

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

AUDIT REPORT  
OF  
RUSH COUNTY SCHOOLS  
RUSH COUNTY, INDIANA  
July 1, 2007 to June 30, 2009



**FILED**  
03/29/2010



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sharon Holloway	07-01-07 to 06-30-10
Superintendent of Schools	Dr. John E. Williams	07-01-07 to 06-30-10
President of the School Board	Jeff Slaton John D. Wilson	07-01-07 to 06-30-08 07-01-08 to 06-30-10



**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 RUSH COUNTY SCHOOLS, RUSH COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rush County Schools (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 March 15, 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.

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

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 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, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts 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 Capital Assets and Schedule of Long-Term Debt have 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

March 15, 2010



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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 RUSH COUNTY SCHOOLS, RUSH COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rush County Schools (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 March 15, 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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the School Board, 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

March 15, 2010

RUSH COUNTY SCHOOLS  
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>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	\$ 11,942,667	\$ -	\$ 279,886	\$ (11,662,781)
Support services	7,265,849	816,606	529,284	(5,919,959)
Noninstructional services	1,603,451	-	-	(1,603,451)
Facilities acquisition and construction	1,086,462	-	-	(1,086,462)
Debt service	1,709,509	-	-	(1,709,509)
Nonprogrammed charges	388,946	-	-	(388,946)
<b>Total governmental activities</b>	<b><u>\$ 23,996,884</u></b>	<b><u>\$ 816,606</u></b>	<b><u>\$ 809,170</u></b>	<b><u>(22,371,108)</u></b>
General receipts:				
Property taxes				9,019,979
Other local sources				1,548,899
State aid				9,182,191
Grants and contributions not restricted to specific programs				983,058
Sale of property				13,793
Investment earnings				321,774
Other				<u>70,741</u>
<b>Total general receipts</b>				<b><u>21,140,435</u></b>
<b>Change in net assets</b>				<b>(1,230,673)</b>
<b>Net assets - beginning</b>				<b><u>6,981,542</u></b>
<b>Net assets - ending</b>				<b><u>\$ 5,750,869</u></b>
<u>Assets</u>				
Cash and investments				\$ 5,732,131
Restricted assets:				
Cash and investments				<u>18,738</u>
<b>Total assets</b>				<b><u>\$ 5,750,869</u></b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 18,738
Unrestricted				<u>5,732,131</u>
<b>Total net assets</b>				<b><u>\$ 5,750,869</u></b>

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

RUSH COUNTY SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>	Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Instruction	\$ 11,495,837	\$ -	\$ 349,092	\$ (11,146,745)	
Support services	7,700,580	947,616	503,448	(6,249,516)	
Noninstructional services	1,782,034	-	-	(1,782,034)	
Facilities acquisition and construction	2,454,773	-	-	(2,454,773)	
Debt service	1,644,500	-	-	(1,644,500)	
Nonprogrammed charges	<u>376,420</u>	<u>-</u>	<u>-</u>	<u>(376,420)</u>	
Total governmental activities	<u>\$ 25,454,144</u>	<u>\$ 947,616</u>	<u>\$ 852,540</u>	<u>(23,653,988)</u>	
General receipts:					
Property taxes				10,618,286	
Other local sources				1,482,535	
State aid				11,080,775	
Bonds and loans				1,736,995	
Grants and contributions not restricted to specific programs				2,363,354	
Sale of property				4,688	
Investment earnings				112,334	
Other				<u>155,824</u>	
Total general receipts				<u>27,554,791</u>	
Change in net assets				3,900,803	
Net assets - beginning				<u>5,750,869</u>	
Net assets - ending				<u>\$ 9,651,672</u>	
<u>Assets</u>					
Cash and investments				\$ 9,607,993	
Restricted assets:					
Cash and investments				<u>43,679</u>	
Total assets				<u>\$ 9,651,672</u>	
<u>Net Assets</u>					
Restricted for:					
Debt service				\$ 43,679	
Unrestricted				<u>9,607,993</u>	
Total net assets				<u>\$ 9,651,672</u>	

