

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

AUDIT REPORT

OF

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION

RIPLEY COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

03/31/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager/Treasurer	Lana M. Miller	07-01-05 to 06-30-08
Superintendent of Schools	Theodore L. Ahaus	07-01-05 to 06-30-08
President of the School Board	James D. Miller	01-01-05 to 12-30-08



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE SOUTH RIPLEY COMMUNITY
SCHOOL CORPORATION, RIPLEY COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Ripley Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities and each major fund of the School Corporation as of June 30, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated January 30, 2008, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress as listed in the Table of Contents, is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Schedule of Long-Term Debt is presented for additional analysis and is not required parts of the basic financial statements. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 30, 2008



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE SOUTH RIPLEY COMMUNITY
SCHOOL CORPORATION, RIPLEY COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Ripley Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 30, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
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 statements are 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management and board of trustees; and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 30, 2008

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts			<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:					
Instruction	\$ 4,450,207	\$ -	\$ 112,914	\$ -	\$ (4,337,293)
Support services	5,857,254	372,625	263,155	18,000	(5,203,474)
Community services	101,693	-	-	-	(101,693)
Nonprogrammed charges	719,429	-	-	-	(719,429)
Debt service	504,794	-	-	-	(504,794)
Total governmental activities	<u>\$ 11,633,377</u>	<u>\$ 372,625</u>	<u>\$ 376,069</u>	<u>\$ 18,000</u>	<u>(10,866,683)</u>
General receipts:					
Property taxes					4,552,610
Other local sources					836,929
State aid					6,076,068
Grants and contributions not restricted to specific programs					505,897
Sale of property, adjustments, and refunds					1,217,505
Investment earnings					166,606
Total general receipts					<u>13,355,615</u>
Change in net assets					2,488,932
Net assets - beginning					<u>2,603,167</u>
Net assets - ending					<u>\$ 5,092,099</u>
Assets					
Cash and investments					\$ 4,811,750
Restricted assets:					
Cash and investments					<u>280,349</u>
Total assets					<u>\$ 5,092,099</u>
Net Assets					
Restricted for:					
Debt service					\$ 280,349
Unrestricted					<u>4,811,750</u>
Total net assets					<u>\$ 5,092,099</u>

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

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 4,486,788	\$ -	\$ 86,377	\$ 20,000	\$ (4,380,411)
Support services	6,016,639	360,035	256,008	177,400	(5,223,196)
Community services	116,270	-	-	-	(116,270)
Nonprogrammed charges	581,406	-	-	-	(581,406)
Debt service	507,479	-	-	-	(507,479)
<u>Total governmental activities</u>	<u>\$ 11,708,582</u>	<u>\$ 360,035</u>	<u>\$ 342,385</u>	<u>\$ 197,400</u>	<u>(10,808,762)</u>
General receipts:					
Property taxes					1,956,447
Other local sources					737,946
State aid					6,063,629
Grants and contributions not restricted to specific programs					370,763
Sale of property, adjustments, and refunds					406,379
Investment earnings					255,096
<u>Total general receipts</u>					<u>9,790,260</u>
Change in net assets					(1,018,502)
Net assets - beginning					<u>5,092,099</u>
Net assets - ending					<u>\$ 4,073,597</u>
<u>Assets</u>					
Cash and investments					\$ 4,021,749
Restricted assets:					
Cash and investments					<u>51,848</u>
<u>Total assets</u>					<u>\$ 4,073,597</u>
<u>Net Assets</u>					
Restricted for:					
Debt service					\$ 51,848
Unrestricted					<u>4,021,749</u>
<u>Total net assets</u>					<u>\$ 4,073,597</u>

