY2017	-	36,503
Total - Summer Food Service Program for Children				29,113	36,503
Total - Child Nutrition Cluster				902,252	912,472
Total - Department of Agriculture				902,252	912,472
<u>Department of Education</u>					
Title I Grants to Local Educational Agencies					
Title I 2014-15	Indiana Department of Education	84.010			
Title I 2015-16			15-6995	152,222	-
Title I 2016-17			16-6995	266,840	140,711
Title I 2016-17			17-6995	-	227,906
Total - Title I Grants to Local Educational Agencies				419,062	368,617
Special Education Cluster (IDEA)					
Special Education Grants to States	Indiana Department of Education	84.027			
Part B 2014-15			14215-148-PN01	234,898	-
Part B 2015-16			14216-117-PN01	250,260	337,958
Part B 2016-17			14217-117-PN01	-	337,553
Total - Special Education Grants to States				485,158	675,511
Total - Special Education Cluster (IDEA)				485,158	675,511
Supporting Effective Instruction State Grants					
Title II 2014-15	Indiana Department of Education	84.367			
Title II 2015-16			S367A150015	24,097	-
Title II 2015-16			S367A160013	60,933	40,351
Title II 2016-17			S367A170013	-	15,401
Total - Supporting Effective Instruction State Grants				85,030	55,752
Total - Department of Education				989,250	1,099,880
Total federal awards expended				\$ 1,891,502	\$ 2,012,352

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

RUSH COUNTY SCHOOLS
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, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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 the Uniform Guidance, 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

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

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2017-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-002.

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's SEFA. The Director of Finance prepared the federal award information entered into Gateway without a control in place to prevent, or detect and correct, errors prior to submission.

Context

The SEFA contained the following errors:

1. The Expenditures for the School Breakfast Program were understated by \$28,908 and overstated by \$644,563 for the years ended June 30, 2016 and 2017, respectively.
2. The Expenditures for the National School Lunch Program were understated by \$44,223 and \$608,060 for the years ended June 30, 2016 and 2017, respectively.
3. The Commodities for the National School Lunch Program were omitted, understating expenditures by \$232,089.
4. The Expenditures for the Summer Food Service Program for Children were omitted, understating expenditures by \$65,616.
5. The Expenditures for the Supporting Effective Instruction State Grants were overstated by \$3,308 and understated by \$51,070 for the years ended June 30, 2016 and 2017, respectively.
6. The Expenditures for the Title I Grants to Local Educational Agencies were understated by \$205,988 for the year ended June 30, 2017.
7. The Expenditures for the Special Education Cluster (IDEA) was understated by \$337,958 for the year ended June 30, 2017.
8. The Program names, pass-through entities, identifying numbers, and CFDA numbers were not always accurate.

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

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.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

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

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

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 that is part of this report.

FINDING 2017-002

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-001.

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to cash and investments and receipts. The Director of Finance was primarily responsible for completing the bank reconciliations without a control in place, such as an oversight, review, or approval process. The receipt process began with the initiation of the receipt and deposit slip by the Deputy Treasurer. The monies were then deposited by the Payroll Clerk and subsequently recorded in the accounting software by the Director of Finance, without any documented control over the entire receipt process.

Context

The lack of controls was a systemic issue during 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.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 control over financial transactions and reporting.

Effect

The failure to establish controls could have enabled misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, misstatements in a timely manner.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls related to cash and investments and receipts.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-003

Subject: Title I Grants to Local Educational Agencies - Reporting, Eligibility
Federal Agency: Indiana Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 15-6995, 16-6995, 17-6995
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Reporting, Eligibility
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit related to reporting. The prior audit finding number was 2015-005.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

Reporting

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. The School Corporation had not separated incompatible activities related to the compilation, preparation, and submission of the final expenditure report.

Eligibility

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement. There was no documented control to ensure only eligible students received targeted assistance.