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

RUSH COUNTY SCHOOLS  
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	Transportation Operating	Rainy Day	Capital Projects	Other	Totals
<b>Receipts:</b>						
Local sources	\$ 5,707,804	\$ 1,715,058	\$ -	\$ 1,472,442	\$ 2,810,940	\$ 11,706,244
Intermediate sources	-	-	-	-	1,013	1,013
State sources	9,421,756	-	-	-	187,343	9,609,099
Federal sources	-	657	-	-	1,364,664	1,365,321
Other	48,888	21,853	-	-	-	70,741
<b>Total receipts</b>	<b>15,178,448</b>	<b>1,737,568</b>	<b>-</b>	<b>1,472,442</b>	<b>4,363,960</b>	<b>22,752,418</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	10,993,170	-	-	-	949,497	11,942,667
Support services	3,963,017	1,715,822	-	696,669	890,341	7,265,849
Noninstructional services	349,956	-	-	-	1,253,495	1,603,451
Facilities acquisition and construction	500	-	-	1,085,962	-	1,086,462
Debt services	46,673	-	-	-	1,662,836	1,709,509
Nonprogrammed charges	388,946	-	-	-	-	388,946
<b>Total disbursements</b>	<b>15,742,262</b>	<b>1,715,822</b>	<b>-</b>	<b>1,782,631</b>	<b>4,756,169</b>	<b>23,996,884</b>
Excess (deficiency) of receipts over disbursements	(563,814)	21,746	-	(310,189)	(392,209)	(1,244,466)
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	136	-	-	13,657	13,793
Transfers in	80,858	-	552,000	-	-	632,858
Transfers out	-	(275,000)	-	(200,000)	(157,858)	(632,858)
<b>Total other financing sources (uses)</b>	<b>80,858</b>	<b>(274,864)</b>	<b>552,000</b>	<b>(200,000)</b>	<b>(144,201)</b>	<b>13,793</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(482,956)	(253,118)	552,000	(510,189)	(536,410)	(1,230,673)
Cash and investments - beginning	730,098	1,532,969	-	3,769,331	949,144	6,981,542
Cash and investments - ending	<u>\$ 247,142</u>	<u>\$ 1,279,851</u>	<u>\$ 552,000</u>	<u>\$ 3,259,142</u>	<u>\$ 412,734</u>	<u>\$ 5,750,869</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 247,142	\$ 1,279,851	\$ 552,000	\$ 3,259,142	\$ 393,996	\$ 5,732,131
Restricted assets:						
Cash and investments	-	-	-	-	18,738	18,738
<b>Total cash and investment assets - ending</b>	<b><u>\$ 247,142</u></b>	<b><u>\$ 1,279,851</u></b>	<b><u>\$ 552,000</u></b>	<b><u>\$ 3,259,142</u></b>	<b><u>\$ 412,734</u></b>	<b><u>\$ 5,750,869</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 18,738	\$ 18,738
Unrestricted	247,142	1,279,851	552,000	3,259,142	393,996	5,732,131
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 247,142</u></b>	<b><u>\$ 1,279,851</u></b>	<b><u>\$ 552,000</u></b>	<b><u>\$ 3,259,142</u></b>	<b><u>\$ 412,734</u></b>	<b><u>\$ 5,750,869</u></b>

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

RUSH COUNTY SCHOOLS  
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	Transportation Operating	Rainy Day	Capital Projects	Construction	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 6,044,800	\$ 1,710,616	\$ -	\$ 2,536,879	\$ -	\$ 2,867,538	\$ 13,159,833
Intermediate sources	-	-	-	-	-	938	938
State sources	11,389,052	-	-	-	-	205,462	11,594,514
Federal sources	-	-	-	-	-	2,702,155	2,702,155
Other	118,919	36,905	-	-	-	-	155,824
<b>Total receipts</b>	<b>17,552,771</b>	<b>1,747,521</b>	<b>-</b>	<b>2,536,879</b>	<b>-</b>	<b>5,776,093</b>	<b>27,613,264</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	9,972,954	-	-	-	-	1,522,883	11,495,837
Support services	4,504,778	1,855,756	-	839,823	-	500,223	7,700,580
Noninstructional services	434,325	-	-	-	-	1,347,709	1,782,034
Facilities acquisition and construction	-	-	-	2,371,847	82,926	-	2,454,773
Debt services	-	-	-	-	-	1,644,500	1,644,500
Nonprogrammed charges	376,420	-	-	-	-	-	376,420
<b>Total disbursements</b>	<b>15,288,477</b>	<b>1,855,756</b>	<b>-</b>	<b>3,211,670</b>	<b>82,926</b>	<b>5,015,315</b>	<b>25,454,144</b>
Excess (deficiency) of receipts over disbursements	2,264,294	(108,235)	-	(674,791)	(82,926)	760,778	2,159,120
<b>Other financing sources (uses):</b>							
Proceeds of long-term debt	277	-	-	1,736,718	-	-	1,736,995
Sale of capital assets	-	-	-	-	-	4,688	4,688
Transfers in	-	-	590,000	-	3,700,000	-	4,290,000
Transfers out	-	(300,000)	-	(3,990,000)	-	-	(4,290,000)
<b>Total other financing sources (uses)</b>	<b>277</b>	<b>(300,000)</b>	<b>590,000</b>	<b>(2,253,282)</b>	<b>3,700,000</b>	<b>4,688</b>	<b>1,741,683</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,264,571	(408,235)	590,000	(2,928,073)	3,617,074	765,466	3,900,803
Cash and investments - beginning	247,142	1,279,851	552,000	3,259,142	-	412,734	5,750,869
Cash and investments - ending	\$ 2,511,713	\$ 871,616	\$ 1,142,000	\$ 331,069	\$ 3,617,074	\$ 1,178,200	\$ 9,651,672
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 2,511,713	\$ 871,616	\$ 1,142,000	\$ 331,069	\$ 3,617,074	\$ 1,134,521	\$ 9,607,993
Restricted assets:							
Cash and investments	-	-	-	-	-	43,679	43,679
<b>Total cash and investment assets - ending</b>	<b>\$ 2,511,713</b>	<b>\$ 871,616</b>	<b>\$ 1,142,000</b>	<b>\$ 331,069</b>	<b>\$ 3,617,074</b>	<b>\$ 1,178,200</b>	<b>\$ 9,651,672</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,679	\$ 43,679
Unrestricted	2,511,713	871,616	1,142,000	331,069	3,617,074	1,134,521	9,607,993
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,511,713</b>	<b>\$ 871,616</b>	<b>\$ 1,142,000</b>	<b>\$ 331,069</b>	<b>\$ 3,617,074</b>	<b>\$ 1,178,200</b>	<b>\$ 9,651,672</b>

