

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

EXAMINATION REPORT

OF

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION

OHIO COUNTY, INDIANA

July 1, 2004 to June 30, 2006



FILED

06/20/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kelli Keith	07-01-04 to 06-30-07
Superintendent of Schools	Stephen Patz	07-01-04 to 06-30-07
President of the School Board	Samuel Fox Tim Adams Dorinda Lampkin Jamie Bell	01-01-03 to 12-31-04 01-01-05 to 12-31-05 01-01-06 to 12-31-06 01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Rising Sun-Ohio County Community School Corporation (School Corporation), for the period of July 1, 2004 to June 30, 2006. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 19, 2007

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CASH AND INVESTMENTS
June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 967,492
Restricted assets:	
Cash and investments	<u>675,687</u>
Total assets	<u>\$ 1,643,179</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 675,687
Unrestricted	<u>967,492</u>
Total net assets	<u>\$ 1,643,179</u>

The accompanying notes are an integral part of the financial information.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CASH AND INVESTMENTS
 June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 1,079,251
Restricted assets:	
Cash and investments	<u>3,307,706</u>
Total assets	<u>\$ 4,386,957</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 3,307,706
Unrestricted	<u>1,079,251</u>
Total net assets	<u>\$ 4,386,957</u>

The accompanying notes are an integral part of the financial information.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CASH ACTIVITIES
For the Year Ended June 30, 2005

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 3,326,720	\$ -	\$ 48,163	\$ (3,278,557)
Support services	3,912,172	297,268	82,164	(3,532,740)
Community services	37,283	-	-	(37,283)
Nonprogrammed charges	325,528	-	-	(325,528)
Debt service	<u>321,040</u>	<u>-</u>	<u>-</u>	<u>(321,040)</u>
Total governmental activities	<u>\$ 7,922,743</u>	<u>\$ 297,268</u>	<u>\$ 130,327</u>	<u>(7,495,148)</u>
General receipts:				
Property taxes				2,490,341
Other local sources				1,064,005
State aid				3,504,689
Grants and contributions not restricted				169,513
Sale of property, adjustments, and refunds				76,496
Investment earnings				24,533
Transfers:				
Intergovernmental				<u>34,412</u>
Total general receipts and transfers				<u>7,363,989</u>
Change in cash and investments				(131,159)
Net assets - beginning				<u>1,774,338</u>
Net assets - ending				<u>\$ 1,643,179</u>

The accompanying notes are an integral part of the financial information.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CASH ACTIVITIES
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 3,306,284	\$ -	\$ 39,337	\$ (3,266,947)
Support services	3,955,972	290,476	94,933	(3,570,563)
Community services	22,770	-	-	(22,770)
Nonprogrammed charges	404,768	-	-	(404,768)
Debt service	312,535	-	-	(312,535)
Total governmental activities	\$ 8,002,329	\$ 290,476	\$ 134,270	(7,577,583)
General receipts:				
Property taxes				2,464,213
Other local sources				3,892,214
State aid				3,588,828
Grants and contributions not restricted				194,072
Sale of property, adjustments, and refunds				61,819
Investment earnings				40,422
Transfers:				
Intergovernmental				79,793
Total general receipts and transfers				10,321,361
Change in cash and investments				2,743,778
Net assets - beginning				1,643,179
Net assets - ending				\$ 4,386,957

The accompanying notes are an integral part of the financial information.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 GOVERNMENTAL FUNDS
 For The Year Ended June 30, 2005