Context

The lack of 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

The School Corporation had not designed or implemented an effective internal control system that would have ensured compliance with the Reporting and Eligibility compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting and Eligibility compliance requirements.

RUSH COUNTY SCHOOLS
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 to ensure compliance with the grant agreement and the Reporting and Eligibility compliance requirements.

Views of Responsible Officials

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

FINDING 2017-004

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: Special Education Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-117-PN01, 14217-117-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-008.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The School Corporation did not maintain proper Semi-Annual Certifications for all employees paid from the Special Education Cluster (IDEA). The School Corporation did not complete any Semi-Annual Certifications which were required during the school year ended June 30, 2016.

Context

The lack of controls and noncompliance were systemic issues during the first year of the audit period.

Criteria

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

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

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-87, Attachment B, section 8h(3) states:

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an internal control system enabled noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles 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 2017-005

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

Federal Agency: Department of Education

Federal Program: Special Education Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Numbers): 14215-148-PN01, 14216-117-PN01,
14217-117-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the level of effort requirements. The School Corporation had not separated incompatible activities related to the compilation, preparation, and submission of the maintenance of effort report for the major program.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of 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

The School Corporation had not designed or implemented an effective internal control system that would have ensured compliance with the level of effort requirements.

Effect

The failure to establish an effective system of internal control placed the School Corporation at risk of noncompliance with the grant agreement and the level of effort requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the level of effort requirements.

Views of Responsible Officials

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

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2017-006

Subject: Special Education Cluster (IDEA) - Reporting
Federal Agency: Department of Education
Federal Program: Special Education Grants to States
CFDA Number: 84.027
Federal Award Numbers and Years (or Other Identifying Numbers): 14215-148-PN01, 14216-117-PN01,
14217-117-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-007.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. The School Corporation had not separated incompatible activities related to the compilation, preparation, and submission of the required reports for the major program.

Reimbursement requests filed with the Indiana Department of Education were not supported by the School Corporation's records; therefore, the amounts requested for reimbursement could not be completely substantiated. The reimbursement requests were prepared by the Director of Finance; however, expenditure reports identifying which expenditures were included on each reimbursement request were not presented for audit. The School Corporation did not prepare the required final expenditure reports during the audit period.

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. . . ."

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:

...

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

Cause

The School Corporation had not designed or implemented an effective internal control system that would have ensured compliance with the Reporting compliance requirement.

Effect

The failure to establish an effective system of internal control enabled material noncompliance with the grant agreement and the Reporting compliance requirement. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2017-007

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY2016, FY2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. The School Corporation's internal controls were not effective to ensure grant funds were expended for allowable activities.

One expenditure was made for the purchase of Chromebooks in the amount of \$37,844. The claim was determined to be an unallowable activity of the Child Nutrition Cluster.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The unallowable purchase was limited to one expenditure selected for testing.

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 210.2 states in part: ". . . *Nonprofit school food service* means all food service operations conducted by the school food authority principally for the benefit of schoolchildren, all of the revenue from which is used solely for the operation or improvement of such food services. . . ."

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation had not designed or implemented an effective internal control system that would have ensured compliance with the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

Effect

The failure to establish an effective system of internal control enabled noncompliance with the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements to go undetected. Noncompliance with the grant agreement and the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

Known questioned costs in the amount of \$37,844 were identified as detailed in the *Condition*.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Allowable Activities or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

Views of Responsible Officials

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

FINDING 2017-008

Subject: Child Nutrition Cluster - Cash Management
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): FY2016, FY2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement. The School Corporation had not separated incompatible activities related to ensuring that the School Lunch fund's net cash resources were below the three months average expenditures threshold.

The School Lunch fund's net cash resources exceeded three months average expenditures for all months of the audit period. As of June 30, 2017, the School Lunch fund balance exceeded three months average expenditures by \$260,163.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

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 210.14(b) states: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:
. . .

(iv) Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

Cause

The School Corporation had not designed or implemented an effective internal control system that would have ensured compliance with the Cash Management compliance requirement.