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

RUSH COUNTY SCHOOLS  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ <u>5,978</u>	
Deductions:		
Administrative and general	<u>7,722</u>	
Deficiency of total additions over total deductions	(1,744)	
Cash and investment fund balance - beginning	<u>8,984</u>	
Cash and investment fund balance - ending	<u>\$ 7,240</u>	<u>\$ 510,892</u>
Net assets:		
Cash and investments	<u>\$ 7,240</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 7,240</u>	

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

RUSH COUNTY SCHOOLS  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2009

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 13,753	
Deductions:		
Administrative and general	21,107	
Deficiency of total additions over total deductions	(7,354)	
Cash and investment fund balance - beginning	7,240	
Cash and investment fund balance - ending	<u>\$ (114)</u>	<u>\$ 543,312</u>
Net assets:		
Cash and investments	\$ (114)	
Total net assets - cash and investment basis held in trust	<u>\$ (114)</u>	

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

RUSH COUNTY SCHOOLS  
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: Rush County Schools

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 Centerville-Abington School Corporation and Fayette County School Corporation in a joint venture to operate Centerville-Fayette-Rush (CFR) Special Services which was created to provide instruction to handicapped children.

The CFR Special Service's continued existence depends on continued funding by the School Corporation. Fayette County School Corporation maintains the treasury function for CFR Special Services and is accountable to CFR Special Services for all fiscal matters.

The School Corporation is a participant with other member school corporations in a joint venture to operate Whitewater Technical Career Center (Co-op) which was created to provide vocational education instruction to students of member schools. The Co-op's continued existence depends on continued funding by the School Corporation. The Co-op Board consists of the Superintendents of the member school corporations. Fayette County School Corporation maintains the treasury function of the Co-op and is accountable to the Co-op for all fiscal matters.

The School Corporation is a participant with many other member school corporations in a joint venture to operate East Central Indiana Educational Service Center (Co-op), which was created to take advantage of bulk purchasing power, centralized repairs of equipment, and joint in-service training programs. The Co-op's governing board consists of a member selected by each participating school corporation. The board has full authority to manage the Co-op's operations, and also maintains the treasury functions. Complete financial statements for the East Central Indiana Educational Service Center (Co-op) may be obtained by contacting East Central Indiana Educational Service Center, 1601 Indiana Avenue, Connersville, Indiana 47331.

RUSH COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 disbursements. Separate financial statements are provided for governmental 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.

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

The rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

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

The construction fund accounts for monies transferred from the capital projects fund for the purpose of constructing and remodeling school buildings.

Additionally, the School Corporation reports the following fund types:

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

Agency funds account for assets held by the School Corporation as an agent for various taxing authorities and benefit providers of school corporation employees.

RUSH COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary 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, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

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 scheduled for distribution 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.

RUSH COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, and (2) operating grants and contributions. 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.

RUSH COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. 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.
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 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.

RUSH COUNTY SCHOOLS  
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	\$ 198,407	\$ 94,327
CFR Part B Grant Employees	39,529	29,929
Title II Class Reduction	-	2,008

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

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. The bank balances were insured by Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

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

Transfer From	Transfer To	2008	2009
Capital Projects	Rainy Day	\$ 200,000	\$ 290,000
	Construction	-	3,700,000
Transportation Operating	Rainy Day	275,000	300,000
Other governmental funds	General Fund	80,858	-
	Rainy Day	77,000	-
Totals		<u>\$ 632,858</u>	<u>\$ 4,290,000</u>

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

RUSH COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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; 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.

B. Holding Corporation

The School Corporation has entered into two capital leases with Rush County Elementary Schools 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 year totaled \$1,649,000.

C. 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

RUSH COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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	\$ 220,669
Interest on net pension obligation	(12,158)
Adjustment to annual required contribution	13,855
Annual pension cost	222,366
Contributions made	183,626
Increase (decrease) in net pension obligation	38,740
Net pension obligation, beginning of year	(167,695)
Net pension obligation, end of year	\$ (128,955)

	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

RUSH COUNTY SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

Actuarial Assumptions	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%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 172,015	86%	\$ (221,257)
	06-30-07	210,268	75%	(167,695)
	06-30-08	222,366	83%	(128,955)

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

RUSH COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, 2009, 2008, and 2007, were \$317,450, \$302,797, and \$262,812, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

RUSH COUNTY SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

PUBLIC EMPLOYEES' RETIREMENT FUND

Actuarial Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liability - AAL	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL As A % Of Covered Payroll
07-01-06	\$ 2,385,385	\$ 2,958,959	\$ (573,574)	81%	\$ 2,614,170	22%
07-01-07	2,660,087	3,252,724	(592,637)	82%	2,684,017	22%
07-01-08	3,057,411	3,739,553	(682,142)	82%	2,644,496	26%