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

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:								
Local sources	\$ 2,424,223	\$ 1,023,856	\$ 722,016	\$ 1,204,818	\$ 100,557	\$ -	\$ 452,422	\$ 5,927,892
Intermediate sources	239	-	-	-	-	-	69,877	70,116
State sources	6,134,861	-	-	-	-	-	72,486	6,207,347
Federal sources	157,700	-	-	-	-	-	541,748	699,448
Sale of property, adjustments and refunds	757,617	1,000	-	3,902	594	420,000	34,393	1,217,506
Total receipts	9,474,640	1,024,856	722,016	1,208,720	101,151	420,000	1,170,926	14,122,309
Disbursements:								
Current:								
Instruction	4,077,541	-	-	-	-	-	372,667	4,450,208
Support services	3,503,651	727,666	-	738,939	119,527	-	767,470	5,857,253
Community services	86,503	-	-	-	-	-	15,190	101,693
Nonprogrammed charges	679,290	-	-	-	-	-	40,139	719,429
Debt services	1,100	-	503,694	-	-	-	-	504,794
Total disbursements	8,348,085	727,666	503,694	738,939	119,527	-	1,195,466	11,633,377
Excess (deficiency) of receipts over disbursements	1,126,555	297,190	218,322	469,781	(18,376)	420,000	(24,540)	2,488,932
Other financing sources (uses):								
Transfers in	102,516	-	-	-	-	-	157,046	259,562
Transfers out	-	(107,500)	(108,235)	(27,327)	(15,173)	-	(1,327)	(259,562)
Total other financing sources (uses)	102,516	(107,500)	(108,235)	(27,327)	(15,173)	-	155,719	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,229,071	189,690	110,087	442,454	(33,549)	420,000	131,179	2,488,932
Cash and investments - beginning	(215,248)	220,092	170,262	2,078,574	125,959	-	223,528	2,603,167
Cash and investments - ending	<u>\$ 1,013,823</u>	<u>\$ 409,782</u>	<u>\$ 280,349</u>	<u>\$ 2,521,028</u>	<u>\$ 92,410</u>	<u>\$ 420,000</u>	<u>\$ 354,707</u>	<u>\$ 5,092,099</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,013,823	\$ 409,782	\$ -	\$ 2,521,028	\$ 92,410	\$ 420,000	\$ 354,707	\$ 4,811,750
Restricted assets:								
Cash and investments	-	-	280,349	-	-	-	-	280,349
Total cash and investment assets - ending	<u>\$ 1,013,823</u>	<u>\$ 409,782</u>	<u>\$ 280,349</u>	<u>\$ 2,521,028</u>	<u>\$ 92,410</u>	<u>\$ 420,000</u>	<u>\$ 354,707</u>	<u>\$ 5,092,099</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ 280,349	\$ -	\$ -	\$ -	\$ -	\$ 280,349
Unrestricted	1,013,823	409,782	-	2,521,028	92,410	420,000	354,707	4,811,750
Total cash and investment fund balance - ending	<u>\$ 1,013,823</u>	<u>\$ 409,782</u>	<u>\$ 280,349</u>	<u>\$ 2,521,028</u>	<u>\$ 92,410</u>	<u>\$ 420,000</u>	<u>\$ 354,707</u>	<u>\$ 5,092,099</u>