Effect

The failure to establish an effective system of internal control enabled noncompliance with the grant agreement and the Cash Management compliance requirement. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Cash Management 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 2017-009

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY2016, FY2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Program Income, Reporting, Special Tests
and Provisions - Verification of Free and Reduced
Price Applications (NSLP), Special Tests and
Provisions - School Food Accounts, Special
Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the compliance requirements listed above.

Eligibility

One person was primarily responsible for determining the eligibility of free and reduced priced meal applicants. There was no control in place, such as an oversight, review, or approval process to ensure eligibility was properly determined.

Program Income

The School Corporation had not separated incompatible activities related to the assessment and recording of program income. There were no control procedures in place to ensure that the proper meal prices were being charged or that program income was properly recorded in the School Lunch fund.

Reporting

The School Corporation had not separated incompatible activities related to the Reporting compliance requirement. The Director of Finance was responsible for the compilation and preparation of the Annual Financial Report, and the Food Service Director was primarily responsible for the compilation and preparation of the reimbursement requests and the verification summary reports. There was no control in place, such as an oversight, review, or approval process to ensure the reports were accurate.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Special Tests and Provisions

The School Corporation had not separated incompatible activities related to the following Special Tests and Provisions: Verification of Free and Reduced Price Applications (NSLP), School Food Accounts, and Paid Lunch Equity.

Verification of Free and Reduced Price Applications (NSLP)

One person was primarily responsible for performing verification of free and reduced price applications at each building, and one person was responsible for preparing and submitting the verification summary report for the School Corporation. There was no documentation of a control in place, such as an oversight, review, or approval process to ensure the verification was properly performed.

School Food Accounts

One person was primarily responsible for the receipting process of the School Lunch fund. There was no control in place to ensure timely receipt of federal program revenues.

Paid Lunch Equity (National School Lunch Program only)

One person was primarily responsible for performing paid lunch equity calculations. There was no control in place, such as an oversight, review, or approval process to ensure compliance with paid lunch equity requirements.

Context

The lack of 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. . . ."

Cause

The School Corporation had not designed or implemented an effective internal control system that would have ensured compliance with the compliance requirements listed above.

Effect

The failure to establish an effective system of internal control placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above.

Questioned Costs

There were no questioned costs identified.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with 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 that is part of this report.

FINDING 2017-010

Subject: Child Nutrition Cluster - Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY2016, FY 2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-003.

Condition

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

The School Corporation had no controls in place to ensure that vendors were not suspended or debarred from participation in federal programs. There was no evidence presented for audit that the School Corporation checked SAM exclusions, collected a certification, or included a clause or condition in the contract of two vendors selected for testing.

Context

The lack of effective 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. . . ."

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 requirements.

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the suspension and debarment requirements.

Views of Responsible Officials

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

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2017-011

Subject: Child Nutrition Cluster - Equipment and Real Property Management
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY2016, FY2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Equipment and Real Property Management compliance requirement.

The School Corporation did not have adequate policies and procedures to ensure compliance with the requirements that it maintain records of equipment purchased in whole or in part with federal funds and that physical inventories be performed every two years.

The School Corporation did not accurately maintain equipment or property records for equipment purchased with program funds. The School Corporations asset records omitted three of the four equipment purchases selected for testing. No inventory was properly performed to identify these errors. In addition, property records did not contain all required information.

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). . . ."

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 3016.32 states in part:

". . . (b) . . . Other grantees and subgrantees will follow paragraphs (c) through (e) of this section. . . .

(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. . . ."

2 CFR 200.313(d) states in part:

"Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. . . ."

Cause

The School Corporation had not designed or implemented an effective internal control system that would have ensured compliance with the Equipment and Real Property Management compliance requirement.

Effect

The failure to establish an effective system of internal control enabled noncompliance with the grant agreement and the Equipment and Real Property Management compliance requirement. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Equipment and Real Property Management compliance requirement.