RUSH COUNTY SCHOOLS  
 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

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plates	Early Intervention
<b>Receipts:</b>						
Local sources	\$ 16,173	\$ 745,725	\$ 179,757	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	1,013	-
State sources	47,733	-	52,495	-	-	1,500
Federal sources	-	473,186	-	-	-	-
<b>Total receipts</b>	<b>63,906</b>	<b>1,218,911</b>	<b>232,252</b>	<b>-</b>	<b>1,013</b>	<b>1,500</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	73,717	-	-	-	-	-
Support services	-	-	220,771	-	-	1,500
Noninstructional services	-	1,253,495	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>73,717</b>	<b>1,253,495</b>	<b>220,771</b>	<b>-</b>	<b>-</b>	<b>1,500</b>
Excess (deficiency) of receipts over disbursements	(9,811)	(34,584)	11,481	-	1,013	-
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers out	(12,000)	-	-	(79,757)	-	-
<b>Total other financing sources (uses)</b>	<b>(12,000)</b>	<b>-</b>	<b>-</b>	<b>(79,757)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(21,811)	(34,584)	11,481	(79,757)	1,013	-
Cash and investments - beginning	155,752	257,901	63,739	79,757	8,900	-
Cash and investments - ending	<u>\$ 133,941</u>	<u>\$ 223,317</u>	<u>\$ 75,220</u>	<u>\$ -</u>	<u>\$ 9,913</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 133,941	\$ 223,317	\$ 75,220	\$ -	\$ 9,913	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 133,941</b>	<b>\$ 223,317</b>	<b>\$ 75,220</b>	<b>\$ -</b>	<b>\$ 9,913</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	133,941	223,317	75,220	-	9,913	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 133,941</b>	<b>\$ 223,317</b>	<b>\$ 75,220</b>	<b>\$ -</b>	<b>\$ 9,913</b>	<b>\$ -</b>

RUSH COUNTY SCHOOLS  
 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)

	High Ability Grant FY 07-08	High Ability Grant FY 06-07	Tech Prep Careers	Economic Education	Medicaid State	Non-English Program
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	36,917	-	-	-	1,101	3,406
Federal sources	-	-	-	-	-	-
<b>Total receipts</b>	<b>36,917</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,101</b>	<b>3,406</b>
Disbursements:						
Current:						
Instruction	36,769	33	100	35	-	4,018
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>36,769</b>	<b>33</b>	<b>100</b>	<b>35</b>	<b>-</b>	<b>4,018</b>
Excess (deficiency) of receipts over disbursements	148	(33)	(100)	(35)	1,101	(612)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers out	-	-	-	-	(1,101)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,101)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	148	(33)	(100)	(35)	-	(612)
Cash and investments - beginning	-	33	100	35	-	1,294
Cash and investments - ending	<u>\$ 148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 682</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 148	\$ -	\$ -	\$ -	\$ -	\$ 682
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 682</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	148	-	-	-	-	682
<b>Total cash and investment fund balance - ending</b>	<u>\$ 148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 682</u>

RUSH COUNTY SCHOOLS  
 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)

	Safe School Program	CPI Inservice	DFS and Community (LLC)	Technology Rebates	Title I Program FY 07-08	Title I Program FY 06-07
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ (3,732)	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	9,124	-	-	35,067	-	-
Federal sources	-	-	-	-	399,173	34,060
<b>Total receipts</b>	<b>9,124</b>	<b>-</b>	<b>(3,732)</b>	<b>35,067</b>	<b>399,173</b>	<b>34,060</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	8,858	22	15,795	4,563	237,922	54,904
Support services	-	-	-	-	120,566	16,150
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>8,858</b>	<b>22</b>	<b>15,795</b>	<b>4,563</b>	<b>358,488</b>	<b>71,054</b>
Excess (deficiency) of receipts over disbursements	266	(22)	(19,527)	30,504	40,685	(36,994)
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</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	266	(22)	(19,527)	30,504	40,685	(36,994)
Cash and investments - beginning	248	22	45,581	23,114	-	36,994
Cash and investments - ending	<u>\$ 514</u>	<u>\$ -</u>	<u>\$ 26,054</u>	<u>\$ 53,618</u>	<u>\$ 40,685</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 514	\$ -	\$ 26,054	\$ 53,618	\$ 40,685	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 514</b>	<b>\$ -</b>	<b>\$ 26,054</b>	<b>\$ 53,618</b>	<b>\$ 40,685</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	514	-	26,054	53,618	40,685	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 514</b>	<b>\$ -</b>	<b>\$ 26,054</b>	<b>\$ 53,618</b>	<b>\$ 40,685</b>	<b>\$ -</b>

RUSH COUNTY SCHOOLS  
 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 V Part A Innovative FY 06-07	Title V Part A Innovative FY 07-08	Title V Part A Innovative FY 05-06	Preschool Handicap	Title IV, Part A Safe and DFS FY 06-07	Title IV, Part A Safe and DFS FY 07-08
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	4,392	-	354	5,000	6,640
<b>Total receipts</b>	<b>-</b>	<b>4,392</b>	<b>-</b>	<b>354</b>	<b>5,000</b>	<b>6,640</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	354	7,782	989
Support services	382	-	425	-	-	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>382</b>	<b>-</b>	<b>425</b>	<b>354</b>	<b>7,782</b>	<b>989</b>
Excess (deficiency) of receipts over disbursements	(382)	4,392	(425)	-	(2,782)	5,651
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</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	(382)	4,392	(425)	-	(2,782)	5,651
Cash and investments - beginning	382	-	425	-	2,782	-
Cash and investments - ending	\$ -	\$ 4,392	\$ -	\$ -	\$ -	\$ 5,651
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 4,392	\$ -	\$ -	\$ -	\$ 5,651
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 4,392</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,651</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	4,392	-	-	-	5,651
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 4,392</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,651</b>

