

**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, 2007 to June 30, 2009



**FILED**

03/11/2010



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
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 .....	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis .....	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds .....	9-10
Notes to Financial Statements .....	11-21
Required Supplementary Information	
Schedule of Funding Progress .....	22
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	23-30
Schedule of Long-Term Debt .....	31
Audit Result and Comment:	
Overdrawn Cash Balances .....	32
Supplemental Audit of Federal Awards:	
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.....	34-35
Schedule of Expenditures of Federal Awards .....	36
Note to Schedule of Expenditures of Federal Awards.....	37
Schedule of Findings and Questioned Costs .....	38
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings .....	39
Exit Conference.....	40

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager/Treasurer	Lana M. Miller	07-01-07 to 06-30-10
Superintendent of Schools	Theodore L. Ahaus	07-01-07 to 06-30-10
President of the School Board	James D. Miller Ralph O. Miller	01-01-07 to 12-31-08 01-01-09 to 12-31-10



**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](http://www.in.gov/sboa)

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, 2008 and 2009, 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, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2008 and 2009, 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 February 11, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

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

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 is 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 Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not required part of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. 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 it.

STATE BOARD OF ACCOUNTS

February 11, 2010



**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](http://www.in.gov/sboa)

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, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 11, 2010. 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, School Board, 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

February 11, 2010

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 6,064,345	\$ -	\$ 160,209	\$ (5,904,136)
Support services	3,750,061	390,120	313,871	(3,046,070)
Noninstructional services	744,791	-	-	(744,791)
Facilities acquisition and construction	1,329,819	-	-	(1,329,819)
Debt service	505,106	-	-	(505,106)
Nonprogrammed charges	536,284	-	-	(536,284)
Total governmental activities	\$ 12,930,406	\$ 390,120	\$ 474,080	(12,066,206)
General receipts:				
Property taxes				3,807,653
Other local sources				1,150,251
State aid				5,803,771
Grants and contributions not restricted to specific programs				395,560
Sale of property				1,211,908
Investment earnings				221,882
Other				223,624
Total general receipts				12,814,649
Change in net assets				748,443
Net assets - beginning				4,073,597
Net assets - ending				\$ 4,822,040
<u>Assets</u>				
Cash and investments				\$ 4,791,382
Restricted assets:				
Cash and investments				30,658
Total assets				\$ 4,822,040
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 30,658
Unrestricted				4,791,382
Total net assets				\$ 4,822,040

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, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 5,876,050	\$ -	\$ 166,476	\$ (5,709,574)
Support services	4,102,791	372,524	353,627	(3,376,640)
Noninstructional services	797,676	-	-	(797,676)
Facilities acquisition and construction	181,685	-	-	(181,685)
Debt service	987,976	-	-	(987,976)
Nonprogrammed charges	855,965	-	-	(855,965)
<b>Total governmental activities</b>	<b><u>\$ 12,802,143</u></b>	<b><u>\$ 372,524</u></b>	<b><u>\$ 520,103</u></b>	<b><u>(11,909,516)</u></b>
General receipts:				
Property taxes				4,115,648
Other local sources				894,195
State aid				6,264,779
Grants and contributions not restricted to specific programs				1,064,621
Investment earnings				145,907
Other				<u>338,951</u>
<b>Total general receipts</b>				<b><u>12,824,101</u></b>
Change in net assets				914,585
Net assets - beginning				<u>4,822,040</u>
Net assets - ending				<b><u>\$ 5,736,625</u></b>
 <u>Assets</u>				
Cash and investments				<b><u>\$ 5,736,625</u></b>
 <u>Net Assets</u>				
Unrestricted				<b><u>\$ 5,736,625</u></b>