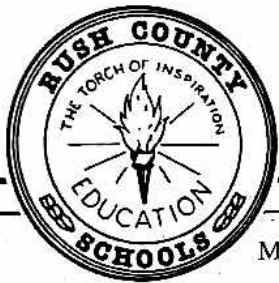
Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: 2015

Contact Person Responsible for Corrective Action: Bryce Welsh, Director of Finance

Contact Phone Number: (765) 932-4186

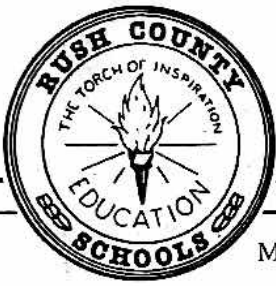
Status of Audit Finding:

All bank statements are completed by the Director of Finance, then reviewed and signed by the Deputy Treasurer.

Bryce Welsh
(Signature)

Director of Finance
(Title)

11/20/18
(Date)



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-002

Fiscal year in which the finding initially occurred: 2015

Contact Person Responsible for Corrective Action: Bryce Welsh, Director of Finance

Contact Phone Number: (765) 932-4186

Status of Audit Finding:

The Director of Finance will have all grant administrators check and sign off on the SEFA Report before it is submitted.



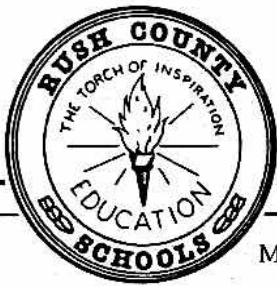
(Signature)

Director of Finance

(Title)

11/26/14

(Date)



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-003

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Bryce Welsh, Director of Finance

Contact Phone Number: (765) 932-4186

Status of Audit Finding:

Rush County Schools now uses <https://www.sam.gov/portal/SAM/##11> to vet vendors per recommendation of prior SBOA auditors. We have also purchased a program called MenuLogic and are in the process of setting it up so that it can be compared to sales figures listed in Harmony.



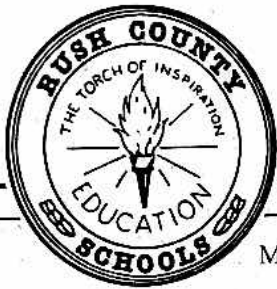
(Signature)

Director of Finance

(Title)

11/20/18

(Date)



(INCLUDE ON OFFICIAL LETTERHEAD)
RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-004

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Bryce Welsh, Director of Finance
Contact Phone Number: (765) 932-4186

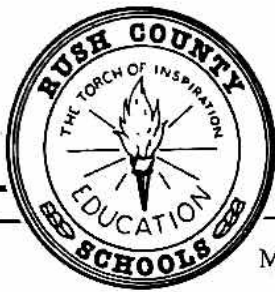
Status of Audit Finding:

All café employees who work on other programs must sign a time sheet stating the hours worked in the cafeteria every week.

Bryce Welsh
(Signature)

Director of Finance
(Title)

11/20/14
(Date)



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-005

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Bryce Welsh, Director of Finance

Contact Phone Number: (765) 932-4186

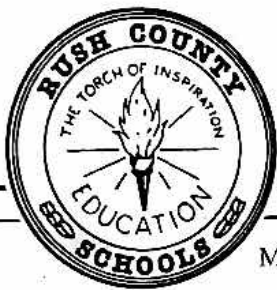
Status of Audit Finding:

The Director of Finance and the Title I Director will both sign off on reimbursement requests, the Annual Expenditure Report, and all SPPE Reports.

