

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
RIPLEY COUNTY, INDIANA

July 1, 2009 to June 30, 2011



**FILED**

03/13/2012



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on the Financial Statement and Supplementary Schedule of Expenditures of Federal Awards.....	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards .....	5-6
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis.....	9
Notes to Financial Statement.....	10-14
Supplementary Information: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis.....	16-23
Schedule of Long-Term Debt .....	25
Audit Results and Comments: Internal Controls - Segregation of Duties .....	26
Purchase of Used School Buses.....	26-27
Form 100R Not Filed Timely.....	27
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	30-31
Schedule of Expenditures of Federal Awards .....	34
Notes to Schedule of Expenditures of Federal Awards.....	35
Schedule of Findings and Questioned Costs .....	36-37
Auditee Prepared Schedules: Summary Schedule of Prior Audit Findings .....	38
Corrective Action Plan.....	39
Exit Conference.....	40

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lana M. Miller	07-01-09 to 06-30-12
Superintendent of Schools	Theodore L. Ahaus Dr. John Mehrle	07-01-09 to 06-30-10 07-01-10 to 06-30-12
President of the School Board	Ralph O. Miller Keith Matthews	01-01-09 to 12-31-10 01-01-11 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statement of the South Ripley Community School Corporation (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated January 24, 2012, 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 THE FINANCIAL STATEMENT  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. 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 financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

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

STATE BOARD OF ACCOUNTS

January 24, 2012



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited the financial statement of the South Ripley Community School Corporation (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated January 24, 2012. 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 statement, 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item Finding 2011-1 to be a material weakness.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
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 statement is 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, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 24, 2012

## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statements and notes are presented as intended by the School Corporation.

∅

(This page intentionally left blank.)

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ 934,059	\$ 8,746,781	\$ 8,198,834	\$ 121,959	\$ 1,603,965	\$ 8,870,476	\$ 8,537,734	\$ 78,375	\$ 2,015,082
Debt Service	(406,109)	2,587,292	1,459,323	(90,276)	631,584	1,615,154	1,484,125	(83,616)	678,997
Capital Projects	2,125,342	1,252,625	2,443,108	(31,615)	903,244	746,977	974,905	(40,000)	635,316
School Transportation	36,551	1,520,344	784,742	(94,185)	677,968	1,024,899	754,867	(235,219)	712,781
School Bus Replacement	71,755	164,907	-	-	236,662	157,352	305,924	-	88,090
Special Education Preschool	-	9,625	9,343	(282)	-	-	-	-	-
Rainy Day	239,529	-	61,748	112,688	290,469	-	244,414	289,899	335,954
Construction	421,893	-	-	-	421,893	-	-	-	421,893
Multi-School Building Construction	1,209,800	2,985	1,212,785	-	-	-	-	-	-
School Lunch	62,403	711,893	658,607	-	115,689	672,247	679,192	-	108,744
Textbook Rental	2,574	101,067	99,417	213	4,437	107,606	103,890	5,241	13,394
Levy Excess	18,503	-	-	(18,503)	-	14,640	-	(14,640)	-
Educational License Plates	1,176	206	1,307	-	75	226	113	-	188
Farm Lease	4,651	5,061	-	-	9,712	5,517	3,547	-	11,682
Hale Bradt Endowment Library	183	471	183	-	471	865	471	-	865
Ripley County Community Foundation - MS Scherzinger Grant	-	400	400	-	-	-	-	-	-
CVS Caremark Community Grant	-	-	-	-	-	700	700	-	-
Rising Sun Foundation- Ohio ROD Software	-	-	-	-	-	25,000	24,799	-	201
Tyson Foundation Auditeria Seating	47,616	-	47,616	-	-	-	-	-	-
Tyson Foundation High School Grant	150,000	-	150,000	-	-	-	-	-	-
Rising Sun Foundation - H1N1 Prevention Grant	-	8,476	8,476	-	-	-	-	-	-
Auditeria Seating	40,000	-	40,000	-	-	-	-	-	-
Corning Science Curriculum Grant	6,164	-	-	-	6,164	-	6,164	-	-
School Technology	7,416	12,682	12,348	-	7,750	18,217	22,155	-	3,812
Medical Reimbursement	3,018	11,433	14,096	-	355	11,664	9,152	-	2,867
Excess PTRC Distributions	-	-	-	-	-	29,002	-	-	29,002
Title I - 2008-2009	57,888	-	19,137	(38,751)	-	-	-	-	-
Title I - 2009-2010	-	258,696	246,230	38,751	51,217	-	12,506	(38,711)	-
Title I - 2010-2011	-	-	-	-	-	161,897	218,980	38,711	(18,372)
Innovative Education Program Strategies Title V (Part A)	-	836	836	-	-	-	-	-	-
Drug Free Schools	3,411	5,381	5,687	-	3,105	-	3,105	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	2,324	81,293	70,737	-	12,880	55,713	78,723	-	(10,130)
Fiscal Stabilization - Education	696,478	264,186	960,664	-	-	-	-	-	-
Title I - Grants to LEAs	-	125,566	83,500	-	42,066	-	41,881	-	185
Special Education - Part B	-	54,324	57,863	-	(3,539)	14,385	12,609	-	(1,763)
Education Technology	-	60,310	64,230	-	(3,920)	25,022	21,102	-	-
School Lunch Equipment	-	-	-	-	-	36,925	3,341	-	33,584
<b>Totals</b>	<b>\$ 5,736,625</b>	<b>\$ 15,986,840</b>	<b>\$ 16,711,217</b>	<b>\$ (1)</b>	<b>\$ 5,012,247</b>	<b>\$ 13,594,484</b>	<b>\$ 13,544,399</b>	<b>\$ 40</b>	<b>\$ 5,062,372</b>

