

**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, 2015 to June 30, 2017



**FILED**  
01/18/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lana M. Miller	07-01-15 to 06-30-19
Superintendent of Schools	Robert D. Moorhead	07-01-15 to 06-30-19
President of the School Board	Tim Taylor	01-01-15 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the South Ripley Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement as listed in the Table of Contents.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2015 to June 30, 2017.

***Opinion on Regulatory Basis of Accounting***

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 period of July 1, 2015 to June 30, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

*Other Information*

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, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 28, 2018, 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 solely 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 effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

November 28, 2018



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INDEPENDENT AUDITOR'S 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, 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, the financial statement of the South Ripley Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated November 28, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

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 School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

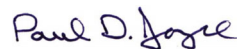
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

**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*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

November 28, 2018

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 1,750,094	\$ 8,715,246	\$ 8,745,715	\$ 14	\$ 1,719,639	\$ 8,770,885	\$ 8,707,307	\$ (3,397)	\$ 1,779,820
Debt Service	642,259	1,452,649	1,540,000	-	554,908	1,510,776	1,540,000	1,101	526,785
Capital Projects	1,126,171	1,117,294	988,252	-	1,255,213	1,217,659	1,033,598	14,600	1,453,874
School Transportation	892,631	818,606	670,659	(120,000)	920,578	843,594	747,291	(101,799)	915,082
School Bus Replacement	12,503	252,294	62,228	-	202,569	261,167	242,000	4,239	225,975
Rainy Day	361,169	25,448	148,699	120,000	357,918	-	200,390	120,000	277,528
Construction Fund-EL Roof Litigation	421,893	-	-	-	421,893	-	421,893	-	-
Construction Fund-EL Roof Project	-	-	-	-	-	1,000,000	56,557	-	943,443
School Lunch	148,083	770,682	717,904	-	200,861	779,995	751,835	-	229,021
Textbook Rental	35,518	115,117	135,400	-	15,235	112,611	109,223	24,648	43,271
Repair and Replacement	3,727	26,428	30,155	-	-	33,987	20,216	-	13,771
Levy Excess	7,312	51,682	-	-	58,994	-	-	(58,994)	-
Educational License Plates	-	150	-	-	150	75	161	-	64
Alternative Education	-	1,507	-	-	1,507	5,984	1,507	-	5,984
SAFE School Haven	-	1,064	13,650	-	(12,586)	12,586	-	-	-
Early Intervention Grant	-	6,597	3,400	-	3,197	5,458	8,655	-	-
Lilly-Comprehensive Counseling Grant	-	-	-	-	-	30,000	4,500	-	25,500
Farm Lease	34,227	7,189	32,629	-	8,787	7,500	2,654	-	13,633
Thomas Paul Miller Memorial Fund	12,593	270	500	-	12,363	268	500	-	12,131
Hale Bradt Endowment-HS Library	-	890	-	-	890	850	890	-	850
Natl Science-Energy Cont Award	8,201	-	1,153	-	7,048	-	640	-	6,408
Community Mental Health PBIS Grant-EL	-	7,500	2,915	-	4,585	2,500	7,085	-	-
Community Mental Health PBIS Grant-JH	-	7,500	872	-	6,628	2,500	7,079	-	2,049
Community Mental Health PBIS Grant-EL Rd 2	-	-	-	-	-	10,000	-	-	10,000
Community Mental Health PBIS Grant-JH Rd 2	-	-	-	-	-	10,000	2,157	-	7,843
ECO15 Grant-EL Sandbox SR Project	20,000	-	20,000	-	-	-	-	-	-
Ripley County Community Foundation Grant-Math Apps	-	300	-	-	300	-	300	-	-
Skill Up! Grant	-	-	-	-	-	12,463	22,197	-	(9,734)
Ripley County Community Foundation Grant-Nine13 Sports	-	-	-	-	-	4,000	4,000	-	-
Ripley County Community Foundation Grant-CPR/AED	-	-	-	-	-	4,994	4,994	-	-