Bryce Welsh
(Signature)

Director of Finance
(Title)

11/26/14
(Date)



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-006

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Bryce Welsh, Director of Finance

Contact Phone Number: (765) 932-4186

Status of Audit Finding:

The Title I Director is now maintaining Semi-Annual Certifications

Bryce Welsh

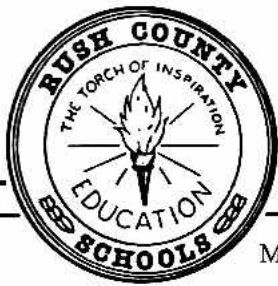
(Signature)

Director of Finance

(Title)

11/20/14

(Date)



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-007

Fiscal year in which the finding initially occurred: 2015

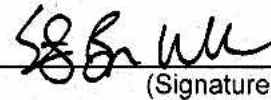
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Bryce Welsh, Director of Finance

Contact Phone Number: (765) 932-4186

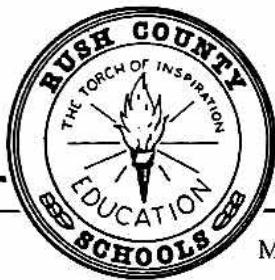
Status of Audit Finding:

The Director of Finance and the Director of Differentiated Learning both sign off on all applications, modifications, quarterly monitoring reports and reimbursement requests. The Director of Differentiated Learning and the Superintendent will both sign the Report of Children and Youth with Disabilities Receiving Special Education Report.


(Signature)

Director of Finance
(Title)

11/26/14
(Date)



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-008

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Bryce Welsh, Director of Finance

Contact Phone Number: (765) 932-4186

Status of Audit Finding:

The Director of Differentiated Learning is now conducting Semi-Annual Certifications

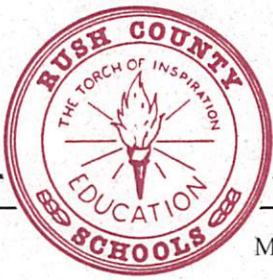
(Signature)

Director of Finance

(Title)

11/20/18

(Date)



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

CORRECTIVE ACTION PLAN

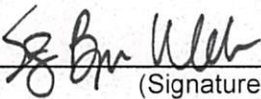
FINDING 2017-001

Contact Person Responsible for Corrective Action: Mr. Bryce Welsh, Director of Finance
Contact Phone Number: (765) 932-4186

Views of Responsible Official:
We concur with the finding.

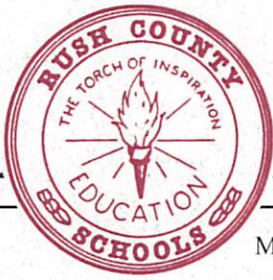
Going forward the SEFA will be checked by the Deputy Treasure to insure accuracy before being submitted to Gateway on the AFR.

Anticipated Completion Date:
The anticipated completion date will be 7/31/19 when the next AFR is submitted to Gateway.


(Signature)

Director of Finance
(Title)

12/27/18



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

CORRECTIVE ACTION PLAN

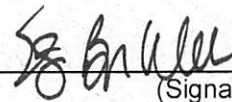
FINDING 2017-002

Contact Person Responsible for Corrective Action: Mr. Bryce Welsh, Director of Finance
Contact Phone Number: (765) 932-4186

Views of Responsible Official:
We concur with the finding.

We have already implemented controls regarding this issue. The Director of Finance enters receipts into Komputrol and balances the Komputrol with the bank account. Once this is completed the Deputy Treasurer verifies and signs off on the bank statements. To separate this further the Payroll Clerk prepares and makes the deposits with the Director of Finance signing off on them.

Anticipated Completion Date: This practice was begun after the previous audit ended in January of 2018.



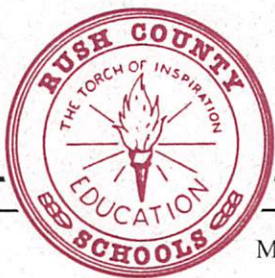
(Signature)

Director of Finance

(Title)

12/27/18

(Date)



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

CORRECTIVE ACTION PLAN

FINDING 2017-003

Contact Person Responsible for Corrective Action: Mr. Bryce Welsh, Director of Finance
Contact Phone Number: (765) 932-4186

Views of Responsible Official:
We concur with the finding.