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

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. 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 accompanying financial statement presents the financial information for the School Corporation (primary government).

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory 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.

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

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

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

*F. Other financing sources and uses*

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

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

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

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

**Note 5. Risk Management**

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

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

*B. Teachers' Retirement Fund*

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent 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.

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

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Construction	Multi-School Building Construction	School Lunch
Cash and investments - beginning	\$ 934,059	\$ (406,109)	\$ 2,125,342	\$ 36,551	\$ 71,755	\$ -	\$ 239,529	\$ 421,893	\$ 1,209,800	\$ 62,403
Receipts:										
Local sources	130,620	2,587,292	1,252,625	1,519,806	164,857	-	-	-	2,985	360,718
Intermediate sources	20,087	-	-	-	-	-	-	-	-	-
State sources	8,119,007	-	-	-	-	9,625	-	-	-	7,507
Federal sources	-	-	-	-	-	-	-	-	-	343,668
Other	477,067	-	-	538	50	-	-	-	-	-
Total receipts	<u>8,746,781</u>	<u>2,587,292</u>	<u>1,252,625</u>	<u>1,520,344</u>	<u>164,907</u>	<u>9,625</u>	<u>-</u>	<u>-</u>	<u>2,985</u>	<u>711,893</u>
Disbursements:										
Current:										
Instruction	4,766,794	-	-	-	-	-	61,748	-	-	-
Support services	2,642,692	-	491,813	784,742	-	-	-	-	-	2,541
Noninstructional services	127,475	-	-	-	-	-	-	-	-	650,286
Facilities acquisition and construction	935	-	1,951,295	-	-	-	-	-	1,212,785	5,780
Debt services	1,175	1,459,323	-	-	-	-	-	-	-	-
Nonprogrammed charges	659,763	-	-	-	-	9,343	-	-	-	-
Total disbursements	<u>8,198,834</u>	<u>1,459,323</u>	<u>2,443,108</u>	<u>784,742</u>	<u>-</u>	<u>9,343</u>	<u>61,748</u>	<u>-</u>	<u>1,212,785</u>	<u>658,607</u>
Excess (deficiency) of receipts over disbursements	<u>547,947</u>	<u>1,127,969</u>	<u>(1,190,483)</u>	<u>735,602</u>	<u>164,907</u>	<u>282</u>	<u>(61,748)</u>	<u>-</u>	<u>(1,209,800)</u>	<u>53,286</u>
Other financing sources (uses):										
Transfers in	121,959	-	-	18,503	-	-	112,688	-	-	-
Transfers out	-	(90,276)	(31,615)	(112,688)	-	(282)	-	-	-	-
Total other financing sources (uses)	<u>121,959</u>	<u>(90,276)</u>	<u>(31,615)</u>	<u>(94,185)</u>	<u>-</u>	<u>(282)</u>	<u>112,688</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>669,906</u>	<u>1,037,693</u>	<u>(1,222,098)</u>	<u>641,417</u>	<u>164,907</u>	<u>-</u>	<u>50,940</u>	<u>-</u>	<u>(1,209,800)</u>	<u>53,286</u>
Cash and investments - ending	<u>\$ 1,603,965</u>	<u>\$ 631,584</u>	<u>\$ 903,244</u>	<u>\$ 677,968</u>	<u>\$ 236,662</u>	<u>\$ -</u>	<u>\$ 290,469</u>	<u>\$ 421,893</u>	<u>\$ -</u>	<u>\$ 115,689</u>