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 2,332,727	\$ 308,489	\$ 307,575	\$ 514,937	\$ 109,128	\$ 302,744	\$ 3,875,600
Intermediate sources	547	-	-	-	-	-	547
State sources	3,540,898	-	-	-	-	74,625	3,615,523
Federal sources	-	-	-	-	-	189,006	189,006
Sale of property, adjustments and refunds	69,286	7,210	-	-	-	-	76,496
Intergovernmental transfers	15,627	18,785	-	-	-	-	34,412
Total receipts	<u>5,959,085</u>	<u>334,484</u>	<u>307,575</u>	<u>514,937</u>	<u>109,128</u>	<u>566,375</u>	<u>7,791,584</u>
Disbursements:							
Current:							
Instruction	3,058,754	-	-	-	-	267,966	3,326,720
Support services	2,625,464	316,949	-	535,777	164,599	269,383	3,912,172
Community services	37,283	-	-	-	-	-	37,283
Nonprogrammed charges	293,169	-	-	-	-	32,359	325,528
Debt services	-	-	321,040	-	-	-	321,040
Total disbursements	<u>6,014,670</u>	<u>316,949</u>	<u>321,040</u>	<u>535,777</u>	<u>164,599</u>	<u>569,708</u>	<u>7,922,743</u>
Excess (deficiency) of total receipts over (under) total disbursements	(55,585)	17,535	(13,465)	(20,840)	(55,471)	(3,333)	(131,159)
Cash and investments - beginning	<u>687,782</u>	<u>85,346</u>	<u>689,152</u>	<u>109,531</u>	<u>90,746</u>	<u>111,781</u>	<u>1,774,338</u>
Cash and investments - ending	<u>\$ 632,197</u>	<u>\$ 102,881</u>	<u>\$ 675,687</u>	<u>\$ 88,691</u>	<u>\$ 35,275</u>	<u>\$ 108,448</u>	<u>\$ 1,643,179</u>

The accompanying notes are an integral part of the financial information.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 2,428,227	\$ 320,985	\$ 2,950,747	\$ 527,085	\$ 108,357	\$ 351,742	\$ 6,687,143
Intermediate sources	182	-	-	-	-	-	182
State sources	3,615,883	356	-	-	-	95,829	3,712,068
Federal sources	-	-	-	-	-	205,101	205,101
Sale of property, adjustments and refunds	60,264	-	-	-	-	1,556	61,820
Intergovernmental transfers	-	16,191	-	-	-	63,602	79,793
Total receipts	<u>6,104,556</u>	<u>337,532</u>	<u>2,950,747</u>	<u>527,085</u>	<u>108,357</u>	<u>717,830</u>	<u>10,746,107</u>
Disbursements:							
Current:							
Instruction	3,002,109	-	-	-	-	304,175	3,306,284
Support services	2,647,883	346,420	-	497,446	67,725	396,498	3,955,972
Community services	21,849	-	-	-	-	921	22,770
Nonprogrammed charges	366,277	-	6,193	16,191	-	16,107	404,768
Debt services	-	-	312,535	-	-	-	312,535
Total disbursements	<u>6,038,118</u>	<u>346,420</u>	<u>318,728</u>	<u>513,637</u>	<u>67,725</u>	<u>717,701</u>	<u>8,002,329</u>
Excess (deficiency) of total receipts over (under) total disbursements	66,438	(8,888)	2,632,019	13,448	40,632	129	2,743,778
Cash and investments - beginning	<u>632,197</u>	<u>102,881</u>	<u>675,687</u>	<u>88,691</u>	<u>35,275</u>	<u>108,448</u>	<u>1,643,179</u>
Cash and investments - ending	<u>\$ 698,635</u>	<u>\$ 93,993</u>	<u>\$ 3,307,706</u>	<u>\$ 102,139</u>	<u>\$ 75,907</u>	<u>\$ 108,577</u>	<u>\$ 4,386,957</u>

The accompanying notes are an integral part of the financial information.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN CASH AND INVESTMENTS
 FIDUCIARY FUNDS
 For The Year Ended June 30, 2005

	Private-Purpose Trust Funds
Additions:	
Local sources	\$ 1,800
Sale of property, adjustments and refunds	35,489
Total additions	37,289
Deductions:	
Instruction	6,718
Support services	72,957
Nonprogrammed charges	14,544
Total deductions	94,219
Deficiency of total additions under total deductions	(56,930)
Cash and investments - beginning	304,415
Cash and investments - ending	\$ 247,485

The accompanying notes are an integral part of the financial information.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN CASH AND INVESTMENTS
 FIDUCIARY FUNDS
 For The Year Ended June 30, 2006

