

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

AUDIT REPORT
OF

RISING SUN - OHIO COUNTY
COMMUNITY SCHOOL CORPORATION
OHIO COUNTY, INDIANA

July 1, 2008 to June 30, 2010



FILED
03/10/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kelli Keith	07-01-08 to 06-30-11
Superintendent of Schools	Stephen Patz	07-01-08 to 06-30-11
President of the School Board	Felix Massey III Corey Potts	01-01-08 to 12-31-10 01-01-11 to 12-31-11



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 RISING SUN - OHIO COUNTY COMMUNITY
SCHOOL CORPORATION, OHIO COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rising Sun - Ohio County Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, 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, 2009 and 2010, 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 14, 2011, 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 integral part of 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 School Corporation has not presented Management's Discussion and Analysis, Schedules of Funding Progress, 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

February 14, 2011



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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 RISING SUN - OHIO COUNTY COMMUNITY
SCHOOL CORPORATION, OHIO COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rising Sun - Ohio County Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 14, 2011. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiencies described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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.

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)

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. However, of the significant deficiencies described above, we consider item 2010-1 to be a material weakness.

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

STATE BOARD OF ACCOUNTS

February 14, 2011

RISING SUN - OHIO COUNTY COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 4,617,347	\$ -	\$ 142,082	\$ (4,475,265)
Support services	2,644,595	226,486	147,218	(2,270,891)
Noninstructional services	254,643	-	-	(254,643)
Facilities acquisition and construction	240,267	-	-	(240,267)
Debt service	654,000	-	-	(654,000)
Nonprogrammed charges	409,029	-	-	(409,029)
Total governmental activities	\$ 8,819,881	\$ 226,486	\$ 289,300	(8,304,095)
General receipts:				
Property taxes				2,672,184
Other local sources				1,898,933
State aid				4,038,732
Grants and contributions not restricted to specific programs				742,070
Sale of property				531
Investment earnings				26,761
Other				45,781
Total general receipts				9,424,992
Change in net assets				1,120,897
Net assets - beginning				1,122,348
Net assets - ending				\$ 2,243,245
<u>Assets</u>				
Cash and investments				\$ 1,024,026
Restricted assets:				
Cash and investments				1,219,219
Total assets				\$ 2,243,245
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,219,219
Unrestricted				1,024,026
Total net assets				\$ 2,243,245

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

RISING SUN - OHIO COUNTY COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 4,601,987	\$ -	\$ 111,216	\$ (4,490,771)
Support services	2,641,267	241,881	176,302	(2,223,084)
Noninstructional services	328,462	-	-	(328,462)
Facilities acquisition and construction	295,645	-	-	(295,645)
Debt service	654,000	-	-	(654,000)
Nonprogrammed charges	394,449	-	-	(394,449)
Total governmental activities	\$ 8,915,810	\$ 241,881	\$ 287,518	(8,386,411)
General receipts:				
Property taxes				1,350,274
Other local sources				1,618,185
State aid				5,457,149
Grants and contributions not restricted to specific programs				428,835
Sale of property				66
Investment earnings				16,581
Other				24,886
Total general receipts				8,895,976
Change in net assets				509,565
Net assets - beginning				2,243,245
Net assets - ending				\$ 2,752,810
<u>Assets</u>				
Cash and investments				\$ 1,259,341
Restricted assets:				
Cash and investments				1,493,469
Total assets				\$ 2,752,810
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,493,469
Unrestricted				1,259,341
Total net assets				\$ 2,752,810