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

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:								
Local sources	\$ 1,267,649	\$ 477,924	\$ 382,466	\$ 743,990	\$ 35,465	\$ -	\$ 402,379	\$ 3,309,873
Intermediate sources	239	-	-	-	-	-	205,459	205,698
State sources	6,129,424	-	-	-	-	-	61,281	6,190,705
Federal sources	29,013	-	-	-	-	-	548,413	577,426
Sale of property, adjustments and refunds	304,071	3,312	-	-	65,681	-	33,314	406,378
Total receipts	7,730,396	481,236	382,466	743,990	101,146	-	1,250,846	10,690,080
Disbursements:								
Current:								
Instruction	4,124,202	-	-	-	-	-	362,586	4,486,788
Support services	3,500,297	772,435	-	852,732	7,300	-	883,875	6,016,639
Community services	100,875	-	-	-	-	-	15,395	116,270
Nonprogrammed charges	562,341	-	-	-	-	-	19,065	581,406
Debt services	1,200	-	506,279	-	-	-	-	507,479
Total disbursements	8,288,915	772,435	506,279	852,732	7,300	-	1,280,921	11,708,582
Excess (deficiency) of receipts over disbursements	(558,519)	(291,199)	(123,813)	(108,742)	93,846	-	(30,075)	(1,018,502)
Other financing sources (uses):								
Transfers in	148,214	-	-	-	-	-	174,182	322,396
Transfers out	-	(100,000)	(104,688)	(46,627)	(3,373)	-	(67,708)	(322,396)
Total other financing sources (uses)	148,214	(100,000)	(104,688)	(46,627)	(3,373)	-	106,474	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(410,305)	(391,199)	(228,501)	(155,369)	90,473	-	76,399	(1,018,502)
Cash and investments - beginning	1,013,823	409,782	280,349	2,521,028	92,410	420,000	354,707	5,092,099
Cash and investments - ending	<u>\$ 603,518</u>	<u>\$ 18,583</u>	<u>\$ 51,848</u>	<u>\$ 2,365,659</u>	<u>\$ 182,883</u>	<u>\$ 420,000</u>	<u>\$ 431,106</u>	<u>\$ 4,073,597</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 603,518	\$ 18,583	\$ -	\$ 2,365,659	\$ 182,883	\$ 420,000	\$ 431,106	\$ 4,021,749
Restricted assets:								
Cash and investments	-	-	51,848	-	-	-	-	51,848
Total cash and investment assets - ending	<u>\$ 603,518</u>	<u>\$ 18,583</u>	<u>\$ 51,848</u>	<u>\$ 2,365,659</u>	<u>\$ 182,883</u>	<u>\$ 420,000</u>	<u>\$ 431,106</u>	<u>\$ 4,073,597</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ 51,848	\$ -	\$ -	\$ -	\$ -	\$ 51,848
Unrestricted	603,518	18,583	-	2,365,659	182,883	420,000	431,106	4,021,749
Total cash and investment fund balance - ending	<u>\$ 603,518</u>	<u>\$ 18,583</u>	<u>\$ 51,848</u>	<u>\$ 2,365,659</u>	<u>\$ 182,883</u>	<u>\$ 420,000</u>	<u>\$ 431,106</u>	<u>\$ 4,073,597</u>

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

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation's financial reporting entity is composed of the following:

Primary Government: South Ripley Community School Corporation

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Ventures

The School Corporation is a participant with eight other school corporations in a joint venture to operate Ripley-Ohio-Dearborn Special Education Cooperative (Co-op) which was created to provide administrative, consultation, and related support services for the special education of handicapped children. The School Corporation is obligated by contract to pay an amount based on a formula set by the Board of Directors of the joint venture. For the school year ended June 30, 2007, the School Corporation remitted \$581,007. Complete financial statements for the Co-op can be obtained from the Co-op's administrative office at Sunman Dearborn Community School Corporation, Sunman, Indiana.

The School Corporation is a participant with eleven other school corporations in a joint venture to operate Southeastern Career Center (Career Center) which was created to provide vocational educational services. The School Corporation is obligated by contract to pay an amount based on a formula set by the Board of Directors of the joint venture. For the school year ended June 30, 2007, the School Corporation remitted \$218,275. Complete financial statements for the Career Center can be obtained from the Career Center's administrative office at Versailles, Indiana.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The School Corporation has no fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Fund financial statements 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 statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds and there are no fiduciary funds.

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.

The construction fund accounts for proceeds from a lawsuit for the repair and replacement of the elementary school's roof.

C. Measurement Focus and Basis of Accounting

The government-wide and governmental fund financial statements 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. Receipts are recorded when received and disbursements are recorded when paid.

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 statements.

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

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

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.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in 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.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 5 to 12 days per year. Unused sick leave may be accumulated to a maximum of 70 days for noncertified employees; 220 days for teachers; and 260 days for administrators. Accumulated sick leave is paid to employees through cash payments upon retirement.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 10 days to 20 days per year based upon the number of years of service. Vacation leave may not be accumulated.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 2 days per year. Unused personal leave may be accumulated to a maximum of 5 days. Accumulated personal leave is paid to employees through cash payments upon retirement.