	Private-Purpose Trust Funds
Additions:	
Local sources	\$ 124,339
Sale of property, adjustments and refunds	47,594
Total additions	171,933
Deductions:	
Instruction	4,191
Support services	380
Community services	18,422
Nonprogrammed charges	46,121
Total deductions	69,114
Excess of total additions over total deductions	102,819
Cash and investments - beginning	247,485
Cash and investments - ending	\$ 350,304

The accompanying notes are an integral part of the financial information.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CASH AND INVESTMENTS
 FIDUCIARY FUNDS
 June 30, 2005

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ 247,485	\$ 76,793
<u>Net Assets</u>		
Held in trust for employee benefits and other purposes	\$ 247,485	

The accompanying notes are an integral part of the financial information.

RISING SUN-OHIO COUNTY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CASH AND INVESTMENTS
 FIDUCIARY FUNDS
 June 30, 2006

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ 350,304	\$ 4,521
<u>Net Assets</u>		
Held in trust for employee benefits and other purposes	\$ 350,304	

The accompanying notes are an integral part of the financial information.

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

Note 1. Introduction

School Corporation

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

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

Joint Ventures

The School Corporation is a participant with nine other school corporations in a joint venture to operate the Southeastern Career Center (Career Center) which was created to provide vocational educational services. The School Corporation remitted \$117,032 and \$180,399 for the fiscal years ended June 30, 2005 and June 30, 2006, respectively. Payments were based on the number of School Corporation students and the classes they attended at the Career Center. Complete financial statements for the Career Center may be obtained from the Career Center at P.O. Box 156, Versailles, Indiana 47042.

The School Corporation is a participant with seven other school corporations in a joint venture to operate the Ripley-Ohio-Dearborn Special Education Cooperative (Co-op) which was created to provide educational services to special needs students. The School Corporation paid \$202,783 and \$215,947 to the Co-op in fiscal years ending June 30, 2005 and June 30, 2006, respectively. Payments are the prorated share of Co-op operating costs allocated to each member school corporation based on the each member school corporation's total student population. Complete financial statements for the Co-op may be obtained from the Sunman-Dearborn Community School Corporation at P.O. Box 238, Sunman, Indiana 471041.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Information

Government-Wide Financial Information

The Schedules of Cash and Investments and the Schedules of Cash Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, inter-governmental revenues, and other nonexchange revenues.

Fund Financial Information

Fund financial schedules of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial schedules are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial schedules. Major individual governmental funds are reported as separate columns in the fund financial schedules.

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

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit students.

Agency funds account for assets held by the School Corporation from employee payroll withholdings and payable to third parties for taxes, insurance, investment, contributions, and other purposes.

B. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial schedules are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash and investment 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. Investment transactions are not presented on the financial schedules.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial schedules for governmental funds would use the modified accrual basis of accounting, while the fund financial schedules for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial schedules.

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

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Interfund Transfers

Interfund transfers for the years ended June 30, 2005 and 2006, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>
General Fund	Transportation operating	\$ 18,785	\$ -
General Fund	Other governmental	-	57,408
Debt Service	Other governmental	-	6,499
Other governmental	General Fund	15,627	-
Other governmental	Other governmental	-	15,886
		<u> </u>	<u> </u>
Totals		<u>\$ 34,412</u>	<u>\$ 79,793</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

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

Note 7. Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Teacher's Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teacher's Retirement Fund (TRF), 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 TRF 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% 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.

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

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

Teacher's Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

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 8. Lease Agreement

On March 14, 2006, the School Corporation entered into a twenty year lease agreement with the Rising Sun School Building Corporation (Building Corporation). Under the terms of the agreement the School Corporation was to make semi-annual payments to the Building Corporation beginning July 15, 2007, for building improvements leased from the Building Corporation with the final payment January 15, 2027. Total lease payments are \$12,986,000.

Note 9. Subsequent Event

On December 27, 2006, the School Corporation paid the State of Indiana the entire \$2,795,746 balance due on all Common School Loans received from the state.

RISING SUN-OHIO COUNTY COMMUNITY
SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 19, 2007, with Kelli Keith, Treasurer; and Stephen Patz, Superintendent of Schools. Our examination disclosed no material items that warrant comment at this time.