RUSH COUNTY SCHOOLS  
 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 IV, Part A Safe and DFS FY 05-06	Medicaid Federal	Title II Class Reduction	Title II Technology FY 07-08	Title II Technology FY 06-07	Title II Technology FY 05-06
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	1,845	125,222	-	15,000	-
<b>Total receipts</b>	<b>-</b>	<b>1,845</b>	<b>125,222</b>	<b>-</b>	<b>15,000</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,370	5,476	125,060	53,429	-	-
Support services	-	-	-	-	5,625	3,468
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,370</b>	<b>5,476</b>	<b>125,060</b>	<b>53,429</b>	<b>5,625</b>	<b>3,468</b>
Excess (deficiency) of receipts over disbursements	(1,370)	(3,631)	162	(53,429)	9,375	(3,468)
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</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	(1,370)	(3,631)	162	(53,429)	9,375	(3,468)
Cash and investments - beginning	1,370	10,929	40,962	53,429	-	3,468
Cash and investments - ending	\$ -	\$ 7,298	\$ 41,124	\$ -	\$ 9,375	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 7,298	\$ 41,124	\$ -	\$ 9,375	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 7,298</b>	<b>\$ 41,124</b>	<b>\$ -</b>	<b>\$ 9,375</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	7,298	41,124	-	9,375	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 7,298</b>	<b>\$ 41,124</b>	<b>\$ -</b>	<b>\$ 9,375</b>	<b>\$ -</b>

RUSH COUNTY SCHOOLS  
 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)

	CFR Part B Grant Employees FY 06-07	CFR Part B Grant Employees FY 07-08	Debt Service	Bus Replacement	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ 1,589,416	\$ 283,601	\$ 2,810,940
Intermediate sources	-	-	-	-	1,013
State sources	-	-	-	-	187,343
Federal sources	63,405	236,387	-	-	1,364,664
<b>Total receipts</b>	<b>63,405</b>	<b>236,387</b>	<b>1,589,416</b>	<b>283,601</b>	<b>4,363,960</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	42,385	275,916	-	-	949,497
Support services	-	-	-	521,454	890,341
Noninstructional services	-	-	-	-	1,253,495
Debt services	-	-	1,662,836	-	1,662,836
<b>Total disbursements</b>	<b>42,385</b>	<b>275,916</b>	<b>1,662,836</b>	<b>521,454</b>	<b>4,756,169</b>
Excess (deficiency) of receipts over disbursements	21,020	(39,529)	(73,420)	(237,853)	(392,209)
<b>Other financing sources (uses):</b>					
Sale of capital assets	-	-	-	13,657	13,657
Transfers out	-	-	(45,000)	(20,000)	(157,858)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(45,000)</b>	<b>(6,343)</b>	<b>(144,201)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	21,020	(39,529)	(118,420)	(244,196)	(536,410)
Cash and investments - beginning	(21,020)	-	137,158	45,789	949,144
Cash and investments - ending	<u>\$ -</u>	<u>\$ (39,529)</u>	<u>\$ 18,738</u>	<u>\$ (198,407)</u>	<u>\$ 412,734</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ (39,529)	\$ -	\$ (198,407)	\$ 393,996
Restricted assets:					
Cash and investments	-	-	18,738	-	18,738
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ (39,529)</b>	<b>\$ 18,738</b>	<b>\$ (198,407)</b>	<b>\$ 412,734</b>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 18,738	\$ -	\$ 18,738
Unrestricted	-	(39,529)	-	(198,407)	393,996
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ (39,529)</b>	<b>\$ 18,738</b>	<b>\$ (198,407)</b>	<b>\$ 412,734</b>

RUSH COUNTY SCHOOLS  
 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

	Special Education Preschool	School Lunch	Textbook Rental	Education License Plates	High Ability Grant FY 07-08	High Ability Grant FY 08-09	Non-English Program
<b>Receipts:</b>							
Local sources	\$ 15,998	\$ 890,783	\$ 149,515	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	938	-	-	-
State sources	56,259	-	60,683	-	-	36,917	3,898
Federal sources	-	442,765	-	-	-	-	-
<b>Total receipts</b>	<b>72,257</b>	<b>1,333,548</b>	<b>210,198</b>	<b>938</b>	<b>-</b>	<b>36,917</b>	<b>3,898</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	71,153	-	-	-	148	32,780	4,580
Support services	-	-	167,559	-	-	-	-
Noninstructional services	-	1,330,853	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>71,153</b>	<b>1,330,853</b>	<b>167,559</b>	<b>-</b>	<b>148</b>	<b>32,780</b>	<b>4,580</b>
Excess (deficiency) of receipts over disbursements	1,104	2,695	42,639	938	(148)	4,137	(682)
<b>Other financing sources:</b>							
Sale of capital assets	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,104	2,695	42,639	938	(148)	4,137	(682)
Cash and investments - beginning	133,941	223,317	75,220	9,913	148	-	682
Cash and investments - ending	<u>\$ 135,045</u>	<u>\$ 226,012</u>	<u>\$ 117,859</u>	<u>\$ 10,851</u>	<u>\$ -</u>	<u>\$ 4,137</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 135,045	\$ 226,012	\$ 117,859	\$ 10,851	\$ -	\$ 4,137	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 135,045</u>	<u>\$ 226,012</u>	<u>\$ 117,859</u>	<u>\$ 10,851</u>	<u>\$ -</u>	<u>\$ 4,137</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	135,045	226,012	117,859	10,851	-	4,137	-
Total cash and investment fund balance - ending	<u>\$ 135,045</u>	<u>\$ 226,012</u>	<u>\$ 117,859</u>	<u>\$ 10,851</u>	<u>\$ -</u>	<u>\$ 4,137</u>	<u>\$ -</u>