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2007, bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13.

Investment Policies

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

Transfer From	Transfer To	2005-2006	2006-2007
Transportation Operating Fund	Other governmental funds	\$ 107,500	\$ 100,000
Debt Service Fund	General Fund	101,250	104,688
Capital Projects Fund	Other governmental funds	27,327	46,627
School Bus Replacement Fund	Other governmental funds	15,173	3,373
Debt Service Fund	Other governmental funds	6,985	-
Other governmental funds	General Fund	1,266	43,526
Other governmental funds	Other governmental funds	61	24,182
Totals		<u>\$ 259,562</u>	<u>\$ 322,396</u>

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

IV. Other Information

A. Risk Management

The School Corporation is 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; natural disasters; and medical benefits to employees.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees

During 1999, the School Corporation joined with other governmental entities to form the South-eastern Indiana Insurance Consortium, a public entity risk pool currently operating as a common risk management and insurance program for eight member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees. The School Corporation pays an annual premium to the risk pool for its medical benefits to employees' coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$100,000 per individual. The insurance company is responsible for any individual's claim in excess of \$100,000 in a plan year.

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporation

The School Corporation has entered into a capital lease with the South Ripley Community Elementary School Holding 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 were \$503,694 and \$506,279 during the years ending June 30, 2006 and June 30, 2007, respectively.

C. Subsequent Events

On May 21, 2007, the School Board approved a capital improvement project for the elementary and junior-senior high schools. Preliminary cost estimates were \$19,537,500. As of the date of this report, no bids have been taken and no contracts have been awarded.

The anticipated funding sources from the School Corporation will be available funds in the Capital Projects Fund. Bonds will be issued by a holding corporation. The School Corporation plans to enter into a 22 year lease with the holding corporation. Anticipated annual payments will be no more than \$1,540,000 per year. The amounts of funding from each source have not yet been determined pending final project costs.

D. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment life and health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 50 with at least 10 years of service. Currently, 12 retirees meet these eligibility requirements. The School Corporation's and retirees' respective shares of postemployment benefits vary based upon the type and cost of insurance per employee. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2007, disbursements of \$92,485 were recognized for postemployment benefits by the School Corporation.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

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

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

beneficiaries. All full-time employees are eligible to participate in the 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 member's 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 statements and required supplementary information for the plan as a whole and for its participants. The 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 plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 64,859
Interest on net pension obligation	(8,999)
Adjustment to annual required contribution	10,255
Annual pension cost	\$ 66,115
Contributions made	64,969
Increase in net pension obligation	1,146
Net pension obligation, beginning of year	(124,129)
Net pension obligation, end of year	\$ (122,983)

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Contribution rates:	
School Corporation	5.50%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 49,271	137%	\$ (102,619)
	06-30-05	46,767	146%	(124,129)
	06-30-06	66,115	98%	(122,983)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' 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 member's 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.

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

TRF 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:

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

Funding Policy and Annual Pension Costs

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.

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$121,926, \$107,455, and \$112,366, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,254,172	\$ 1,134,170	\$ 120,002	111%	\$ 1,065,544	11%
07-01-05	1,308,161	1,355,049	(46,888)	97%	1,141,555	4%
07-01-06	1,284,127	1,467,928	(183,801)	87%	1,194,414	15%