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Textbook Rental	Levy Excess	Educational License Plates	Farm Lease	Hale Bradt Endowment Library	Ripley County Community Foundation MS-Scherzinger Grant	CVS Caremark Community Grant	Rising Sun Foundation - Ohio ROD Software	Tyson Foundation Auditeria Seating	Tyson Foundation High School Grant
Cash and investments - beginning	\$ 2,574	\$ 18,503	\$ 1,176	\$ 4,651	\$ 183	\$ -	\$ -	\$ -	\$ 47,616	\$ 150,000
Receipts:										
Local sources	74,428	-	-	5,061	-	-	-	-	-	-
Intermediate sources	-	-	206	-	471	400	-	-	-	-
State sources	26,639	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	101,067	-	206	5,061	471	400	-	-	-	-
Disbursements:										
Current:										
Instruction	10,150	-	-	-	-	400	-	-	-	-
Support services	89,267	-	-	-	183	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	47,616	150,000
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,307	-	-	-	-	-	-	-
Total disbursements	99,417	-	1,307	-	183	400	-	-	47,616	150,000
Excess (deficiency) of receipts over disbursements	1,650	-	(1,101)	5,061	288	-	-	-	(47,616)	(150,000)
Other financing sources (uses):										
Transfers in	213	-	-	-	-	-	-	-	-	-
Transfers out	-	(18,503)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	213	(18,503)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,863	(18,503)	(1,101)	5,061	288	-	-	-	(47,616)	(150,000)
Cash and investments - ending	\$ 4,437	\$ -	\$ 75	\$ 9,712	\$ 471	\$ -	\$ -	\$ -	\$ -	\$ -

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Rising Sun Foundation - H1N1 Prevention Grant	Auditeria Seating	Corning Science Curriculum Grant	School Technology	Medical Reimbursement	Excess PTRC Distributions	Title I - 2008-2009	Title I - 2009-2010	Title I - 2010-2011
Cash and investments - beginning	\$ -	\$ 40,000	\$ 6,164	\$ 7,416	\$ 3,018	\$ -	\$ 57,888	\$ -	\$ -
Receipts:									
Local sources	-	-	-	12,682	-	-	-	-	-
Intermediate sources	8,476	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	258,696	-
Other	-	-	-	-	11,433	-	-	-	-
Total receipts	8,476	-	-	12,682	11,433	-	-	258,696	-
Disbursements:									
Current:									
Instruction	-	-	-	12,348	-	-	17,137	224,268	-
Support services	8,476	-	-	-	14,096	-	-	2,827	-
Noninstructional services	-	-	-	-	-	-	2,000	19,135	-
Facilities acquisition and construction	-	40,000	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,476	40,000	-	12,348	14,096	-	19,137	246,230	-
Excess (deficiency) of receipts over disbursements	-	(40,000)	-	334	(2,663)	-	(19,137)	12,466	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	38,751	-
Transfers out	-	-	-	-	-	-	(38,751)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(38,751)	38,751	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(40,000)	-	334	(2,663)	-	(57,888)	51,217	-
Cash and investments - ending	\$ -	\$ -	\$ 6,164	\$ 7,750	\$ 355	\$ -	\$ -	\$ 51,217	\$ -