RUSH COUNTY SCHOOLS  
 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)

	Safe School Program	DFS and Community (LLC)	Technology Rebates	Title I Program FY 07-08	Title I Program FY 08-09	Title I School Improvement
<b>Receipts:</b>						
Local sources	\$ -	\$ 45,355	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	1,229	-	46,476	-	-	-
Federal sources	-	-	-	24,000	398,712	32,500
<b>Total receipts</b>	<b>1,229</b>	<b>45,355</b>	<b>46,476</b>	<b>24,000</b>	<b>398,712</b>	<b>32,500</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	24,956	6,117	50,205	218,903	-
Support services	-	-	-	14,480	101,725	2,477
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>24,956</b>	<b>6,117</b>	<b>64,685</b>	<b>320,628</b>	<b>2,477</b>
Excess (deficiency) of receipts over disbursements	1,229	20,399	40,359	(40,685)	78,084	30,023
<b>Other financing sources:</b>						
Sale of capital assets	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,229	20,399	40,359	(40,685)	78,084	30,023
Cash and investments - beginning	514	26,054	53,618	40,685	-	-
Cash and investments - ending	<u>\$ 1,743</u>	<u>\$ 46,453</u>	<u>\$ 93,977</u>	<u>\$ -</u>	<u>\$ 78,084</u>	<u>\$ 30,023</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 1,743	\$ 46,453	\$ 93,977	\$ -	\$ 78,084	\$ 30,023
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,743</u>	<u>\$ 46,453</u>	<u>\$ 93,977</u>	<u>\$ -</u>	<u>\$ 78,084</u>	<u>\$ 30,023</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>1,743</u>	<u>46,453</u>	<u>93,977</u>	<u>-</u>	<u>78,084</u>	<u>30,023</u>
Total cash and investment fund balance - ending	<u>\$ 1,743</u>	<u>\$ 46,453</u>	<u>\$ 93,977</u>	<u>\$ -</u>	<u>\$ 78,084</u>	<u>\$ 30,023</u>

RUSH COUNTY SCHOOLS  
 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)

	Title V Part A Innovative	Title IV, Part A Safe and DFS FY 07-08	Title IV, Part A Safe and DFS FY 08-09	Medicaid Federal	Title II Class Reduction	Title II Technology FY 07-08
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	4,000	4,107	-	125,616	-
Total receipts	-	4,000	4,107	-	125,616	-
Disbursements:						
Current:						
Instruction	-	9,043	3,100	2,329	168,748	-
Support services	197	-	-	-	-	3,745
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	197	9,043	3,100	2,329	168,748	3,745
Excess (deficiency) of receipts over disbursements	(197)	(5,043)	1,007	(2,329)	(43,132)	(3,745)
Other financing sources:						
Sale of capital assets	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(197)	(5,043)	1,007	(2,329)	(43,132)	(3,745)
Cash and investments - beginning	4,392	5,651	-	7,298	41,124	9,375
Cash and investments - ending	<u>\$ 4,195</u>	<u>\$ 608</u>	<u>\$ 1,007</u>	<u>\$ 4,969</u>	<u>\$ (2,008)</u>	<u>\$ 5,630</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 4,195	\$ 608	\$ 1,007	\$ 4,969	\$ (2,008)	\$ 5,630
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 4,195</u>	<u>\$ 608</u>	<u>\$ 1,007</u>	<u>\$ 4,969</u>	<u>\$ (2,008)</u>	<u>\$ 5,630</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,195	608	1,007	4,969	(2,008)	5,630
Total cash and investment fund balance - ending	<u>\$ 4,195</u>	<u>\$ 608</u>	<u>\$ 1,007</u>	<u>\$ 4,969</u>	<u>\$ (2,008)</u>	<u>\$ 5,630</u>

RUSH COUNTY SCHOOLS  
 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)