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

RISING SUN - OHIO COUNTY 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	State Fiscal Stabilization Fund (SFSF)	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 2,665,360	\$ -	\$ 654,000	\$ 592,957	\$ 1,010,705	\$ 4,923,022
Intermediate sources	7,675	-	-	-	-	7,675
State sources	4,180,665	-	-	-	49,218	4,229,883
Federal sources	-	478,158	-	-	255,728	733,886
Other	33,909	-	-	11,169	703	45,781
Total receipts	6,887,609	478,158	654,000	604,126	1,316,354	9,940,247
Disbursements:						
Current:						
Instruction	4,153,939	-	-	-	463,408	4,617,347
Support services	1,703,611	-	-	377,344	563,640	2,644,595
Noninstructional services	61,561	-	-	-	193,082	254,643
Facilities acquisition and construction	-	-	-	240,267	-	240,267
Debt services	-	-	654,000	-	-	654,000
Nonprogrammed charges	383,138	-	-	-	25,891	409,029
Total disbursements	6,302,249	-	654,000	617,611	1,246,021	8,819,881
Excess (deficiency) of receipts over disbursements	585,360	478,158	-	(13,485)	70,333	1,120,366
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	531	531
Transfers in	-	-	-	200,000	105,282	305,282
Transfers out	(21,235)	-	(284,036)	-	(11)	(305,282)
Total other financing sources (uses)	(21,235)	-	(284,036)	200,000	105,802	531
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	564,125	478,158	(284,036)	186,515	176,135	1,120,897
Cash and investments - beginning	(193,097)	-	1,503,255	(149,324)	(38,486)	1,122,348
Cash and investments - ending	\$ 371,028	\$ 478,158	\$ 1,219,219	\$ 37,191	\$ 137,649	\$ 2,243,245
Cash and Investment Assets - Ending						
Cash and investments	\$ 371,028	\$ 478,158	\$ -	\$ 37,191	\$ 137,649	\$ 1,024,026
Restricted assets:						
Cash and investments	-	-	1,219,219	-	-	1,219,219
Total cash and investment assets - ending	\$ 371,028	\$ 478,158	\$ 1,219,219	\$ 37,191	\$ 137,649	\$ 2,243,245
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 1,219,219	\$ -	\$ -	\$ 1,219,219
Unrestricted	371,028	478,158	-	37,191	137,649	1,024,026
Total cash and investment fund balance - ending	\$ 371,028	\$ 478,158	\$ 1,219,219	\$ 37,191	\$ 137,649	\$ 2,243,245

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

RISING SUN - OHIO COUNTY 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, 2010

	General	State Fiscal Stabilization Fund (SFSF)	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 482,441	\$ -	\$ 654,000	\$ 1,046,095	\$ 1,038,111	\$ 3,220,647
Intermediate sources	70	-	-	-	-	70
State sources	5,568,366	-	-	-	37,271	5,605,637
Federal sources	1,812	184,562	-	-	387,695	574,069
Other	24,886	-	-	-	-	24,886
Total receipts	6,077,575	184,562	654,000	1,046,095	1,463,077	9,425,309
Disbursements:						
Current:						
Instruction	3,665,731	461,419	-	-	474,837	4,601,987
Support services	1,469,836	182,625	750	383,393	604,663	2,641,267
Noninstructional services	151,128	4,145	-	-	173,189	328,462
Facilities acquisition and construction	-	-	-	295,645	-	295,645
Debt services	-	-	654,000	-	-	654,000
Nonprogrammed charges	367,543	14,531	-	-	12,375	394,449
Total disbursements	5,654,238	662,720	654,750	679,038	1,265,064	8,915,810
Excess (deficiency) of receipts over disbursements	423,337	(478,158)	(750)	367,057	198,013	509,499
Other financing sources (uses)						
Sale of capital assets	-	-	-	-	66	66
Transfers in	-	-	425,000	100,000	71,120	596,120
Transfers out	(16,043)	-	(150,000)	(300,000)	(130,077)	(596,120)
Total other financing sources (uses)	(16,043)	-	275,000	(200,000)	(58,891)	66
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	407,294	(478,158)	274,250	167,057	139,122	509,565
Cash and investments - beginning	371,028	478,158	1,219,219	37,191	137,649	2,243,245
Cash and investments - ending	<u>\$ 778,322</u>	<u>\$ -</u>	<u>\$ 1,493,469</u>	<u>\$ 204,248</u>	<u>\$ 276,771</u>	<u>\$ 2,752,810</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 778,322	\$ -	\$ -	\$ 204,248	\$ 276,771	\$ 1,259,341
Restricted assets:						
Cash and investments	-	-	1,493,469	-	-	1,493,469
Total cash and investment assets - ending	<u>\$ 778,322</u>	<u>\$ -</u>	<u>\$ 1,493,469</u>	<u>\$ 204,248</u>	<u>\$ 276,771</u>	<u>\$ 2,752,810</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 1,493,469	\$ -	\$ -	\$ 1,493,469
Unrestricted	778,322	-	-	204,248	276,771	1,259,341
Total cash and investment fund balance - ending	<u>\$ 778,322</u>	<u>\$ -</u>	<u>\$ 1,493,469</u>	<u>\$ 204,248</u>	<u>\$ 276,771</u>	<u>\$ 2,752,810</u>