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
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For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
Rising Sun Regional Foundation Grant-Sandbox SR	-	15,000	15,000	-	-	-	-	-	-
Rising Sun Regional Foundation Grant-IXL & Doc Cameras	-	-	-	-	-	20,752	11,706	-	9,046
Southeastern Indiana REMC Grant-HS Media Center	-	-	-	-	-	2,500	2,500	-	-
Tyson Fund Grant-HS Broadcast Equipment	-	-	-	-	-	11,390	11,390	-	-
Tyson Fund Grant-Resurface HS Track	-	60,000	-	-	60,000	-	-	-	60,000
Rising Sun Regional Foundation Grant-RCATS Program	-	30,000	20,607	-	9,393	-	9,393	-	-
Ripley County Alternative to Suspension	-	-	-	-	-	31,793	33,266	-	(1,473)
Lowe's Charity Found-IPADS/CAS	22	-	22	-	-	-	-	-	-
Formative Assessment	-	-	-	-	-	15,033	15,033	-	-
Medicaid Adm Claiming -PCG	30,225	6,613	5,695	-	31,143	7,851	5,107	-	33,887
Secured Schools Safety Grant	(46,953)	100,000	58,522	-	(5,475)	-	36,793	-	(42,268)
School Technology	2,823	16,167	6,185	-	12,805	18,250	8,496	-	22,559
Career and Technical Performance Grant/I.C.E.	-	-	-	-	-	17,746	9,606	-	8,140
Aflac-SRCSC Medical Reimbursement	(463)	1,950	1,950	-	(463)	2,550	3,071	-	(984)
ISTA Settlement	217,386	-	50,616	-	166,770	-	49,510	-	117,260
Senator David Ford Technology	(11,037)	17,172	6,135	-	-	-	-	-	-
Title 1 2014-2015	(18,277)	38,240	19,963	-	-	-	-	-	-
Title 1 2015-2016	-	206,300	222,161	-	(15,861)	35,398	19,537	-	-
Title 1 2016-2017	-	-	-	-	-	219,837	236,728	-	(16,891)
Work Ethic Certification Grant	-	-	-	-	-	-	1,600	-	(1,600)
Improving Teacher Quality, No Child Left, Title II, Part A	(1,041)	49,636	57,112	-	(8,517)	50,034	50,386	-	(8,869)
Rural Schools and Low Income Program - Pass Through State	(2,700)	17,801	15,510	-	(409)	4,515	4,106	-	-
Prepaid Food	2,534	(578)	133	-	1,823	4,766	3,700	-	2,889
Payroll Clearing Funds	-	2,192,823	2,192,823	-	-	2,235,666	2,235,666	-	-
Totals	\$ 5,648,900	\$ 16,129,537	\$ 15,786,565	\$ 14	\$ 5,991,886	\$ 17,317,933	\$ 16,645,223	\$ 398	\$ 6,664,994

The notes to the financial statement 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, the following: 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.

**B. Basis of Accounting**

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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 basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.* Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

*Intermediate sources.* Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

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

*State sources.* Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Federal sources.* Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: 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.* Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

*Support services.* Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

*Noninstructional services.* Amounts disbursed for food service operations and community service operations.

*Facilities acquisition and construction.* Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

*Debt service.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

*Nonprogrammed charges.* Amounts disbursed 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.* Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

*Transfers in.* Amounts 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.* Amounts 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 amounts 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 amounts 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 or highway use taxes are received 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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, the following: 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.

**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 a cost-sharing 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  
One North Capitol, 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.

*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

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

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  
One North Capitol, 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.

**Note 7. Negative Receipts**

The financial statement contains some receipts which appear as negative entries. This is a result of transferring funds from the Prepaid Food fund to the School Lunch fund.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants and medical expenses. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2017.

**Note 9. Holding Corporation**

The School Corporation has entered into a capital lease with South Ripley Community Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2016 and 2017, totaled \$1,540,000 each year.

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

**Note 10. Other Postemployment Benefits**

The School Corporation provides to eligible retirees and their spouses the following benefits: health insurance, vision insurance, dental insurance, and life insurance. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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#### OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the School Corporation's Financial Reports 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 other information presented was 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  
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 For the Year Ended June 30, 2016