	CFR Part B Grant Employees FY 08-09	CFR Part B Grant Employees FY 07-08	Fiscal Stabilization	Debt Service	Bus Replacement Fund	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 1,692,941	\$ 72,946	\$ 2,867,538
Intermediate sources	-	-	-	-	-	938
State sources	-	-	-	-	-	205,462
Federal sources	319,861	71,237	1,279,357	-	-	2,702,155
<b>Total receipts</b>	<b>319,861</b>	<b>71,237</b>	<b>1,279,357</b>	<b>1,692,941</b>	<b>72,946</b>	<b>5,776,093</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	263,688	31,708	635,425	-	-	1,522,883
Support services	86,102	-	126,884	23,500	(26,446)	500,223
Noninstructional services	-	-	16,856	-	-	1,347,709
Debt services	-	-	-	1,644,500	-	1,644,500
<b>Total disbursements</b>	<b>349,790</b>	<b>31,708</b>	<b>779,165</b>	<b>1,668,000</b>	<b>(26,446)</b>	<b>5,015,315</b>
Excess (deficiency) of receipts over disbursements	(29,929)	39,529	500,192	24,941	99,392	760,778
<b>Other financing sources:</b>						
Sale of capital assets	-	-	-	-	4,688	4,688
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(29,929)	39,529	500,192	24,941	104,080	765,466
Cash and investments - beginning	-	(39,529)	-	18,738	(198,407)	412,734
Cash and investments - ending	<u>\$ (29,929)</u>	<u>\$ -</u>	<u>\$ 500,192</u>	<u>\$ 43,679</u>	<u>\$ (94,327)</u>	<u>\$ 1,178,200</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ (29,929)	\$ -	\$ 500,192	\$ -	\$ (94,327)	\$ 1,134,521
Restricted assets:						
Cash and investments	-	-	-	43,679	-	43,679
<b>Total cash and investment assets - ending</b>	<u>\$ (29,929)</u>	<u>\$ -</u>	<u>\$ 500,192</u>	<u>\$ 43,679</u>	<u>\$ (94,327)</u>	<u>\$ 1,178,200</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 43,679	\$ -	\$ 43,679
Unrestricted	(29,929)	-	500,192	-	(94,327)	1,134,521
<b>Total cash and investment fund balance - ending</b>	<u>\$ (29,929)</u>	<u>\$ -</u>	<u>\$ 500,192</u>	<u>\$ 43,679</u>	<u>\$ (94,327)</u>	<u>\$ 1,178,200</u>

RUSH COUNTY SCHOOLS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2008

	<u>Donations</u>	<u>High Writing RCHS Grant</u>	<u>Wal-Mart Donation</u>	<u>Rush County Community Foundation</u>	<u>Outdoor Nature Lab</u>	<u>Totals</u>
Additions:						
Contributions:						
Other	\$ 4,705	\$ -	\$ -	\$ -	\$ 1,273	\$ 5,978
Deductions:						
Administrative and general	3,217	500	1,000	1,000	2,005	7,722
Excess (deficiency) of total additions over total deductions	1,488	(500)	(1,000)	(1,000)	(732)	(1,744)
Cash and investment fund balance - beginning	5,505	500	1,000	1,000	979	8,984
Cash and investments - June 30	<u>\$ 6,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247</u>	<u>\$ 7,240</u>
Net assets:						
Cash and investments	\$ 6,993	\$ -	\$ -	\$ -	\$ 247	\$ 7,240
Total net assets - cash and investment basis held in trust	<u>\$ 6,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247</u>	<u>\$ 7,240</u>

RUSH COUNTY SCHOOLS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2009

	Memorial Fund Donations	Donations	Outdoor Nature Lab	Project Lead The Way	Totals
Additions:					
Contributions:					
Other	\$ 100	\$ 5,056	\$ 219	\$ 8,378	\$ 13,753
Deductions:					
Administrative and general	100	3,454	320	17,233	21,107
Excess (deficiency) of total additions over total deductions	-	1,602	(101)	(8,855)	(7,354)
Cash and investment fund balance - beginning	-	6,993	247	-	7,240
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 8,595</u>	<u>\$ 146</u>	<u>\$ (8,855)</u>	<u>\$ (114)</u>
Net assets:					
Cash and investments	\$ -	\$ 8,595	\$ 146	\$ (8,855)	\$ (114)
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 8,595</u>	<u>\$ 146</u>	<u>\$ (8,855)</u>	<u>\$ (114)</u>

RUSH COUNTY SCHOOLS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUND  
 For the Year Ended June 30, 2008

	<u>Payroll Withholdings</u>
Additions:	
Agency fund additions	<u>\$ 2,502,217</u>
Deductions:	
Agency fund deductions	<u>2,428,827</u>
Excess (deficiency) of total additions over total deductions	73,390
Cash and investment fund balance - beginning	<u>437,502</u>
Cash and investment fund balance - ending	<u><u>\$ 510,892</u></u>

RUSH COUNTY SCHOOLS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUND  
 For the Year Ended June 30, 2009

	<u>Payroll Withholdings</u>
Additions:	
Agency fund additions	<u>\$ 2,541,096</u>
Deductions:	
Agency fund deductions	<u>2,508,676</u>
Excess (deficiency) of total additions over total deductions	32,420
Cash and investment fund balance - beginning	<u>510,892</u>
Cash and investment fund balance - ending	<u><u>\$ 543,312</u></u>

RUSH COUNTY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended June 30, 2009

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 26,469,710
Improvements other than buildings	278,113
Machinery and equipment	<u>6,252,224</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 33,000,047</u></u>

RUSH COUNTY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2009

Rush County Schools has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Elementary School Series 2008A	\$ 24,470,000	\$ 1,789,000
Elementary School Series 2008B	<u>2,075,000</u>	<u>108,938</u>
Total	<u>\$ 26,545,000</u>	<u>\$ 1,897,938</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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Web Site: [www.in.gov/sboa](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 RUSH COUNTY SCHOOLS, RUSH COUNTY, INDIANA

Compliance

We have audited the compliance of the Rush County Schools (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. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2009 -1.