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

RISING SUN - OHIO COUNTY COMMUNITY SCHOOL CORPORATION
 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	\$ 125,561	
Investment earnings:		
Interest	7,618	
Total additions	133,179	
Deductions:		
Administrative and general	136,067	
Deficiency of total additions over total deductions	(2,888)	
Cash and investment fund balance - beginning	362,798	
Cash and investment fund balance - ending	\$ 359,910	\$ 5,702
Net assets:		
Cash and investments	\$ 359,910	
Total net assets - cash and investment basis held in trust	\$ 359,910	

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

RISING SUN - OHIO COUNTY COMMUNITY SCHOOL CORPORATION
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2010

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 332,059	
Investment earnings:		
Interest	8,508	
Total additions	340,567	
Deductions:		
Administrative and general	194,477	
Excess of total additions over total deductions	146,090	
Cash and investment fund balance - beginning	359,910	
Cash and investment fund balance - ending	\$ 506,000	\$ 7,852
Net assets:		
Cash and investments	\$ 506,000	
Total net assets - cash and investment basis held in trust	\$ 506,000	

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

RISING SUN - OHIO COUNTY 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: Rising Sun - Ohio County 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 Venture

The School Corporation is a participant in a joint venture to operate Southeastern Career Center which was created to provide vocational educational services. The School Corporation is obligated by contract to pay an amount based on a formula by the Board of Directors of the joint venture. For the school year ended June 30, 2010, the School Corporation remitted \$145,705 to the Southeastern Career Center. Complete financial statements for the Southeastern Career Center can be obtained from Career Center's Administrative Office in Versailles, Indiana.

The School Corporation is a participant in a joint venture to operate Ripley-Ohio-Dearborn Special Education Co-operative which was created to provide special educational services. The School Corporation is obligated by contract to pay an amount based on a formula by the Board of Directors of the joint venture. For the school year ended June 30, 2010, the School Corporation remitted \$269,724 to the Ripley-Ohio-Dearborn Special Education Co-operative. Complete financial statements for the Ripley-Ohio-Dearborn Special Education Co-operative can be obtained from Sunman-Dearborn Community School Corporation's Administrative Office in St. Leon, 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. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

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 state fiscal stabilization fund accounts for monies received from the federal government to be used for general school purposes.

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

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

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 annual disbursement of scholarship funds to eligible students and restricted grant agreements for grant funds to be used for specific student projects.

Agency funds account for assets held by the School Corporation as an agent for employee payroll withholdings and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary 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.

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

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.

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

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

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

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, 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. 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 may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to December 31 of the year collected.

4. Capital Assets

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

5. Long-Term Debt

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

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

6. 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."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

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.

F. Internal and Interfund 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 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.
3. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

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

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

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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, 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 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.

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. IC 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

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

eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$3,504,944.

The 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

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

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust 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, 2009 and 2010, were as follows:

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2009</u>	<u>2010</u>
General Fund	Other Governmental Funds	\$ 21,235	\$ 16,043
Capital Projects Fund	Debt Service Fund	-	300,000
Debt Service Fund	Capital Projects Fund	200,000	100,000
Debt Service Fund	Other Governmental Funds	84,036	50,000
Other Governmental Funds	Debt Service Fund	-	125,000
Other Governmental Funds	Other Governmental Funds	11	5,077
Totals		<u>\$ 305,282</u>	<u>\$ 596,120</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; 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 risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporation

The School Corporation has entered into a capital lease with Rising Sun 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 2009 and 2010 totaled \$654,000 and \$654,000, respectively.

C. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

Anthem Blue Cross/Blue Shield is a single-employer defined benefit healthcare plan administered by Anthem. The plan provides medical, dental and vision insurance to eligible retirees and their spouses. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to

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

the School Corporation. The Anthem Blue Cross/Blue Shield issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for the participants. That report may be obtained by contacting the plan administrator:

Anthem
220 Virginia Avenue
Indianapolis, Indiana 46204-3632
800-770-0200

Funding Policy

The contribution requirements of plan members for the Anthem Blue Cross/Blue Shield are established by the School Corporation's governing board. The required contribution is based on projected pay-as-you-go financing requirements. For the years ended June 30, 2009, the School Corporation contributed \$7,200 to the plan for current premiums (approximately 23% of total premiums). Plan members receiving benefits contributed \$24,230, or approximately 77% of the total premiums, through their required contribution of the total premium cost per month less \$200 (School Corporation's monthly share) for the selected coverage. For the year ended June 30, 2010, the School Corporation contributed \$7,200 to the plan for current premiums (approximately 23% of total premiums). Plan members receiving benefits contributed \$24,230, or approximately 77% of the total premiums, through their required contribution of the total premium cost per month less \$200 (School Corporation's monthly share) for the selected coverage.

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

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the two-year period ended June 30, 2010, were \$170,855.

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

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's contributions to the plan during the two-year period ended June 30, 2010, were \$223,447.

RISING SUN - OHIO COUNTY 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	School Lunch	Textbook Rental	Non-English Speaking Programs	Rising Sun Regional Foundation Grant
Receipts:						
Local sources	\$ 410,079	\$ 5,620	\$ 227,232	\$ 59,676	\$ -	\$ 106,335
State sources	-	20,271	5,417	18,303	150	-
Federal sources	-	-	123,498	-	-	-
Other	109	-	-	-	-	-
Total receipts	410,188	25,891	356,147	77,979	150	106,335
Disbursements:						
Current:						
Instruction	-	-	189,730	-	415	75,271
Support services	400,979	-	-	96,124	-	18,194
Noninstructional services	-	-	192,765	-	-	-
Nonprogrammed charges	-	25,891	-	-	-	-
Total disbursements	400,979	25,891	382,495	96,124	415	93,465
Excess (deficiency) of receipts over disbursements	9,209	-	(26,348)	(18,145)	(265)	12,870
Other financing sources (uses):						
Sale of capital assets	-	-	-	531	-	-
Transfers in	55,000	-	-	30,220	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	55,000	-	-	30,751	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	64,209	-	(26,348)	12,606	(265)	12,870
Cash and investments - beginning	(53,617)	-	43,931	7,192	315	11,641
Cash and investments - ending	<u>\$ 10,592</u>	<u>\$ -</u>	<u>\$ 17,583</u>	<u>\$ 19,798</u>	<u>\$ 50</u>	<u>\$ 24,511</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 10,592</u>	<u>\$ -</u>	<u>\$ 17,583</u>	<u>\$ 19,798</u>	<u>\$ 50</u>	<u>\$ 24,511</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 10,592</u>	<u>\$ -</u>	<u>\$ 17,583</u>	<u>\$ 19,798</u>	<u>\$ 50</u>	<u>\$ 24,511</u>

RISING SUN - OHIO COUNTY 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)

	Professional Development Capital Building Grant	Title I 2007-08	Title I 2008-09	Title V Part A 2007-08	Drug Free School	Drug Free Program, Title IV Part A 2006-07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	95,432	-	4,980	-
Other	-	-	-	-	-	594
Total receipts	-	-	95,432	-	4,980	594
Disbursements:						
Current:						
Instruction	-	-	91,999	-	4,980	-
Support services	-	-	3,105	246	-	-
Noninstructional services	-	-	317	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	-	95,421	246	4,980	-
Excess (deficiency) of receipts over disbursements	-	-	11	(246)	-	594
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	11	-	-	-	-
Transfers out	-	-	(11)	-	-	-
Total other financing sources (uses)	-	11	(11)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	11	-	(246)	-	594
Cash and investments - beginning	500	(11)	-	246	-	(594)
Cash and investments - ending	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -