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Innovative Education Program Strategies Title V (Part A)	Drug Free Schools	Improving Teaching Quality, No Child Left, Title II, Part A	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Education Technology	School Lunch Equipment	Totals
Cash and investments - beginning	\$ -	\$ 3,411	\$ 2,324	\$ 696,478	\$ -	\$ -	\$ -	\$ -	\$ 5,736,625
Receipts:									
Local sources	-	-	-	-	-	-	-	-	6,111,074
Intermediate sources	-	-	-	-	-	-	-	-	29,640
State sources	-	-	-	-	-	-	-	-	8,162,778
Federal sources	836	5,381	81,293	264,186	125,566	-	60,310	-	1,139,936
Other	-	-	-	-	-	54,324	-	-	543,412
Total receipts	<u>836</u>	<u>5,381</u>	<u>81,293</u>	<u>264,186</u>	<u>125,566</u>	<u>54,324</u>	<u>60,310</u>	<u>-</u>	<u>15,986,840</u>
Disbursements:									
Current:									
Instruction	-	-	70,737	960,664	77,000	57,863	4,500	-	6,263,609
Support services	836	5,687	-	-	6,500	-	59,730	-	4,109,390
Noninstructional services	-	-	-	-	-	-	-	-	798,896
Facilities acquisition and construction	-	-	-	-	-	-	-	-	3,408,411
Debt services	-	-	-	-	-	-	-	-	1,460,498
Nonprogrammed charges	-	-	-	-	-	-	-	-	670,413
Total disbursements	<u>836</u>	<u>5,687</u>	<u>70,737</u>	<u>960,664</u>	<u>83,500</u>	<u>57,863</u>	<u>64,230</u>	<u>-</u>	<u>16,711,217</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(306)</u>	<u>10,556</u>	<u>(696,478)</u>	<u>42,066</u>	<u>(3,539)</u>	<u>(3,920)</u>	<u>-</u>	<u>(724,377)</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	292,114
Transfers out	-	-	-	-	-	-	-	-	(292,115)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(306)</u>	<u>10,556</u>	<u>(696,478)</u>	<u>42,066</u>	<u>(3,539)</u>	<u>(3,920)</u>	<u>-</u>	<u>(724,378)</u>
Cash and investments - ending	\$ -	\$ 3,105	\$ 12,880	\$ -	\$ 42,066	\$ (3,539)	\$ (3,920)	\$ -	\$ 5,012,247