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.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the School Board, 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

March 15, 2010

RUSH COUNTY SCHOOLS  
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
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 67,526	\$ 82,894
National School Lunch Program	10.555		474,943	580,166
Special Milk Program for Children	10.556		<u>113</u>	<u>369</u>
Total for cluster			<u>542,582</u>	<u>663,429</u>
Total for federal grantor agency			<u>542,582</u>	<u>663,429</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		FY 07	71,054	-
		FY 08	358,488	64,685
		FY 09	-	320,627
		09-School Improvement	<u>-</u>	<u>2,477</u>
Total for cluster			<u>429,542</u>	<u>387,789</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		<u>-</u>	<u>779,166</u>
Safe and Drug free Schools and Communities - State Grants	84.186			
		FY 06	7,782	-
		FY 07	1,370	-
		FY 08	989	9,043
		FY 09	<u>-</u>	<u>3,100</u>
Total for program			<u>10,141</u>	<u>12,143</u>
Title VI Innovative Education Program Strategies	84.298			
		FY 05	382	-
		FY 06	425	-
		FY 07	<u>-</u>	<u>197</u>
Total for program			<u>807</u>	<u>197</u>
Enhancing Education Through Technology	84.318			
		FY 06	3,468	-
		FY 07	53,429	-
		FY 08	<u>5,625</u>	<u>3,745</u>
Total for program			<u>62,522</u>	<u>3,745</u>
Improving Teacher Quality State Grants	84.367			
		FY 07	125,060	-
		FY 08	<u>-</u>	<u>168,747</u>
Total for program			<u>125,060</u>	<u>168,747</u>
Total for federal grantor agency			<u>628,072</u>	<u>1,351,787</u>
Total federal awards expended			<u>\$ 1,170,654</u>	<u>\$ 2,015,216</u>

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

RUSH COUNTY SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Rush County Schools (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.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2008	2009
National School Lunch Program	10.555	\$ 56,756	\$ 89,401

RUSH COUNTY SCHOOLS  
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?	yes
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?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I, Part A Cluster - Grants to Local Educational Agencies
84.394	ARRA – State Fiscal Stabilization (SFSF) - Education State Grants, Recovery Act

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

Auditee qualified as low-risk auditee? no

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

Section II – Financial Statement Findings

No matters are reportable

Section III – Federal Award Findings and Questioned Costs

FINDING 2009-1, TITLE I – CASH MANAGEMENT

Federal Program: Title I, Part A Cluster - Grants to Local Educational Agencies  
CFDA Number: 84.010  
Pass-Through Entity: Indiana Department of Education

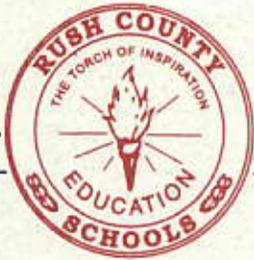
The Rush County School Corporation has not implemented adequate controls to minimize the time elapsing between the transfer of funds and their disbursement. The month end cash balances exceeded 10% of the total budget during the period of July 1, 2007 to September 30, 2009, and were greater than that month's drawdown for eight of the fifteen months in the grant period.

EDGAR 80.20(b)(7) states:

"Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdown by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Surplus cash indicates noncompliance with the cash management requirement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by pass-through agency.

We recommended that School Corporation Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to grant requirement.



# RUSH COUNTY SCHOOLS

Dr. John E. Williams, Superintendent

Dennis G. Chambers, Assistant Superintendent

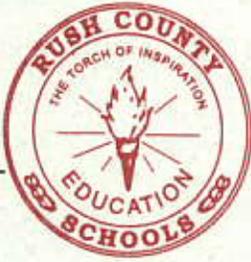
## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

### **Findings Number 2005-1**

Original SBA Audit Report Number:	B31698
Fiscal Year	2007
Auditee Contact Person	Dr. John E. Williams
Title of Contact Person	Superintendent
Phone Number	765-932-4186

### **Status of Findings**

Rush County Schools' personnel reviewed and re-evaluated the timing of cash requests for Title I funds as these requests relate to spending patterns. We will continue to make these requests on a twelve month basis. Our goal will be to minimize the amount of cash on hand at the end of the month.



# RUSH COUNTY SCHOOLS

Dr. John E. Williams, Superintendent

Dennis G. Chambers, Assistant Superintendent

## **RUSH COUNTY SCHOOLS** **CORRECTIVE ACTION**

### **Finding No.2009-1**

Fiscal Year	2009
Auditee Contact Person	Dr. John E Williams
Title of Contact Person	Superintendent
Phone Number	765-932-4186

### **Status of Finding**

Rush County Schools' personnel reviewed and re-evaluated the timing of cash requests for Title I funds as these requests relate to spending patterns. Instead of making these requests on a ten month basis, we will make these requests on a twelve month basis which will be closer to the time these funds are expended. Our goal will be to minimize the amount of cash on hand at the end of the month.

Dr. John E. Williams  
Superintendent  
Rush County Schools  
March 15, 2010

RUSH COUNTY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2010, Dr. John E. Williams, Superintendent of Schools; Sharon Holloway, Treasurer; John D. Wilson, President of the School Board; and Dennis G. Chambers, Assistant Superintendent of Schools.