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, 2008

	General	Capital Projects	Multi-School Building Construction	Other	Totals
<b>Receipts:</b>					
Local sources	\$ 2,120,207	\$ 1,299,666	\$ -	\$ 1,973,315	\$ 5,393,188
Intermediate sources	117,925	-	-	58,793	176,718
State sources	5,963,980	-	-	66,428	6,030,408
Federal sources	-	-	-	643,003	643,003
Other	210,810	-	-	12,814	223,624
<b>Total receipts</b>	<b>8,412,922</b>	<b>1,299,666</b>	<b>-</b>	<b>2,754,353</b>	<b>12,466,941</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	5,580,675	-	-	483,670	6,064,345
Support services	2,098,810	537,869	-	1,113,382	3,750,061
Noninstructional services	106,648	-	-	638,143	744,791
Facilities acquisition and construction	760	1,318,906	-	10,153	1,329,819
Debt services	3,075	-	-	502,031	505,106
Nonprogrammed charges	505,932	-	-	30,352	536,284
<b>Total disbursements</b>	<b>8,295,900</b>	<b>1,856,775</b>	<b>-</b>	<b>2,777,731</b>	<b>12,930,406</b>
Excess (deficiency) of receipts over disbursements	117,022	(557,109)	-	(23,378)	(463,465)
<b>Other financing sources (uses):</b>					
Sale of capital assets	6,726	-	1,200,000	5,182	1,211,908
Transfers in	91,875	-	-	124,122	215,997
Transfers out	-	-	-	(215,997)	(215,997)
<b>Total other financing sources (uses)</b>	<b>98,601</b>	<b>-</b>	<b>1,200,000</b>	<b>(86,693)</b>	<b>1,211,908</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	215,623	(557,109)	1,200,000	(110,071)	748,443
Cash and investments - beginning	603,518	2,365,659	-	1,104,420	4,073,597
Cash and investments - ending	<u>\$ 819,141</u>	<u>\$ 1,808,550</u>	<u>\$ 1,200,000</u>	<u>\$ 994,349</u>	<u>\$ 4,822,040</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 819,141	\$ 1,808,550	\$ 1,200,000	\$ 963,691	\$ 4,791,382
Restricted assets:					
Cash and investments	-	-	-	30,658	30,658
<b>Total cash and investment assets - ending</b>	<b><u>\$ 819,141</u></b>	<b><u>\$ 1,808,550</u></b>	<b><u>\$ 1,200,000</u></b>	<b><u>\$ 994,349</u></b>	<b><u>\$ 4,822,040</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 30,658	\$ 30,658
Unrestricted	819,141	1,808,550	1,200,000	963,691	4,791,382
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 819,141</u></b>	<b><u>\$ 1,808,550</u></b>	<b><u>\$ 1,200,000</u></b>	<b><u>\$ 994,349</u></b>	<b><u>\$ 4,822,040</u></b>