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006

	Special Education Preschool Fund	Rainy Day Fund	School Lunch Fund	Textbook Rental Fund	Levy Excess Fund	Education Plate Fund	School Safe Haven Fund
Receipts:							
Local sources	\$ 7,679	\$ -	\$ 317,789	\$ 86,358	\$ 40,596	\$ -	\$ -
Intermediate sources	-	-	-	-	-	638	-
State sources	26,229	-	8,747	18,829	-	-	2,636
Federal sources	-	-	222,596	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	33,908	-	549,132	105,187	40,596	638	2,636
Disbursements:							
Current:							
Instruction	-	-	-	13,532	-	-	-
Support services	-	35,226	535,706	87,774	-	889	2,636
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	40,139	-	-	-	-	-	-
Total disbursements	40,139	35,226	535,706	101,306	-	889	2,636
Excess (deficiency) of receipts over disbursements	(6,231)	(35,226)	13,426	3,881	40,596	(251)	-
Other financing sources (uses):							
Transfers in	-	150,000	-	6,985	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	150,000	-	6,985	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,231)	114,774	13,426	10,866	40,596	(251)	-
Cash and investments - beginning	6,231	-	78,099	4,686	-	481	-
Cash and investments - ending	\$ -	\$ 114,774	\$ 91,525	\$ 15,552	\$ 40,596	\$ 230	\$ -
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 114,774	\$ 91,525	\$ 15,552	\$ 40,596	\$ 230	\$ -
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ -	\$ 114,774	\$ 91,525	\$ 15,552	\$ 40,596	\$ 230	\$ -

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Hale Bradt Endowment Library Fund	Lilly Endowment Thomas Maltbie Appearance Grant Fund	Rising Sun Foundation Softball Lights Grant Fund	Rising Sun Foundation Percussion Instrument Grant Fund	Rising Sun Foundation Elementary Projector Grant Fund
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	931	9,153	18,000	11,655	8,000
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	931	9,153	18,000	11,655	8,000
Disbursements:					
Current:					
Instruction	-	210	-	11,655	7,661
Support services	-	16	13,950	-	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	-	226	13,950	11,655	7,661
Excess (deficiency) of receipts over disbursements	931	8,927	4,050	-	339
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	931	8,927	4,050	-	339
Cash and investments - beginning	9	-	-	-	-
Cash and investments - ending	<u>\$ 940</u>	<u>\$ 8,927</u>	<u>\$ 4,050</u>	<u>\$ -</u>	<u>\$ 339</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 940</u>	<u>\$ 8,927</u>	<u>\$ 4,050</u>	<u>\$ -</u>	<u>\$ 339</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 940</u>	<u>\$ 8,927</u>	<u>\$ 4,050</u>	<u>\$ -</u>	<u>\$ 339</u>

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Tyson Foundation Speech Equipment Grant Fund	Gifted and Talented Fund	State Medicaid Reimbursement Fund	Non-English Speaking Program Fund	School Technology Fund
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	21,500	-	-	-	-
State sources	-	12,922	1,079	44	-
Federal sources	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	15,009
Total receipts	<u>21,500</u>	<u>12,922</u>	<u>1,079</u>	<u>44</u>	<u>15,009</u>
Disbursements:					
Current:					
Instruction	21,465	12,922	-	44	4,930
Support services	-	-	-	-	2,527
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	<u>21,465</u>	<u>12,922</u>	<u>-</u>	<u>44</u>	<u>7,457</u>
Excess (deficiency) of receipts over disbursements	<u>35</u>	<u>-</u>	<u>1,079</u>	<u>-</u>	<u>7,552</u>
Other financing sources (uses):					
Transfers in	-	-	61	-	-
Transfers out	-	-	(1,266)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,205)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>35</u>	<u>-</u>	<u>(126)</u>	<u>-</u>	<u>7,552</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>126</u>	<u>-</u>	<u>7,186</u>
Cash and investments - ending	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,738</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,738</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,738</u>

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Technology Plan Grant Fund	Medical Reimbursement Fund	Title I Project 05-6865 Fund	Title V Grant Fund	Drug Free Grant Fund
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	226,970	4,292	7,991
Sale of property, adjustments and refunds	-	19,384	-	-	-
Total receipts	-	19,384	226,970	4,292	7,991
Disbursements:					
Current:					
Instruction	71,038	-	139,828	-	1,200
Support services	-	18,742	51,002	5,579	8,924
Community services	-	-	15,190	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	71,038	18,742	206,020	5,579	10,124
Excess (deficiency) of receipts over disbursements	(71,038)	642	20,950	(1,287)	(2,133)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(71,038)	642	20,950	(1,287)	(2,133)
Cash and investments - beginning	71,038	4,167	25,671	1,287	9,276
Cash and investments - ending	<u>\$ -</u>	<u>\$ 4,809</u>	<u>\$ 46,621</u>	<u>\$ -</u>	<u>\$ 7,143</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ -</u>	<u>\$ 4,809</u>	<u>\$ 46,621</u>	<u>\$ -</u>	<u>\$ 7,143</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ -</u>	<u>\$ 4,809</u>	<u>\$ 46,621</u>	<u>\$ -</u>	<u>\$ 7,143</u>