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Construction	Multi-School Building Construction	School Lunch
Cash and investments - beginning	\$ 1,603,965	\$ 631,584	\$ 903,244	\$ 677,968	\$ 236,662	\$ -	\$ 290,469	\$ 421,893	\$ -	\$ 115,689
Receipts:										
Local sources	87,436	1,615,154	746,977	1,017,425	157,352	-	-	-	-	357,954
Intermediate sources	64,836	-	-	-	-	-	-	-	-	-
State sources	8,167,262	-	-	-	-	-	-	-	-	7,114
Federal sources	-	-	-	-	-	-	-	-	-	307,179
Other	550,942	-	-	7,474	-	-	-	-	-	-
Total receipts	<u>8,870,476</u>	<u>1,615,154</u>	<u>746,977</u>	<u>1,024,899</u>	<u>157,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>672,247</u>
Disbursements:										
Current:										
Instruction	5,387,290	-	-	-	-	-	244,414	-	-	-
Support services	2,411,797	-	548,566	754,867	305,924	-	-	-	-	19,811
Noninstructional services	110,040	-	-	-	-	-	-	-	-	652,532
Facilities acquisition and construction	650	-	426,339	-	-	-	-	-	-	6,849
Debt services	960	1,484,125	-	-	-	-	-	-	-	-
Nonprogrammed charges	626,997	-	-	-	-	-	-	-	-	-
Total disbursements	<u>8,537,734</u>	<u>1,484,125</u>	<u>974,905</u>	<u>754,867</u>	<u>305,924</u>	<u>-</u>	<u>244,414</u>	<u>-</u>	<u>-</u>	<u>679,192</u>
Excess (deficiency) of receipts over disbursements	<u>332,742</u>	<u>131,029</u>	<u>(227,928)</u>	<u>270,032</u>	<u>(148,572)</u>	<u>-</u>	<u>(244,414)</u>	<u>-</u>	<u>-</u>	<u>(6,945)</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	41	-	-	-	-	-	-
Transfers in	78,375	-	-	14,640	-	-	289,899	-	-	-
Transfers out	-	(83,616)	(40,000)	(249,900)	-	-	-	-	-	-
Total other financing sources (uses)	<u>78,375</u>	<u>(83,616)</u>	<u>(40,000)</u>	<u>(235,219)</u>	<u>-</u>	<u>-</u>	<u>289,899</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>411,117</u>	<u>47,413</u>	<u>(267,928)</u>	<u>34,813</u>	<u>(148,572)</u>	<u>-</u>	<u>45,485</u>	<u>-</u>	<u>-</u>	<u>(6,945)</u>
Cash and investments - ending	<u>\$ 2,015,082</u>	<u>\$ 678,997</u>	<u>\$ 635,316</u>	<u>\$ 712,781</u>	<u>\$ 88,090</u>	<u>\$ -</u>	<u>\$ 335,954</u>	<u>\$ 421,893</u>	<u>\$ -</u>	<u>\$ 108,744</u>

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Textbook Rental	Levy Excess	Educational License Plates	Farm Lease	Hale Bradt Endowment Library	Ripley County Community Foundation MS-Scherzinger Grant	CVS Caremark Community Grant	Rising Sun Foundation - Ohio ROD Software	Tyson Foundation Auditeria Seating	Tyson Foundation High School Grant
Cash and investments - beginning	\$ 4,437	\$ -	\$ 75	\$ 9,712	\$ 471	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	68,812	14,640	-	5,517	-	-	-	-	-	-
Intermediate sources	-	-	226	-	865	-	700	25,000	-	-
State sources	38,794	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	107,606	14,640	226	5,517	865	-	700	25,000	-	-
Disbursements:										
Current:										
Instruction	9,040	-	-	3,547	-	-	700	-	-	-
Support services	94,850	-	113	-	471	-	-	24,799	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	103,890	-	113	3,547	471	-	700	24,799	-	-
Excess (deficiency) of receipts over disbursements	3,716	14,640	113	1,970	394	-	-	201	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	5,241	-	-	-	-	-	-	-	-	-
Transfers out	-	(14,640)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	5,241	(14,640)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,957	-	113	1,970	394	-	-	201	-	-
Cash and investments - ending	\$ 13,394	\$ -	\$ 188	\$ 11,682	\$ 865	\$ -	\$ -	\$ 201	\$ -	\$ -