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction Fund-EL Roof Litigation	Construction Fund-EL Roof Project	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,750,094	\$ 642,259	\$ 1,126,171	\$ 892,631	\$ 12,503	\$ 361,169	\$ 421,893	\$ -	\$ 148,083	\$ 35,518
Receipts:										
Local sources	57,658	1,452,649	1,117,171	818,606	252,294	25,448	-	-	342,709	63,397
Intermediate sources	19	-	-	-	-	-	-	-	-	-
State sources	7,860,596	-	-	-	-	-	-	-	5,756	51,720
Federal sources	70,890	-	-	-	-	-	-	-	422,217	-
Other receipts	726,083	-	123	-	-	-	-	-	-	-
Total receipts	8,715,246	1,452,649	1,117,294	818,606	252,294	25,448	-	-	770,682	115,117
Disbursements:										
Instruction	6,062,267	-	-	-	-	122,734	-	-	-	4,253
Support services	2,549,858	-	818,234	670,659	62,228	25,965	-	-	40,642	131,147
Noninstructional services	130,237	-	-	-	-	-	-	-	674,786	-
Facilities acquisition and construction	-	-	170,018	-	-	-	-	-	2,476	-
Debt service	3,353	1,540,000	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	8,745,715	1,540,000	988,252	670,659	62,228	148,699	-	-	717,904	135,400
Excess (deficiency) of receipts over disbursements	(30,469)	(87,351)	129,042	147,947	190,066	(123,251)	-	-	52,778	(20,283)
Other financing sources (uses):										
Sale of capital assets	14	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	120,000	-	-	-	-
Transfers out	-	-	-	(120,000)	-	-	-	-	-	-
Total other financing sources (uses)	14	-	-	(120,000)	-	120,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(30,455)	(87,351)	129,042	27,947	190,066	(3,251)	-	-	52,778	(20,283)
Cash and investments - ending	\$ 1,719,639	\$ 554,908	\$ 1,255,213	\$ 920,578	\$ 202,569	\$ 357,918	\$ 421,893	\$ -	\$ 200,861	\$ 15,235

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2016

	Repair and Replacement	Levy Excess	Educational License Plates	Alternative Education	SAFE School Haven	Early Intervention Grant	Lilly- Comprehensive Counseling Grant	Farm Lease	Thomas Paul Miller Memorial Fund
Cash and investments - beginning	\$ 3,727	\$ 7,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,227	\$ 12,593
Receipts:									
Local sources	26,428	51,682	-	-	-	-	-	7,189	270
Intermediate sources	-	-	150	-	-	-	-	-	-
State sources	-	-	-	1,507	1,064	6,597	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	26,428	51,682	150	1,507	1,064	6,597	-	7,189	270
Disbursements:									
Instruction	-	-	-	-	-	-	-	32,629	-
Support services	30,155	-	-	-	13,650	3,400	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	500
Total disbursements	30,155	-	-	-	13,650	3,400	-	32,629	500
Excess (deficiency) of receipts over disbursements	(3,727)	51,682	150	1,507	(12,586)	3,197	-	(25,440)	(230)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,727)	51,682	150	1,507	(12,586)	3,197	-	(25,440)	(230)
Cash and investments - ending	\$ -	\$ 58,994	\$ 150	\$ 1,507	\$ (12,586)	\$ 3,197	\$ -	\$ 8,787	\$ 12,363

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, 2016

	Hale Bradt Endowment- HS Library	Natl Science- Energy Cont Award	Community Mental Health PBIS Grant-EL	Community Mental Health PBIS Grant-JH	Community Mental Health PBIS Grant- EL Rd 2	Community Mental Health PBIS Grant- JH Rd 2	ECO15 Grant-EL Sandbox SR Project	Ripley County Community Foundation Grant- Math Apps	Skill Up! Grant
Cash and investments - beginning	\$ -	\$ 8,201	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	890	-	7,500	7,500	-	-	-	300	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	890	-	7,500	7,500	-	-	-	300	-
Disbursements:									
Instruction	-	1,153	2,915	872	-	-	-	-	-
Support services	-	-	-	-	-	-	20,000	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,153	2,915	872	-	-	20,000	-	-
Excess (deficiency) of receipts over disbursements	890	(1,153)	4,585	6,628	-	-	(20,000)	300	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	890	(1,153)	4,585	6,628	-	-	(20,000)	300	-
Cash and investments - ending	\$ 890	\$ 7,048	\$ 4,585	\$ 6,628	\$ -	\$ -	\$ -	\$ 300	\$ -