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, 2009

	General	Fiscal Stabilization Education Stimulation	Capital Projects	Multi-School Building Construction	Other	Totals
Receipts:						
Local sources	\$ 2,158,086	\$ -	\$ 1,012,709	\$ 28,247	\$ 2,215,690	\$ 5,414,732
Intermediate sources	24,100	-	-	-	89,442	113,542
State sources	6,431,104	-	-	-	74,844	6,505,948
Federal sources	-	696,478	-	-	647,077	1,343,555
Other	328,578	-	-	-	10,373	338,951
<b>Total receipts</b>	<b>8,941,868</b>	<b>696,478</b>	<b>1,012,709</b>	<b>28,247</b>	<b>3,037,426</b>	<b>13,716,728</b>
Disbursements:						
Current:						
Instruction	5,498,416	-	-	-	377,634	5,876,050
Support services	2,449,799	-	588,319	-	1,064,673	4,102,791
Noninstructional services	127,164	-	-	-	670,512	797,676
Facilities acquisition and construction	1,847	-	107,598	18,448	53,792	181,685
Debt services	3,925	-	-	-	984,051	987,976
Nonprogrammed charges	825,986	-	-	-	29,979	855,965
<b>Total disbursements</b>	<b>8,907,137</b>	<b>-</b>	<b>695,917</b>	<b>18,448</b>	<b>3,180,641</b>	<b>12,802,143</b>
Excess (deficiency) of receipts over disbursements	34,731	696,478	316,792	9,799	(143,215)	914,585
Other financing sources (uses):						
Transfers in	80,188	-	-	-	153,726	233,914
Transfers out	-	-	-	-	(233,914)	(233,914)
<b>Total other financing sources (uses)</b>	<b>80,188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(80,188)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	114,919	696,478	316,792	9,799	(223,403)	914,585
Cash and investments - beginning	819,141	-	1,808,550	1,200,000	994,349	4,822,040
Cash and investments - ending	<u>\$ 934,060</u>	<u>\$ 696,478</u>	<u>\$ 2,125,342</u>	<u>\$ 1,209,799</u>	<u>\$ 770,946</u>	<u>\$ 5,736,625</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 934,060</u>	<u>\$ 696,478</u>	<u>\$ 2,125,342</u>	<u>\$ 1,209,799</u>	<u>\$ 770,946</u>	<u>\$ 5,736,625</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 934,060</u>	<u>\$ 696,478</u>	<u>\$ 2,125,342</u>	<u>\$ 1,209,799</u>	<u>\$ 770,946</u>	<u>\$ 5,736,625</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 8 other school corporations in a joint venture to operate Ripley-Ohio-Dearborn Special Education Cooperative (Co-op) which was created to provide educational services to handicapped students. The School Corporation was 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 ending June 30, 2009, the School Corporation remitted \$380,809. 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 11 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 was 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 ending June 30, 2009, the School Corporation remitted \$271,717. Complete financial statements for the Career Center can be obtained from the Career Center's administration office in Versailles, Indiana

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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, fund equity, receipts, and

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

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

The multi-school building construction fund accounts for planned construction and remodeling projects at the elementary and high school buildings.

Fiscal stabilization-education (stimulus) fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs

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.

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

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.

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

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. 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.

4. 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.

5. 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. Receipts and Disbursements

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.

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

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 reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
2. 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. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. 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)

B. Cash and Investment Balance Deficits

At June 30, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2008	2009
School Bus Replacement	\$ 6,465	\$ -
Debt Service	-	406,109

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements. These deficits are to be repaid from future receipts.

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, 2009, 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

Statutory Authorization for Investments

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

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

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.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

Transfer From	Transfer To	2007	2008
Other governmental funds	General Fund	\$ 91,875	\$ 80,188
Other governmental funds	Other governmental funds	124,122	153,726
Totals		<u>\$ 215,997</u>	<u>\$ 233,914</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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

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.

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

Medical Benefits to Employees

During 1999, the School Corporation joined with other governmental entities to form the Southeastern 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 risk pool obtains independent coverage for an individual's claim in excess of the \$100,000 limit in a plan year.

B. Holding Corporation

The School Corporation has entered into a capital lease with South Ripley Community Elementary School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ending June 30, 2008 and 2009, were \$502,869 and \$497,764, respectively.

The School Corporation has entered into a capital lease with Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments to the lessor begins in school year ending June 30, 2010.

C. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

South Ripley Community School Corporation Retiree Healthcare Plan, (Healthcare Plan), is a single-employer defined benefit healthcare plan administered by the School Board. The plan provides health, vision, and dental to eligible retirees and their spouses. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the School Corporation. The Healthcare Plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for the participants.

Funding Policy

The contribution requirements of plan members for the Healthcare Plan are established by the School Corporation's School Board. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the governing board. For the year ended June 30, 2009, the School Corporation contributed \$25,804 to the plan, approximately 25% of total premiums. Plan members receiving benefits contributed \$57,299, or approximately 75% of the total premiums, through their required contribution.

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

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit 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 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.