RISING SUN - OHIO COUNTY 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)

	Arts & Education Grant 2008-09	Medicare Reimbursement Federal	Improving Teacher Quality	School Bus Replacement	Rising Sun High School Teacher's Aides	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 109,763	\$ 92,000	\$ 1,010,705
State sources	5,077	-	-	-	-	49,218
Federal sources	-	-	31,818	-	-	255,728
Other	-	-	-	-	-	703
Total receipts	5,077	-	31,818	109,763	92,000	1,316,354
Disbursements:						
Current:						
Instruction	-	-	36,660	-	64,353	463,408
Support services	-	-	-	44,992	-	563,640
Noninstructional services	-	-	-	-	-	193,082
Nonprogrammed charges	-	-	-	-	-	25,891
Total disbursements	-	-	36,660	44,992	64,353	1,246,021
Excess (deficiency) of receipts over disbursements	5,077	-	(4,842)	64,771	27,647	70,333
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	531
Transfers in	-	-	51	20,000	-	105,282
Transfers out	-	-	-	-	-	(11)
Total other financing sources (uses)	-	-	51	20,000	-	105,802
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,077	-	(4,791)	84,771	27,647	176,135
Cash and investments - beginning	-	4,853	4,791	(80,117)	22,384	(38,486)
Cash and investments - ending	<u>\$ 5,077</u>	<u>\$ 4,853</u>	<u>\$ -</u>	<u>\$ 4,654</u>	<u>\$ 50,031</u>	<u>\$ 137,649</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 5,077</u>	<u>\$ 4,853</u>	<u>\$ -</u>	<u>\$ 4,654</u>	<u>\$ 50,031</u>	<u>\$ 137,649</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 5,077</u>	<u>\$ 4,853</u>	<u>\$ -</u>	<u>\$ 4,654</u>	<u>\$ 50,031</u>	<u>\$ 137,649</u>

RISING SUN - OHIO COUNTY 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, 2010

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Non-English Speaking Programs	Rising Sun Regional Foundation Grant	Professional Development Capital Building Grant
Receipts:							
Local sources	\$ 553,630	\$ -	\$ 242,173	\$ 48,829	\$ -	\$ 17,837	\$ -
State sources	-	12,375	4,985	18,219	-	-	-
Federal sources	-	-	151,286	-	-	-	-
Total receipts	553,630	12,375	398,444	67,048	-	17,837	-
Disbursements:							
Current:							
Instruction	-	-	181,629	-	-	3,037	-
Support services	408,876	-	680	81,334	-	28,402	-
Noninstructional services	-	-	173,189	-	-	-	-
Nonprogrammed charges	-	12,375	-	-	-	-	-
Total disbursements	408,876	12,375	355,498	81,334	-	31,439	-
Excess (deficiency) of receipts over disbursements	144,754	-	42,946	(14,286)	-	(13,602)	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	66	-	-	-
Transfers in	50,000	-	-	16,043	-	-	-
Transfers out	(105,000)	-	-	-	-	-	-
Total other financing sources (uses)	(55,000)	-	-	16,109	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	89,754	-	42,946	1,823	-	(13,602)	-
Cash and investments - beginning	10,592	-	17,583	19,798	50	24,511	500
Cash and investments - ending	\$ 100,346	\$ -	\$ 60,529	\$ 21,621	\$ 50	\$ 10,909	\$ 500
Cash and Investment Assets - Ending							
Cash and investments	\$ 100,346	\$ -	\$ 60,529	\$ 21,621	\$ 50	\$ 10,909	\$ 500
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 100,346	\$ -	\$ 60,529	\$ 21,621	\$ 50	\$ 10,909	\$ 500

RISING SUN - OHIO COUNTY 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, 2010
 (Continued)