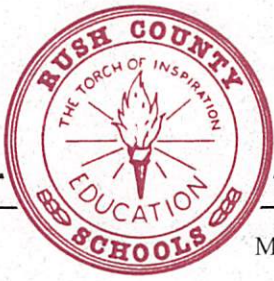
We have already implemented another layer of control by having the Director of Finance sign off on all reimbursements and the AFR. A second person will review the students determined to be eligible Targeted Assistance Eligibility.

Anticipated Completion Date: This was discussed in our previous audit and the control has been in place since January of 2018

Bryce Welsh
(Signature)

Director Finance
(Title)

12/27/18
(Date)



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

CORRECTIVE ACTION PLAN

FINDING 2017-004

Contact Person Responsible for Corrective Action: Mr. Bryce Welsh, Director of Finance
Contact Phone Number: (765) 932-4186

Views of Responsible Official:
We concur with the finding.

We were unaware that this was still a requirement. Going forward the Director of Differentiated Learning will complete Semi-Annual certifications or document within payroll for Special Education and have the applicable employees sign them.

Anticipated Completion Date: January 1, 2019



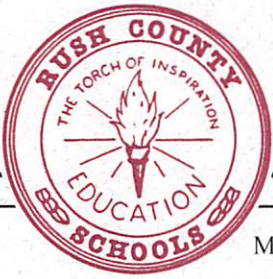
(Signature)

Director of Finance

(Title)

12/27/18

(Date)



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

CORRECTIVE ACTION PLAN

FINDING 2017-005

Contact Person Responsible for Corrective Action: Mr. Bryce Welsh, Director of Finance
Contact Phone Number: (765) 932-4186

Views of Responsible Official:
We concur with the finding.

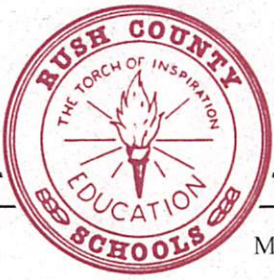
This level of control is already in place as the Director of Differentiated Learning and the Director of Finance currently sign off on all MoE calculations for Special Education.

Anticipated Completion Date: This practice is currently in place

Sg Bryc Welsh
(Signature)

Director of Finance
(Title)

12/27/18
(Date)



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

CORRECTIVE ACTION PLAN

FINDING 2017-006

Contact Person Responsible for Corrective Action: Mr. Bryce Welsh, Director of Finance
Contact Phone Number: (765) 932-4186

Views of Responsible Official:
We concur with the finding.

We were unaware that an AFR needed to be completed as IDOE has never requested it. In the future the AFR will be completed by the Director of Finance and reviewed by the Director of Differentiated Learning. All other Special Education financial reports are currently prepared and reviewed by the Director of Finance and the Director of Differentiated Learning. When requesting a reimbursement we will attach the supporting financials to the reimbursement.

Anticipated Completion Date: July 31st, 2019

Sg Br Welsh

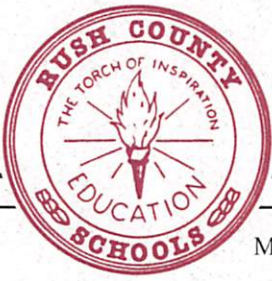
(Signature)

Director of Finance

(Title)

12/27/18

(Date)



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

CORRECTIVE ACTION PLAN

FINDING 2017-007

Contact Person Responsible for Corrective Action: Mr. Bryce Welsh, Director of Finance
Contact Phone Number: (765) 932-4186

Views of Responsible Official:
We concur with the finding.

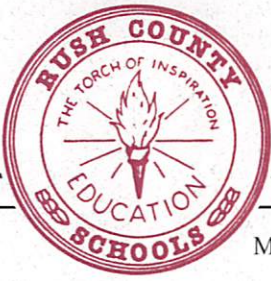
The account number was entered in error on claim form. This happened while we were in a transition from the previous Director of Finance to me. All requests to purchase are now signed by the Superintendent and the Director of Finance to ensure accuracy. We plan to transfer the amount in question from fund 900 back to fund 800.