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 93,643
Interest on net pension obligation	(7,321)
Adjustment to annual required contribution	8,342
Annual pension cost	94,664
Contributions made	75,344
Increase in net pension obligation	19,320
Net pension obligation, beginning of year	(100,974)
Net pension obligation, end of year	\$ (81,654)

	PERF
Contribution rates:	
School Corporation	7.25%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	PERF
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%

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

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-06	\$ 66,115	98%	\$ (122,983)
	06-30-07	92,524	76%	(100,974)
	06-30-08	94,664	80%	(81,654)

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.

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.

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

Plan members are required to contribute 3% of their salary 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, 2009, 2008, and 2007, were \$147,377, \$134,896, and \$121,926, 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  
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 1,284,127	\$ 1,467,928	\$ (183,801)	87%	\$ 1,194,414	(15%)
07-01-07	1,296,902	1,489,688	(192,786)	87%	1,200,658	(16%)
07-01-08	1,402,287	1,613,602	(211,315)	87%	1,197,631	(18%)

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, 2008

	Transporting Operating	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Education Plate	Hale Bradt Endowment Library
Receipts:							
Local sources	\$ 919,840	\$ 6,188	\$ -	\$ 357,265	\$ 94,464	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	1,011
State sources	-	21,836	-	7,740	36,852	-	-
Federal sources	-	-	-	269,279	-	-	-
Other	2,447	-	-	-	-	-	-
Total receipts	<u>922,287</u>	<u>28,024</u>	<u>-</u>	<u>634,284</u>	<u>131,316</u>	<u>-</u>	<u>1,011</u>
Disbursements:							
Current:							
Instruction	-	-	101,462	-	17,357	-	-
Support services	778,510	-	-	9,446	118,330	244	1,017
Noninstructional services	-	-	-	621,857	-	-	-
Facilities acquisition and construction	-	-	-	9,338	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	30,352	-	-	-	-	-
Total disbursements	<u>778,510</u>	<u>30,352</u>	<u>101,462</u>	<u>640,641</u>	<u>135,687</u>	<u>244</u>	<u>1,017</u>
Excess (deficiency) of receipts over disbursements	<u>143,777</u>	<u>(2,328)</u>	<u>(101,462)</u>	<u>(6,357)</u>	<u>(4,371)</u>	<u>(244)</u>	<u>(6)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	112,842	-	11,280	-	-
Transfers out	(112,842)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(112,842)</u>	<u>-</u>	<u>112,842</u>	<u>-</u>	<u>11,280</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>30,935</u>	<u>(2,328)</u>	<u>11,380</u>	<u>(6,357)</u>	<u>6,909</u>	<u>(244)</u>	<u>(6)</u>
Cash and investments - beginning	<u>18,583</u>	<u>2,328</u>	<u>172,289</u>	<u>57,292</u>	<u>1,231</u>	<u>567</u>	<u>1,017</u>
Cash and investments - ending	<u>\$ 49,518</u>	<u>\$ -</u>	<u>\$ 183,669</u>	<u>\$ 50,935</u>	<u>\$ 8,140</u>	<u>\$ 323</u>	<u>\$ 1,011</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 49,518	\$ -	\$ 183,669	\$ 50,935	\$ 8,140	\$ 323	\$ 1,011
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 49,518</u>	<u>\$ -</u>	<u>\$ 183,669</u>	<u>\$ 50,935</u>	<u>\$ 8,140</u>	<u>\$ 323</u>	<u>\$ 1,011</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>49,518</u>	<u>-</u>	<u>183,669</u>	<u>50,935</u>	<u>8,140</u>	<u>323</u>	<u>1,011</u>
Total cash and investment fund balance - ending	<u>\$ 49,518</u>	<u>\$ -</u>	<u>\$ 183,669</u>	<u>\$ 50,935</u>	<u>\$ 8,140</u>	<u>\$ 323</u>	<u>\$ 1,011</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, 2008  
 (Continued)