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	High Schools That Work Fund	Federal Medicaid Reimbursement Fund	Title II Fund	Enhancing Teaching Quality Through Technology Fund	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 452,422
Intermediate sources	-	-	-	-	69,877
State sources	2,000	-	-	-	72,486
Federal sources	-	1,820	78,079	-	541,748
Sale of property, adjustments and refunds	-	-	-	-	34,393
Total receipts	2,000	1,820	78,079	-	1,170,926
Disbursements:					
Current:					
Instruction	4,500	-	83,682	-	372,667
Support services	-	203	-	4,296	767,470
Community services	-	-	-	-	15,190
Nonprogrammed charges	-	-	-	-	40,139
Total disbursements	4,500	203	83,682	4,296	1,195,466
Excess (deficiency) of receipts over disbursements	(2,500)	1,617	(5,603)	(4,296)	(24,540)
Other financing sources (uses):					
Transfers in	-	-	-	-	157,046
Transfers out	-	(61)	-	-	(1,327)
Total other financing sources (uses)	-	(61)	-	-	155,719
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,500)	1,556	(5,603)	(4,296)	131,179
Cash and investments - beginning	2,500	615	6,439	5,717	223,528
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,171</u>	<u>\$ 836</u>	<u>\$ 1,421</u>	<u>\$ 354,707</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ -</u>	<u>\$ 2,171</u>	<u>\$ 836</u>	<u>\$ 1,421</u>	<u>\$ 354,707</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ -</u>	<u>\$ 2,171</u>	<u>\$ 836</u>	<u>\$ 1,421</u>	<u>\$ 354,707</u>

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool Fund	Rainy Day Fund	School Lunch Fund	Textbook Rental Fund	Levy Excess Fund	Education Plate Fund
Receipts:						
Local sources	\$ 3,249	\$ -	\$ 308,818	\$ 89,312	\$ -	\$ -
Intermediate sources	-	-	-	-	-	413
State sources	21,074	-	8,167	19,118	-	-
Federal sources	-	-	227,736	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	24,323	-	544,721	108,430	-	413
Disbursements:						
Current:						
Instruction	-	-	-	12,451	-	-
Support services	-	92,485	578,954	110,300	-	76
Community services	-	-	-	-	-	-
Nonprogrammed charges	19,065	-	-	-	-	-
Total disbursements	19,065	92,485	578,954	122,751	-	76
Excess (deficiency) of receipts over disbursements	5,258	(92,485)	(34,233)	(14,321)	-	337
Other financing sources (uses):						
Transfers in	-	150,000	-	-	-	-
Transfers out	(2,930)	-	-	-	(40,596)	-
Total other financing sources (uses)	(2,930)	150,000	-	-	(40,596)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,328	57,515	(34,233)	(14,321)	(40,596)	337
Cash and investments - beginning	-	114,774	91,525	15,552	40,596	230
Cash and investments - ending	\$ 2,328	\$ 172,289	\$ 57,292	\$ 1,231	\$ -	\$ 567
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,328	\$ 172,289	\$ 57,292	\$ 1,231	\$ -	\$ 567
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 2,328	\$ 172,289	\$ 57,292	\$ 1,231	\$ -	\$ 567