	Title I 2009-10	Title V Part A 2007-08	Drug Free Schools	Arts & Education Grant 2009-10	Arts & Education Grant 2008-09	Medicare Reimbursement Federal
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	1,692	-	-
Federal sources	<u>108,561</u>	<u>544</u>	<u>2,724</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>108,561</u>	<u>544</u>	<u>2,724</u>	<u>1,692</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	102,429	-	2,249	6,612	-	-
Support services	6,132	544	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Nonprogrammed charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>108,561</u>	<u>544</u>	<u>2,249</u>	<u>6,612</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>475</u>	<u>(4,920)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	5,077	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,077)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,077</u>	<u>(5,077)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>475</u>	<u>157</u>	<u>(5,077)</u>	<u>-</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,077</u>	<u>4,853</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ 157</u>	<u>\$ -</u>	<u>\$ 4,853</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ 157</u>	<u>\$ -</u>	<u>\$ 4,853</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ 157</u>	<u>\$ -</u>	<u>\$ 4,853</u>

RISING SUN - OHIO COUNTY 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, 2010
 (Continued)

	Improving Teacher Quality	Title I Stimulus	Special Education Stimulus	School Bus Replacement	Rising Sun High School Teacher's Aides	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 97,131	\$ 78,511	\$ 1,038,111
State sources	-	-	-	-	-	37,271
Federal sources	33,805	66,735	24,040	-	-	387,695
Total receipts	33,805	66,735	24,040	97,131	78,511	1,463,077
Disbursements:						
Current:						
Instruction	35,457	35,132	30,189	-	78,103	474,837
Support services	-	6,000	-	72,695	-	604,663
Noninstructional services	-	-	-	-	-	173,189
Nonprogrammed charges	-	-	-	-	-	12,375
Total disbursements	35,457	41,132	30,189	72,695	78,103	1,265,064
Excess (deficiency) of receipts over disbursements	(1,652)	25,603	(6,149)	24,436	408	198,013
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	66
Transfers in	-	-	-	-	-	71,120
Transfers out	-	-	-	(20,000)	-	(130,077)
Total other financing sources (uses)	-	-	-	(20,000)	-	(58,891)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,652)	25,603	(6,149)	4,436	408	139,122
Cash and investments - beginning	-	-	-	4,654	50,031	137,649
Cash and investments - ending	<u>\$ (1,652)</u>	<u>\$ 25,603</u>	<u>\$ (6,149)</u>	<u>\$ 9,090</u>	<u>\$ 50,439</u>	<u>\$ 276,771</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ (1,652)</u>	<u>\$ 25,603</u>	<u>\$ (6,149)</u>	<u>\$ 9,090</u>	<u>\$ 50,439</u>	<u>\$ 276,771</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ (1,652)</u>	<u>\$ 25,603</u>	<u>\$ (6,149)</u>	<u>\$ 9,090</u>	<u>\$ 50,439</u>	<u>\$ 276,771</u>

RISING SUN - OHIO COUNTY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	Recreational Activities	R.S. Convention & Tourism Grant	Cooper Scholarship	United Community Bank Scholarship	Gray Scholarship	Charles Johnson Scholarship	Ohio County Community Foundation	ECO 15	Totals
Additions:									
Contributions:									
Other	\$ 17,329	\$ 3,295	\$ -	\$ 1,000	\$ -	\$ 8,414	\$ 7,329	\$ 88,194	\$ 125,561
Investment earnings:									
Interest	-	-	912	-	6,706	-	-	-	7,618
Total additions	17,329	3,295	912	1,000	6,706	8,414	7,329	88,194	133,179
Deductions:									
Administrative and general	20,623	3,295	2,000	1,000	14,900	-	7,041	87,208	136,067
Excess (deficiency) of total additions over total deductions	(3,294)	-	(1,088)	-	(8,194)	8,414	288	986	(2,888)
Cash and investment fund balance - beginning	7,572	-	42,454	-	312,412	-	360	-	362,798
Cash and investments - ending	\$ 4,278	\$ -	\$ 41,366	\$ -	\$ 304,218	\$ 8,414	\$ 648	\$ 986	\$ 359,910
Net assets:									
Cash and investments	\$ 4,278	\$ -	\$ 41,366	\$ -	\$ 304,218	\$ 8,414	\$ 648	\$ 986	\$ 359,910
Total net assets - cash and investment basis held in trust	\$ 4,278	\$ -	\$ 41,366	\$ -	\$ 304,218	\$ 8,414	\$ 648	\$ 986	\$ 359,910