	Lilly Endowment Thomas Maltbie Appearance	Rising Sun Foundation Softball Lights Grant Fund	Rising Sun Foundation Responder Grant	Gold Star Counselier	Tyson Foundation High School Grant	Tyson Foundation Sound & Lighting	Corning Science Curriculum Grant
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	5,000	2,782	-	50,000	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>2,782</b>	<b>-</b>	<b>50,000</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	5,633	-	-	230	-	-	-
Support services	-	-	-	2,552	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	815	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>5,633</b>	<b>815</b>	<b>-</b>	<b>2,782</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(5,633)	(815)	5,000	-	-	50,000	-
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,633)	(815)	5,000	-	-	50,000	-
Cash and investments - beginning	5,633	815	-	-	150,000	-	6,659
Cash and investments - ending	\$ -	\$ -	\$ 5,000	\$ -	\$ 150,000	\$ 50,000	\$ 6,659
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ 5,000	\$ -	\$ 150,000	\$ 50,000	\$ 6,659
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,000</b>	<b>\$ -</b>	<b>\$ 150,000</b>	<b>\$ 50,000</b>	<b>\$ 6,659</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	5,000	-	150,000	50,000	6,659
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,000</b>	<b>\$ -</b>	<b>\$ 150,000</b>	<b>\$ 50,000</b>	<b>\$ 6,659</b>

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, 2008  
 (Continued)

	School Technology Fund	Medical Reimbursement Fund	Title I 2006-07 Fund	Title I 2007-08 Fund	Title V	Drug Free Grant
<b>Receipts:</b>						
Local sources	\$ 13,306	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	285,189	2,143	5,730
Other	2,700	5,774	-	-	-	-
<b>Total receipts</b>	<b>16,006</b>	<b>5,774</b>	<b>-</b>	<b>285,189</b>	<b>2,143</b>	<b>5,730</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	14,442	6,474	11,235	248,178	-	-
Support services	-	4,298	-	-	2,143	7,885
Noninstructional services	-	-	1,186	15,100	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>14,442</b>	<b>10,772</b>	<b>12,421</b>	<b>263,278</b>	<b>2,143</b>	<b>7,885</b>
Excess (deficiency) of receipts over disbursements	1,564	(4,998)	(12,421)	21,911	-	(2,155)
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	5,182	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>5,182</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,564	184	(12,421)	21,911	-	(2,155)
Cash and investments - beginning	6,492	3,354	12,421	-	-	5,180
Cash and investments - ending	\$ 8,056	\$ 3,538	\$ -	\$ 21,911	\$ -	\$ 3,025
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 8,056	\$ 3,538	\$ -	\$ 21,911	\$ -	\$ 3,025
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 8,056</b>	<b>\$ 3,538</b>	<b>\$ -</b>	<b>\$ 21,911</b>	<b>\$ -</b>	<b>\$ 3,025</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	8,056	3,538	-	21,911	-	3,025
<b>Total cash and investment fund balance - ending</b>	<b>\$ 8,056</b>	<b>\$ 3,538</b>	<b>\$ -</b>	<b>\$ 21,911</b>	<b>\$ -</b>	<b>\$ 3,025</b>

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, 2008  
 (Continued)