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Hale Bradt Endowment Library Fund	Lilly Endowment Thomas Maltbie Appearance Grant Fund	Minds in Motion Grant Grant Fund	Rising Sun Foundation Softball Lights Grant Fund	Rising Sun Foundation Responder Grant Fund
Receipts:					
Local sources	\$ -	\$ -	\$ 1,000	\$ -	\$ -
Intermediate sources	987	-	-	-	27,400
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	987	-	1,000	-	27,400
Disbursements:					
Current:					
Instruction	-	3,060	1,000	-	27,400
Support services	910	234	-	3,235	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	910	3,294	1,000	3,235	27,400
Excess (deficiency) of receipts over disbursements	77	(3,294)	-	(3,235)	-
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	77	(3,294)	-	(3,235)	-
Cash and investments - beginning	940	8,927	-	4,050	-
Cash and investments - ending	<u>\$ 1,017</u>	<u>\$ 5,633</u>	<u>\$ -</u>	<u>\$ 815</u>	<u>\$ -</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ 1,017</u>	<u>\$ 5,633</u>	<u>\$ -</u>	<u>\$ 815</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ 1,017</u>	<u>\$ 5,633</u>	<u>\$ -</u>	<u>\$ 815</u>	<u>\$ -</u>

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Rising Sun Foundation Elementary Projector Grant Fund	Tyson Foundation High School Grant Fund	Tyson Foundation Speech Equipment Grant Fund	Corning Science Curriculum Grant Fund	Gifted and Talented Fund
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	20,000	150,000	-	6,659	-
State sources	-	-	-	-	12,922
Federal sources	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	<u>20,000</u>	<u>150,000</u>	<u>-</u>	<u>6,659</u>	<u>12,922</u>
Disbursements:					
Current:					
Instruction	20,339	-	35	-	12,922
Support services	-	-	-	-	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	<u>20,339</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>12,922</u>
Excess (deficiency) of receipts over disbursements	<u>(339)</u>	<u>150,000</u>	<u>(35)</u>	<u>6,659</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(339)</u>	<u>150,000</u>	<u>(35)</u>	<u>6,659</u>	<u>-</u>
Cash and investments - beginning	<u>339</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 6,659</u>	<u>\$ -</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 6,659</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 6,659</u>	<u>\$ -</u>

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	School Technology Fund	Medical Reimbursement Fund	Title I Project 05-6865 Fund	Title I Project 06-6865 Fund	Title V Grant Fund
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	-	228,455	2,271
Sale of property, adjustments and refunds	16,433	16,881	-	-	-
Total receipts	16,433	16,881	-	228,455	2,271
Disbursements:					
Current:					
Instruction	24,679	-	15,153	167,820	-
Support services	-	18,336	5,529	58,758	2,271
Community services	-	-	1,757	13,638	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	24,679	18,336	22,439	240,216	2,271
Excess (deficiency) of receipts over disbursements	(8,246)	(1,455)	(22,439)	(11,761)	-
Other financing sources (uses):					
Transfers in	-	-	-	24,182	-
Transfers out	-	-	(24,182)	-	-
Total other financing sources (uses)	-	-	(24,182)	24,182	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,246)	(1,455)	(46,621)	12,421	-
Cash and investments - beginning	14,738	4,809	46,621	-	-
Cash and investments - ending	<u>\$ 6,492</u>	<u>\$ 3,354</u>	<u>\$ -</u>	<u>\$ 12,421</u>	<u>\$ -</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ 6,492</u>	<u>\$ 3,354</u>	<u>\$ -</u>	<u>\$ 12,421</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ 6,492</u>	<u>\$ 3,354</u>	<u>\$ -</u>	<u>\$ 12,421</u>	<u>\$ -</u>