Anticipated Completion Date: December 31st, 2018

S. B. Welsh
(Signature)

Director of Finance
(Title)

12/27/18
(Date)



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

CORRECTIVE ACTION PLAN

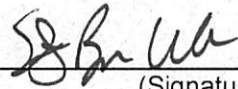
FINDING 2017-008

Contact Person Responsible for Corrective Action: Mr. Bryce Welsh, Director of Finance
Contact Phone Number: (765) 932-4186

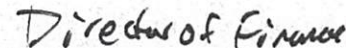
Views of Responsible Official:
We concur with the finding.

We have spoken with IDOE regarding a "spend down" plan and are actively replacing aging equipment in all our cafeterias. In the future we will monitor the 800 fund on a quarterly basis.

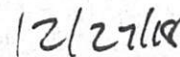
Anticipated Completion Date: The "spend down" is already in progress. We will begin monitoring the 800 fund on a quarterly basis on April 1st 2019



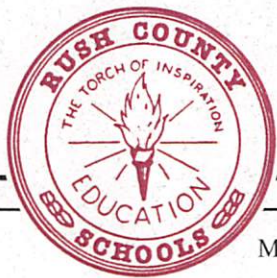
(Signature)



(Title)



(Date)



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

CORRECTIVE ACTION PLAN

FINDING 2017-009

Contact Person Responsible for Corrective Action: Mr. Bryce Welsh, Director of Finance
Contact Phone Number: (765) 932-4186

Views of Responsible Official:
We concur with the finding.

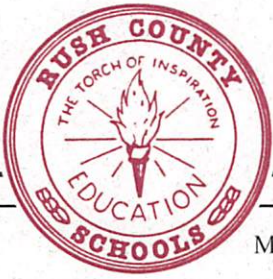
Going forward we will make sure that there is another level of control for all reports relating to child nutrition. We have already begun to change some of our processes to implement these controls. We will evaluate Harmony and determine if it is capable of creating the type of reports need for this. The Food Service Coordinator will review the certification of eligibility after it is completed by the Director of Curriculum. Program income will be reviewed by both the Food Service Coordinator and the Director of Finance. The Food Service Coordinator will conduct Free and Reduced verifications and be reviewed by the building secretaries. The Food Service Coordinator will calculate lunch prices and will be reviewed by the Director of Finance.

Anticipated Completion Date: July, 1st 2019

Bryce Welsh
(Signature)

Director of Finance
(Title)

12/27/18
(Date)



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

CORRECTIVE ACTION PLAN

FINDING 2017-010

Contact Person Responsible for Corrective Action: Mr. Bryce Welsh, Director of Finance
Contact Phone Number: (765) 932-4186

Views of Responsible Official:
We concur with the finding.

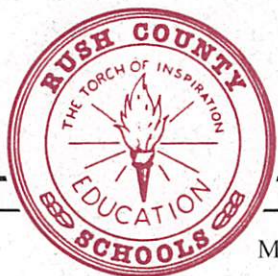
We use the SAM.gov website to vet vendors at the corporation level. In the future we will make sure all employees are aware that all vendors must be vetted.

Anticipated Completion Date: January 1st, 2019

Bryce Welsh
(Signature)

Director of Finance
(Title)

12/27/18
(Date)



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

CORRECTIVE ACTION PLAN

FINDING 2017-011

Contact Person Responsible for Corrective Action: Mr. Bryce Welsh, Director of Finance
Contact Phone Number: (765) 932-4186

Views of Responsible Official:
We concur with the finding.

Going forward we will add all food service equipment to the Fixed Assets Ledger.

Anticipated Completion Date: July, 1st 2019

Sg Br Welsh
(Signature)

Director of Finance
(Title)

12/27/18
(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/>.