	Title II	Enhancing Teaching Quality Through Technology	Debt Service	School Bus Replacement	Construction	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 583,996	\$ (1,744)	\$ -	\$ 1,973,315
Intermediate sources	-	-	-	-	-	58,793
State sources	-	-	-	-	-	66,428
Federal sources	80,662	-	-	-	-	643,003
Other	-	-	-	-	1,893	12,814
<b>Total receipts</b>	<b>80,662</b>	<b>-</b>	<b>583,996</b>	<b>(1,744)</b>	<b>1,893</b>	<b>2,754,353</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	78,659	-	-	-	-	483,670
Support services	-	1,353	-	187,604	-	1,113,382
Noninstructional services	-	-	-	-	-	638,143
Facilities acquisition and construction	-	-	-	-	-	10,153
Debt services	-	-	502,031	-	-	502,031
Nonprogrammed charges	-	-	-	-	-	30,352
<b>Total disbursements</b>	<b>78,659</b>	<b>1,353</b>	<b>502,031</b>	<b>187,604</b>	<b>-</b>	<b>2,777,731</b>
Excess (deficiency) of receipts over disbursements	2,003	(1,353)	81,965	(189,348)	1,893	(23,378)
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	5,182
Transfers in	-	-	-	-	-	124,122
Transfers out	-	-	(103,155)	-	-	(215,997)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(103,155)</b>	<b>-</b>	<b>-</b>	<b>(86,693)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,003	(1,353)	(21,190)	(189,348)	1,893	(110,071)
Cash and investments - beginning	4,475	1,353	51,848	182,883	420,000	1,104,420
Cash and investments - ending	\$ 6,478	\$ -	\$ 30,658	\$ (6,465)	\$ 421,893	\$ 994,349
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 6,478	\$ -	\$ -	\$ (6,465)	\$ 421,893	\$ 963,691
Restricted assets:						
Cash and investments	-	-	30,658	-	-	30,658
<b>Total cash and investment assets - ending</b>	<b>\$ 6,478</b>	<b>\$ -</b>	<b>\$ 30,658</b>	<b>\$ (6,465)</b>	<b>\$ 421,893</b>	<b>\$ 994,349</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 30,658	\$ -	\$ -	\$ 30,658
Unrestricted	6,478	-	-	(6,465)	421,893	963,691
<b>Total cash and investment fund balance - ending</b>	<b>\$ 6,478</b>	<b>\$ -</b>	<b>\$ 30,658</b>	<b>\$ (6,465)</b>	<b>\$ 421,893</b>	<b>\$ 994,349</b>

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, 2009

	Transportation Operating	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Levy Excess	Education Plate
<b>Receipts:</b>							
Local sources	\$ 921,860	\$ 5,965	\$ -	\$ 357,340	\$ 94,177	\$ 18,503	\$ -
Intermediate sources	-	-	-	-	-	-	1,143
State sources	-	24,014	-	8,316	42,364	-	-
Federal sources	-	-	-	302,947	-	-	-
Other	1,119	-	-	-	-	-	-
<b>Total receipts</b>	<b>922,979</b>	<b>29,979</b>	<b>-</b>	<b>668,603</b>	<b>136,541</b>	<b>18,503</b>	<b>1,143</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	72,425	-	3,781	-	-
Support services	815,946	-	-	1,387	151,736	-	290
Noninstructional services	-	-	-	651,956	-	-	-
Facilities acquisition and construction	-	-	-	3,792	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	29,979	-	-	-	-	-
<b>Total disbursements</b>	<b>815,946</b>	<b>29,979</b>	<b>72,425</b>	<b>657,135</b>	<b>155,517</b>	<b>-</b>	<b>290</b>
Excess (deficiency) of receipts over disbursements	107,033	-	(72,425)	11,468	(18,976)	18,503	853
<b>Other financing sources (uses):</b>							
Transfers in	-	-	128,284	-	13,410	-	-
Transfers out	(120,000)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(120,000)</b>	<b>-</b>	<b>128,284</b>	<b>-</b>	<b>13,410</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,967)	-	55,859	11,468	(5,566)	18,503	853
Cash and investments - beginning	49,518	-	183,669	50,935	8,140	-	323
Cash and investments - ending	<u>\$ 36,551</u>	<u>\$ -</u>	<u>\$ 239,528</u>	<u>\$ 62,403</u>	<u>\$ 2,574</u>	<u>\$ 18,503</u>	<u>\$ 1,176</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ 36,551</u>	<u>\$ -</u>	<u>\$ 239,528</u>	<u>\$ 62,403</u>	<u>\$ 2,574</u>	<u>\$ 18,503</u>	<u>\$ 1,176</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ 36,551</u>	<u>\$ -</u>	<u>\$ 239,528</u>	<u>\$ 62,403</u>	<u>\$ 2,574</u>	<u>\$ 18,503</u>	<u>\$ 1,176</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, 2009  
 (Continued)