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Drug Free Grant Fund	Federal Medicaid Reimbursement Fund	Title II Fund	Enhancing Teaching Quality Through Technology Fund	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 402,379
Intermediate sources	-	-	-	-	205,459
State sources	-	-	-	-	61,281
Federal sources	5,824	-	79,195	4,932	548,413
Sale of property, adjustments and refunds	-	-	-	-	33,314
Total receipts	5,824	-	79,195	4,932	1,250,846
Disbursements:					
Current:					
Instruction	-	2,171	75,556	-	362,586
Support services	7,787	-	-	5,000	883,875
Community services	-	-	-	-	15,395
Nonprogrammed charges	-	-	-	-	19,065
Total disbursements	7,787	2,171	75,556	5,000	1,280,921
Excess (deficiency) of receipts over disbursements	(1,963)	(2,171)	3,639	(68)	(30,075)
Other financing sources (uses):					
Transfers in	-	-	-	-	174,182
Transfers out	-	-	-	-	(67,708)
Total other financing sources (uses)	-	-	-	-	106,474
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,963)	(2,171)	3,639	(68)	76,399
Cash and investments - beginning	7,143	2,171	836	1,421	354,707
Cash and investments - ending	<u>\$ 5,180</u>	<u>\$ -</u>	<u>\$ 4,475</u>	<u>\$ 1,353</u>	<u>\$ 431,106</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ 5,180</u>	<u>\$ -</u>	<u>\$ 4,475</u>	<u>\$ 1,353</u>	<u>\$ 431,106</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ 5,180</u>	<u>\$ -</u>	<u>\$ 4,475</u>	<u>\$ 1,353</u>	<u>\$ 431,106</u>

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2007

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
South Ripley Elementary School	\$ 2,290,000	\$ 252,306
Notes and loans payable	<u>1,002,536</u>	<u>412,503</u>
Total governmental activities debt	<u>\$ 3,292,536</u>	<u>\$ 664,809</u>

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ACADEMIC HONORS DIPLOMAS

Honors Diplomas certified for the 2005-2006 school year to the Indiana Department of Education totaled 25. The actual Honors Diplomas per the School Corporation records totaled 24. Honors Diplomas were over reported for the 2005-2006 school year.

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

PRESCRIBED FORMS (Applies to Junior-Senior High School Extra-Curricular Account)

SA-4 Forms, Ticket Sales Reports, were not used in the manner prescribed. Twenty percent of the Ticket Sales Reports examined were not signed by the person collecting monies and issuing tickets or verified and approved by the appropriate official or sponsor.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE SOUTH RIPLEY COMMUNITY
SCHOOL CORPORATION, RIPLEY COUNTY, INDIANA

Compliance

We have audited the compliance of the South Ripley Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a School Corporation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 30, 2008

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-06	Total Federal Awards Expended 06-30-07
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 05-06	\$ 51,686	\$ 50,502
National School Lunch Program	10.555	FY 06-07	<u>201,966</u>	<u>215,383</u>
Total for federal grantor agency			<u>253,652</u>	<u>265,885</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies	84.010			
		Project 05-6865	206,020	22,439
		Project 06-6865	<u>-</u>	<u>240,216</u>
Total for program			<u>206,020</u>	<u>262,655</u>
Safe and Drug Free Schools and Communities - State Grants	84.186			
		FY 05-06	10,124	-
		FY 06-07	<u>-</u>	<u>7,787</u>
Total for program			<u>10,124</u>	<u>7,787</u>
State Grants for Innovative Programs	84.298			
		FY 05-06	5,579	-
		FY 06-07	<u>-</u>	<u>2,271</u>
Total for program			<u>5,579</u>	<u>2,271</u>
Education Technology State Grants	84.318			
		SY 2004-2005	4,297	-
		SY 2005-2007	<u>-</u>	<u>5,000</u>
Total for program			<u>4,297</u>	<u>5,000</u>
Improving Teacher Quality State Grants	84.367			
		FY 05-06	83,861	-
		FY 06-07	<u>-</u>	<u>75,556</u>
Total for program			<u>83,861</u>	<u>75,556</u>
Total for federal grantor agency			<u>309,881</u>	<u>353,269</u>
Total federal awards expended			<u>\$ 563,533</u>	<u>\$ 619,154</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the South Ripley Community School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
NA	Child Nutrition Cluster
84.1010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on January 30, 2008, with Lana M. Miller, Business Manager/Treasurer; Theodore L. Ahaus, Superintendent of Schools; and James D. Miller, President of the School Board. The officials concurred with our audit findings.