RISING SUN - OHIO COUNTY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010

	Recreational Activities	Cooper Scholarship	United Community Bank Scholarship	Gray Scholarship	Charles Johnson Scholarship	Ohio County Community Foundation
Additions:						
Contributions:						
Other	\$ 19,570	\$ -	\$ 1,500	\$ -	\$ 4,795	\$ 21,899
Investment earnings:						
Interest	-	1,020	-	7,488	-	-
Total additions	<u>19,570</u>	<u>1,020</u>	<u>1,500</u>	<u>7,488</u>	<u>4,795</u>	<u>21,899</u>
Deductions:						
Administrative and general	<u>15,717</u>	<u>1,450</u>	<u>1,500</u>	<u>9,600</u>	<u>4,000</u>	<u>21,876</u>
Excess (deficiency) of total additions over total deductions	3,853	(430)	-	(2,112)	795	23
Cash and investment fund balance - beginning	<u>4,278</u>	<u>41,366</u>	<u>-</u>	<u>304,218</u>	<u>8,414</u>	<u>648</u>
Cash and investments - ending	<u>\$ 8,131</u>	<u>\$ 40,936</u>	<u>\$ -</u>	<u>\$ 302,106</u>	<u>\$ 9,209</u>	<u>\$ 671</u>
Net assets:						
Cash and investments	<u>\$ 8,131</u>	<u>\$ 40,936</u>	<u>\$ -</u>	<u>\$ 302,106</u>	<u>\$ 9,209</u>	<u>\$ 671</u>
Total net assets - cash and investment basis held in trust	<u>\$ 8,131</u>	<u>\$ 40,936</u>	<u>\$ -</u>	<u>\$ 302,106</u>	<u>\$ 9,209</u>	<u>\$ 671</u>

RISING SUN - OHIO COUNTY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	ECO 15	LPN Grant	Endowment Gift	Health Department - H1N1 Reimbursement	Totals
Additions:					
Contributions:					
Other	\$ 59,496	\$ 12,682	\$ 200,000	\$ 12,117	\$ 332,059
Investment earnings:					
Interest	-	-	-	-	8,508
Total additions	<u>59,496</u>	<u>12,682</u>	<u>200,000</u>	<u>12,117</u>	<u>340,567</u>
Deductions:					
Administrative and general	<u>58,610</u>	<u>12,216</u>	<u>69,508</u>	-	<u>194,477</u>
Excess (deficiency) of total additions over total deductions	886	466	130,492	12,117	146,090
Cash and investment fund balance - beginning	<u>986</u>	-	-	-	<u>359,910</u>
Cash and investments - ending	<u>\$ 1,872</u>	<u>\$ 466</u>	<u>\$ 130,492</u>	<u>\$ 12,117</u>	<u>\$ 506,000</u>
Net assets:					
Cash and investments	<u>\$ 1,872</u>	<u>\$ 466</u>	<u>\$ 130,492</u>	<u>\$ 12,117</u>	<u>\$ 506,000</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,872</u>	<u>\$ 466</u>	<u>\$ 130,492</u>	<u>\$ 12,117</u>	<u>\$ 506,000</u>

RISING SUN - OHIO COUNTY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	<u>Payroll Withholdings</u>
Additions: Agency fund additions	<u>\$ 1,674,287</u>
Deductions: Agency fund deductions	<u>1,677,216</u>
Deficiency of total additions over total deductions	(2,929)
Cash and investment fund balance - beginning	<u>8,631</u>
Cash and investment fund balance - ending	<u><u>\$ 5,702</u></u>

RISING SUN - OHIO COUNTY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	<u>Payroll</u> <u>Withholdings</u>
Additions:	
Agency fund additions	\$ <u>1,748,065</u>
Deductions:	
Agency fund deductions	<u>1,745,915</u>
Excess of total additions over total deductions	2,150
Cash and investment fund balance - beginning	<u>5,702</u>
Cash and investment fund balance - ending	<u>\$ 7,852</u>

RISING SUN - OHIO COUNTY COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2010

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:	
Land	\$ 146,823
Buildings	8,987,531
Machinery and equipment	<u>241,506</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 9,375,860</u>

RISING SUN - OHIO COUNTY COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

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:		
School Building Improvements	\$ 7,890,000	\$ 654,000

RISING SUN - OHIO COUNTY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.
2. Monitoring of Controls: The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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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

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

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

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

Compliance

We have audited the compliance of the Rising Sun - Ohio County 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, 2009 and 2010. 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 non-compliance 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, 2009 and 2010.