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Rising Sun Foundation - H1N1 Prevention Grant	Auditeria Seating	Coming Science Curriculum Grant	School Technology	Medical Reimbursement	Excess PTRC Distributions	Title I - 2008-2009	Title I - 2009-2010	Title I - 2010-2011
Cash and investments - beginning	\$ -	\$ -	\$ 6,164	\$ 7,750	\$ 355	\$ -	\$ -	\$ 51,217	\$ -
Receipts:									
Local sources	-	-	-	14,437	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	3,780	-	29,002	-	-	-
Federal sources	-	-	-	-	-	-	-	-	161,897
Other	-	-	-	-	11,664	-	-	-	-
Total receipts	-	-	-	18,217	11,664	29,002	-	-	161,897
Disbursements:									
Current:									
Instruction	-	-	6,164	22,155	-	-	-	12,446	210,110
Support services	-	-	-	-	9,152	-	-	60	99
Noninstructional services	-	-	-	-	-	-	-	-	8,771
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	6,164	22,155	9,152	-	-	12,506	218,980
Excess (deficiency) of receipts over disbursements	-	-	(6,164)	(3,938)	2,512	29,002	-	(12,506)	(57,083)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	38,711
Transfers out	-	-	-	-	-	-	-	(38,711)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	(38,711)	38,711
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(6,164)	(3,938)	2,512	29,002	-	(51,217)	(18,372)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 3,812	\$ 2,867	\$ 29,002	\$ -	\$ -	\$ (18,372)

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Innovative Education Program Strategies Title V (Part A)	Drug Free Schools	Improving Teaching Quality, No Child Left, Title II, Part A	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Education Technology	School Lunch Equipment	Totals
Cash and investments - beginning	\$ -	\$ 3,105	\$ 12,880	\$ -	\$ 42,066	\$ (3,539)	\$ (3,920)	\$ -	\$ 5,012,247
Receipts:									
Local sources	-	-	-	-	-	-	-	29	4,085,733
Intermediate sources	-	-	-	-	-	-	-	-	91,627
State sources	-	-	-	-	-	-	-	-	8,245,952
Federal sources	-	-	55,713	-	-	-	25,022	36,896	586,707
Other	-	-	-	-	-	14,385	-	-	584,465
Total receipts	-	-	55,713	-	-	14,385	25,022	36,925	13,594,484
Disbursements:									
Current:									
Instruction	-	-	78,723	-	41,881	12,609	21,102	-	6,050,181
Support services	-	3,105	-	-	-	-	-	-	4,173,614
Noninstructional services	-	-	-	-	-	-	-	-	771,343
Facilities acquisition and construction	-	-	-	-	-	-	-	3,341	437,179
Debt services	-	-	-	-	-	-	-	-	1,485,085
Nonprogrammed charges	-	-	-	-	-	-	-	-	626,997
Total disbursements	-	3,105	78,723	-	41,881	12,609	21,102	3,341	13,544,399
Excess (deficiency) of receipts over disbursements	-	(3,105)	(23,010)	-	(41,881)	1,776	3,920	33,584	50,085
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	41
Transfers in	-	-	-	-	-	-	-	-	426,866
Transfers out	-	-	-	-	-	-	-	-	(426,867)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	40
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,105)	(23,010)	-	(41,881)	1,776	3,920	33,584	50,125
Cash and investments - ending	\$ -	\$ -	\$ (10,130)	\$ -	\$ 185	\$ (1,763)	\$ -	\$ 33,584	\$ 5,062,372

(This page intentionally left blank.)

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2011

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
South Ripley Elementary School Holding Corporation	\$ 490,000	\$ 507,230
Multi-School Building Corporation	17,185,000	1,147,500
Notes and loans payable	<u>75,862</u>	<u>68,556</u>
Total governmental activities debt	<u>\$ 17,750,862</u>	<u>\$ 1,723,286</u>

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

***INTERNAL CONTROLS - SEGREGATION OF DUTIES***

The School Corporation does not have adequate segregation of accounting duties or compensating controls in place to ensure the accuracy of financial reporting and the safeguarding of cash as described below:

The Treasurer is responsible for writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks in the ledger; entering adjustment/correction transactions in the ledger; reconciling ledger reports within the accounting application system in order to ensure all activity is properly posted throughout the accounting application system; and performing month-end bank reconciliations.