	Farm Lease	Hale Bradt Endowment Library	National Rural Education Assistance	Rising Sun Foundation Responder Grant	Tyson Foundation Auditeria Seating	Tyson Foundation High School Grant	Tyson Foundation Sound & Lighting
Receipts:							
Local sources	\$ 4,651	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	183	500	-	47,616	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>4,651</u>	<u>183</u>	<u>500</u>	<u>-</u>	<u>47,616</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	500	-	-	-	-
Support services	-	1,011	-	5,000	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	50,000
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>1,011</u>	<u>500</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Excess (deficiency) of receipts over disbursements	<u>4,651</u>	<u>(828)</u>	<u>-</u>	<u>(5,000)</u>	<u>47,616</u>	<u>-</u>	<u>(50,000)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,651	(828)	-	(5,000)	47,616	-	(50,000)
Cash and investments - beginning	<u>-</u>	<u>1,011</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>150,000</u>	<u>50,000</u>
Cash and investments - ending	<u>\$ 4,651</u>	<u>\$ 183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,616</u>	<u>\$ 150,000</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 4,651</u>	<u>\$ 183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,616</u>	<u>\$ 150,000</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 4,651</u>	<u>\$ 183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,616</u>	<u>\$ 150,000</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, 2009  
 (Continued)

	Auditeria Seating	Corning Science Curriculum Grant	Non-English Speaking Grant	School Technology	Medical Reimbursement	Title I 2007-08	Title I 2008-09
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ 10,641	\$ -	\$ -	\$ -
Intermediate sources	40,000	-	-	-	-	-	-
State sources	-	-	150	-	-	-	-
Federal sources	-	-	-	-	-	-	259,482
Other	-	-	-	-	9,254	-	-
<b>Total receipts</b>	<b>40,000</b>	<b>-</b>	<b>150</b>	<b>10,641</b>	<b>9,254</b>	<b>-</b>	<b>259,482</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	495	150	11,282	-	7,926	196,897
Support services	-	-	-	-	9,774	-	125
Noninstructional services	-	-	-	-	-	1,953	16,603
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>495</b>	<b>150</b>	<b>11,282</b>	<b>9,774</b>	<b>9,879</b>	<b>213,625</b>
Excess (deficiency) of receipts over disbursements	40,000	(495)	-	(641)	(520)	(9,879)	45,857
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	12,032
Transfers out	-	-	-	-	-	(12,032)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,032)</b>	<b>12,032</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	40,000	(495)	-	(641)	(520)	(21,911)	57,889
Cash and investments - beginning	-	6,659	-	8,056	3,538	21,911	-
Cash and investments - ending	\$ 40,000	\$ 6,164	\$ -	\$ 7,415	\$ 3,018	\$ -	\$ 57,889
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 40,000	\$ 6,164	\$ -	\$ 7,415	\$ 3,018	\$ -	\$ 57,889
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 40,000	\$ 6,164	\$ -	\$ 7,415	\$ 3,018	\$ -	\$ 57,889

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, 2009  
 (Continued)