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 Official Response and 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, Board of School Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 14, 2011

RISING SUN - OHIO COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
		SY 08-09	\$ 17,610	\$ -
		SY 09-10	-	22,548
National School Lunch Program	10.555			
		SY 08-09	125,743	-
		SY 09-10	-	146,530
Total for federal grantor agency			<u>143,353</u>	<u>169,078</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		09-6080	95,432	-
		10-6080	-	108,561
Total for program			<u>95,432</u>	<u>108,561</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
		10-6080	-	41,132
Total for cluster			<u>95,432</u>	<u>149,693</u>
Special Education Cluster				
ARRA - Special Education - Preschool Grants, Recovery Act	84.392			
		33310-052-SN01	-	30,189
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394			
		10-6080	-	662,720
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		08-6080	4,980	-
		09-6080	-	2,249
Total for program			<u>4,980</u>	<u>2,249</u>
State Grants for Innovative Programs	84.298			
		08-6080	246	-
		09-6080	-	544
Total for program			<u>246</u>	<u>544</u>
Improving Teacher Quality State Grants	84.367			
		07-6080	4,791	-
		08-6080	31,869	-
		09-6080	-	35,457
Total for program			<u>36,660</u>	<u>35,457</u>
Total for federal grantor agency			<u>137,318</u>	<u>880,852</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			
		115-UV7RA-00	-	1,812
Total federal awards expended			<u>\$ 280,671</u>	<u>\$ 1,051,742</u>

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

RISING SUN - OHIO COUNTY COMMUNITY SCHOOL CORPORATION
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 Rising Sun - Ohio County Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
National School Lunch Program	10.555	\$ 19,855	\$ 17,792

RISING SUN - OHIO COUNTY 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?	yes
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:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster
State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2010-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

RISING SUN - OHIO COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Lack of Segregation of Duties: Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.
2. Monitoring of Controls: Effective internal control over financial reporting requires the School Board to monitor and assess the quality of the School Corporation's system of internal control. The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

RISING SUN - OHIO COUNTY COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



Rising Sun - Ohio County Community Schools

110 HENRIETTA STREET ♦ RISING SUN, INDIANA 47040

PHONE (812) 438-2655 ♦ FAX (812) 438-4636

State Board of Accounts

Re: Federal Finding 2010-1

Internal Controls: Segregation of Duties

January 27, 2011

To Whom It May Concern:

Contact Person: Stephen Patz
Title: Superintendent
Telephone No. 812-438-2655
Expected Completion Date: March 1, 2011

Due to the fact that the Rising Sun-Ohio County Community School Corporation has a small central office staff, it is impractical to segregate the duties of the Treasurer and Deputy Treasurer in an ideal manner.

Therefore, if acceptable, the Rising Sun-Ohio County Community School Corporation will implement the following steps to minimize any irregularities and still provide good internal control:

- 1) The Superintendent will receive all bank statements for review before forwarding them to the Treasurer
- 2) In examining bank statements, the Superintendent will look for check numbers not within normal check series, abnormally large checks, unidentified bank transfers, and cancelled checks to vendors not used by the Rising Sun-Ohio County Community School Corporation.
- 3) The Superintendent will run monthly reports looking for unfamiliar vendors and/or unusually large claims. The check register will also be reviewed periodically for missing check numbers.
- 4) The Superintendent will compare monthly ledger fund balances with bank statements, and review bank reconciliation prepared by the Treasurer for correctness.

Respectfully,



Stephen Patz
Superintendent

RISING SUN - OHIO COUNTY COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 14, 2011, with Stephen Patz, Superintendent of Schools, and Kelli Keith, Treasurer.