Segregation of duties is the concept of having different people do different tasks within the organization. Segregation of duties provides the foundation of good internal control by assuring that no one individual is in a position to perpetuate and conceal errors or irregularities in the normal course of their authorized duties. Compensating controls are safeguards put in place to mitigate the effects of the lack of segregation of duties.

The lack of segregation of duties is caused by the School Corporation having a small staff that limits the School Corporation's ability to segregate accounting functions.

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)

We recommended that the School Corporation officials make a determination on whether it is practical to enhance segregation of accounting duties or to implement compensating controls.

***PURCHASE OF USED SCHOOL BUSES***

The School Corporation purchased two used school buses from Midwest Transit Equipment of Indiana with the same specifications at a cost of \$69,650 per bus for a total cost of \$139,300. The purchases were made on February 11, 2011, and March 2, 2011. The School Corporation presented a single quote for the two buses for audit.

All purchases are subject to the bidding requirements of Indiana Code 5-22-7 unless another purchasing method is authorized by statute and selected by the purchasing agency.

Indiana Code 5-22-7-1 states: "A purchasing agent shall follow the procedure described in this chapter in awarding a contract for supplies, unless another purchasing method is required or authorized by this article.

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-22-7-5 states in part:

"(a) The purchasing agency shall give notice of the invitation for bids in the manner required by IC 5-3-1. . . .

(c) The purchasing agency for a political subdivision may also provide electronic access to the notice through: (1) the computer gateway administered by the office of technology; or (2) any other electronic means available to the political subdivision."

Indiana Code 5-22-8-3 states in part:

"(a) This section applies only if the purchasing agent expects the purchase to be:

- (1) at least fifty thousand dollars (\$50,000); and
- (2) not more than one hundred fifty thousand dollars (\$150,000).

(b) A purchasing agent may purchase supplies under this section by inviting quotes from at least three (3) persons known to deal in the lines or classes of supplies to be purchased.

(c) The purchasing agent shall mail an invitation to quote to the persons described in subsection (b) at least seven (7) days before the time fixed for receiving quotes.

(d) If the purchasing agent receives a satisfactory quote, the purchasing agent shall award a contract to the lowest responsible and responsive offeror for each line or class of supplies required. . . ."

**FORM 100R NOT FILED TIMELY**

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) is required to be filed with the State Board of Accounts in January of each year. The School Corporation did not file the Form 100R with the State Board of Accounts until June 17, 2011.

Indiana Code 5-11-13-1 states in part:

"Every . . . school official, elective or appointive, who is the head of or in charge of any office . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . ."

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Compliance

We have audited the compliance of the South Ripley Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011. 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, 2010 and 2011.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

STATE BOARD OF ACCOUNTS

January 24, 2012

(This page intentionally left blank.)

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553			
		FY 09-10	\$ 77,461	\$ -
		FY 10-11	-	72,286
Total for program			<u>77,461</u>	<u>72,286</u>
National School Lunch Program	10.555			
		FY 09-10	324,912	-
		FY 10-11	-	295,130
Total for program			<u>324,912</u>	<u>295,130</u>
Total for cluster			<u>402,373</u>	<u>367,416</u>
Child Nutrition Discretionary Grants Limited Availability National School Lunch Program Equipment Assistance	10.579			
		FY2010	-	3,341
Total for federal grantor agency			<u>402,373</u>	<u>370,757</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			
		Project 09-6865	57,888	-
		Project 10-6865	246,230	51,217
		Project 11-6865	-	218,980
Total for program			<u>304,118</u>	<u>270,197</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
		FY 09-10	83,500	5,746
		FY 10-11	-	36,135
Total for program			<u>83,500</u>	<u>41,881</u>
Total for cluster			<u>387,618</u>	<u>312,078</u>
Special Education Cluster Special Education - Grants to States IDEA Part B Grant	84.027			
		6865	54,324	14,385
Impact Aid Cluster Impact Aid	84.041			
		FY06	19,848	-
		FY07	-	20,660
		FY08	-	43,937
Total for cluster			<u>19,848</u>	<u>64,597</u>
Pass-Through Madison Consolidated Schools Educational Technology State Grants Cluster ARRA - Education Technology State Grants, Recovery Act Learning Technologies	84.386			
		6865	60,310	25,021
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394			
		6865	960,664	-
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		FY 2008-2009	3,411	-
		FY 2009-2010	2,276	3,105
Total for program			<u>5,687</u>	<u>3,105</u>
State Grants for Innovative Programs Title V - Supplemental Award	84.298			
		FY07	836	-
Improving Teacher Quality State Grants	84.367			
		FY 2008-2009	2,324	-
		FY 2009-2010	68,413	12,880
		FY 2010-2011	-	55,713
Total for program			<u>70,737</u>	<u>68,593</u>
Total for federal grantor agency			<u>1,560,024</u>	<u>487,779</u>
Total federal awards expended			<u>\$ 1,962,397</u>	<u>\$ 858,536</u>