	Drug Free Grant	Title II	Debt Service	School Bus Replacement	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 640,882	\$ 161,671	\$ -	\$ 2,215,690
Intermediate sources	-	-	-	-	-	89,442
State sources	-	-	-	-	-	74,844
Federal sources	4,624	80,024	-	-	-	647,077
Other	-	-	-	-	-	10,373
Total receipts	<u>4,624</u>	<u>80,024</u>	<u>640,882</u>	<u>161,671</u>	<u>-</u>	<u>3,037,426</u>
Disbursements:						
Current:						
Instruction	-	84,178	-	-	-	377,634
Support services	4,237	-	-	75,167	-	1,064,673
Noninstructional services	-	-	-	-	-	670,512
Facilities acquisition and construction	-	-	-	-	-	53,792
Debt services	-	-	984,051	-	-	984,051
Nonprogrammed charges	-	-	-	-	-	29,979
Total disbursements	<u>4,237</u>	<u>84,178</u>	<u>984,051</u>	<u>75,167</u>	<u>-</u>	<u>3,180,641</u>
Excess (deficiency) of receipts over disbursements	<u>387</u>	<u>(4,154)</u>	<u>(343,169)</u>	<u>86,504</u>	<u>-</u>	<u>(143,215)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	153,726
Transfers out	-	-	(93,598)	(8,284)	-	(233,914)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(93,598)</u>	<u>(8,284)</u>	<u>-</u>	<u>(80,188)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	387	(4,154)	(436,767)	78,220	-	(223,403)
Cash and investments - beginning	<u>3,025</u>	<u>6,478</u>	<u>30,658</u>	<u>(6,465)</u>	<u>421,893</u>	<u>994,349</u>
Cash and investments - ending	<u>\$ 3,412</u>	<u>\$ 2,324</u>	<u>\$ (406,109)</u>	<u>\$ 71,755</u>	<u>\$ 421,893</u>	<u>\$ 770,946</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 3,412</u>	<u>\$ 2,324</u>	<u>\$ (406,109)</u>	<u>\$ 71,755</u>	<u>\$ 421,893</u>	<u>\$ 770,946</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 3,412</u>	<u>\$ 2,324</u>	<u>\$ (406,109)</u>	<u>\$ 71,755</u>	<u>\$ 421,893</u>	<u>\$ 770,946</u>

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2009

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 Community Elementary School Building Corporation	\$ 1,415,000	\$ 499,323
Multi-School Building Corporation	17,435,000	478,000
Notes and loans payable	<u>447,437</u>	<u>120,948</u>
Total governmental activities debt	<u>\$ 19,297,437</u>	<u>\$ 1,098,271</u>

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCES

The School Bus Replacement Fund had an overdrawn cash balance at June 30, 2008, in the amount \$6,465. The Debt Service Fund had an overdrawn cash balance at June 30, 2009, in the amount of \$406,109.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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](http://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, 2008 and 2009. 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, 2008 and 2009.

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

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)

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.

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 board of trustees; 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

February 11, 2010

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2008 and 2009

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 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
		FY 07-08	\$ 61,400	\$ -
		FY 08-09	-	70,891
Total for program			<u>61,400</u>	<u>70,891</u>
National School Lunch Program	10.555			
		FY 07-08	238,207	-
		FY 08-09	-	286,741
Total for program			<u>238,207</u>	<u>286,741</u>
Total for cluster			<u>299,607</u>	<u>357,632</u>
Total for federal grantor agency			<u>299,607</u>	<u>357,632</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title 1 Grants to Local Educational Agencies				
	84.010			
		Project 07-6865	12,421	-
		Project 08-6865	263,279	9,878
		Project 09-6865	-	213,625
Total for program			<u>275,700</u>	<u>223,503</u>
Safe and Drug Free Schools and Communities - State Grants	84.186			
		FY 07-08	7,885	-
		FY 08-09	-	4,238
Total for program			<u>7,885</u>	<u>4,238</u>
State Grants for Innovative Programs	84.298			
		FY 07-08	2,143	-
Education Technology State Grants	84.318			
		FY 07-08	1,352	-
Improving Teacher Quality State Grants	84.367			
		FY 07-08	78,659	-
		FY 08-09	-	84,178
Total for program			<u>78,659</u>	<u>84,178</u>
Total for federal grantor agency			<u>365,739</u>	<u>311,919</u>
Total federal awards expended			<u>\$ 665,346</u>	<u>\$ 669,551</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 school corporations 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
Significant deficiencies 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
Significant deficiencies 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
84.010	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? yes

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 February 11, 2010, with Theodore L. Ahaus, Superintendent of Schools; Ralph O. Miller, School Board President; and Lana Miller, Business Manager/Treasurer. The officials concurred with our audit finding.