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

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

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the South Ripley Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 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.

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
Child Nutrition Cluster			
School Breakfast Program	10.553	\$ 11,301	\$ 11,851
National School Lunch Program	10.555	47,404	48,386

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiency identified?	None reported
Noncompliance material to financial statement noted?	No

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiency identified?	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 Cluster

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

Auditee qualified as low-risk auditee?	Yes
--	-----

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***Section II – Financial Statement Findings***

***FINDING 2011-1 - INTERNAL CONTROLS - SEGREGATION OF DUTIES***

The School Corporation does not have adequate segregation of accounting duties or compensating controls in place to ensure the accuracy of financial reporting and the safeguarding of cash as described below:

The Treasurer is responsible for writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks in the ledger; entering adjustment/correction transactions to the ledger; and performing month end bank reconciliations.

Segregation of duties is the concept of having different people do different tasks within the organization. Segregation of duties provides the foundation of good internal control by assuring that no one individual is in a position to perpetuate and conceal errors or irregularities in the normal course of their authorized duties. Compensating controls are safeguards put in place to mitigate the effects of the lack of segregation of duties.

The lack of segregation of duties is caused by the School Corporation having a small staff that limits the School Corporation's ability to segregate accounting functions.

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)

We recommend that the School Corporation officials make a determination on whether it is practical to enhance segregation of accounting duties or to implement compensating controls.

***Section III – Federal Award Findings and Questioned Costs***

No matters are reportable.

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

# SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION

P.O. BOX 690 -207 WEST TYSON STREET  
VERSAILLES, INDIANA 47042  
(812) 689-6282, FAX 812/689-6760

## CORRECTIVE ACTION PLAN

### **Finding Number 2011-1, Internal Controls, Segregation of Duties**

**Contact Person:** Dr. John Mehrle

**Title:** Superintendent

**Phone Number:** 812-689-6282

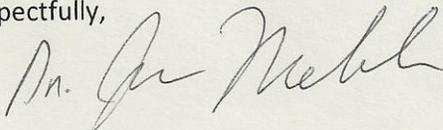
The purpose of this document is to serve as an attachment and response to the South Ripley Community School Corporation Audit, completed in December of 2011.

On behalf of the South Ripley Community School Corporation Board of School Trustees and the South Ripley staff, I thank the auditors for their time and expertise in conducting this audit. Many positive comments were shared regarding our fiscal operations, and for that, we are grateful.

### **Finding Number 2011-1, Internal Controls, Segregation of Duties**

South Ripley Community School Corporation will review and implement procedures involving current staff that would provide, to some degree, additional segregation of duties. However, management and governance have determined that the cost of employing additional staff to provide segregation of duties would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent in the internal control structure.

Respectfully,



Dr. John Mehrle

Superintendent of Schools

January 9, 2011

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on January 24, 2012, with Lana M. Miller, Treasurer; Keith Matthews, President of the School Board; and Dr. John Mehrle, Superintendent of Schools. The officials concurred with our audit findings.