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Ripley County Community Foundation Grant- Nine 13 Sports	Ripley County Community Foundation Grant- CPR/AED	Rising Sun Regional Foundation Grant- Sandbox SR	Rising Sun Regional Foundation Grant- IXL & Doc Cameras	Southeastern Indiana REMC Grant- HS Media Center	Tyson Fund Grant- HS Broadcast Equipment	Tyson Fund Grant- Resurface HS Track	Rising Sun Regional Foundation Grant- RCATS Program	Ripley County Alternative To Suspension
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	15,000	-	-	-	60,000	30,000	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	15,000	-	-	-	60,000	30,000	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	20,607	-
Support services	-	-	15,000	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	15,000	-	-	-	-	20,607	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	60,000	9,393	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	60,000	9,393	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 9,393	\$ -

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Lowe's Charity Found- IPADS/CAS	Formative Assessment	Medicaid Adm Claiming -PCG	Secured Schools Safety Grant	School Technology	Career and Technical Performance Grant/ I.C.E.	Aflac- SRCSC Medical Reimbursement	ISTA Settlement	Senator David Ford Technology
Cash and investments - beginning	\$ 22	\$ -	\$ 30,225	\$ (46,953)	\$ 2,823	\$ -	\$ (463)	\$ 217,386	\$ (11,037)
Receipts:									
Local sources	-	-	-	-	11,763	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	100,000	4,404	-	-	-	17,172
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	6,613	-	-	-	1,950	-	-
Total receipts	-	-	6,613	100,000	16,167	-	1,950	-	17,172
Disbursements:									
Instruction	-	-	5,695	-	6,185	-	-	50,616	-
Support services	22	-	-	58,522	-	-	1,950	-	6,135
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	22	-	5,695	58,522	6,185	-	1,950	50,616	6,135
Excess (deficiency) of receipts over disbursements	(22)	-	918	41,478	9,982	-	-	(50,616)	11,037
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22)	-	918	41,478	9,982	-	-	(50,616)	11,037
Cash and investments - ending	\$ -	\$ -	\$ 31,143	\$ (5,475)	\$ 12,805	\$ -	\$ (463)	\$ 166,770	\$ -

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Title 1 2014-2015	Title 1 2015-2016	Title 1 2016-2017	Work Ethic Certification Grant	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Prepaid Food	Payroll Clearing Funds	Totals
Cash and investments - beginning	\$ (18,277)	\$ -	\$ -	\$ -	\$ (1,041)	\$ (2,700)	\$ 2,534	\$ -	\$ 5,648,900
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,227,264
Intermediate sources	-	-	-	-	-	-	-	-	121,359
State sources	-	-	-	-	-	-	-	-	8,048,816
Federal sources	38,240	206,300	-	-	49,636	17,801	-	-	805,084
Other receipts	-	-	-	-	-	-	(578)	2,192,823	2,927,014
Total receipts	38,240	206,300	-	-	49,636	17,801	(578)	2,192,823	16,129,537
Disbursements:									
Instruction	19,963	220,559	-	-	57,112	10,465	-	-	6,618,025
Support services	-	912	-	-	-	5,045	-	-	4,453,524
Noninstructional services	-	690	-	-	-	-	-	-	805,713
Facilities acquisition and construction	-	-	-	-	-	-	-	-	172,494
Debt service	-	-	-	-	-	-	-	-	1,543,353
Nonprogrammed charges	-	-	-	-	-	-	133	2,192,823	2,193,456
Total disbursements	19,963	222,161	-	-	57,112	15,510	133	2,192,823	15,786,565
Excess (deficiency) of receipts over disbursements	18,277	(15,861)	-	-	(7,476)	2,291	(711)	-	342,972
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	14
Transfers in	-	-	-	-	-	-	-	-	120,000
Transfers out	-	-	-	-	-	-	-	-	(120,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	14
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	18,277	(15,861)	-	-	(7,476)	2,291	(711)	-	342,986
Cash and investments - ending	\$ -	\$ (15,861)	\$ -	\$ -	\$ (8,517)	\$ (409)	\$ 1,823	\$ -	\$ 5,991,886

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction Fund-EL Roof Litigation	Construction Fund-EL Roof Project	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,719,639	\$ 554,908	\$ 1,255,213	\$ 920,578	\$ 202,569	\$ 357,918	\$ 421,893	\$ -	\$ 200,861	\$ 15,235
Receipts:										
Local sources	137,213	1,510,776	1,147,673	839,629	261,167	-	-	-	331,918	62,578
Intermediate sources	32	-	-	-	-	-	-	-	-	-
State sources	7,807,293	-	-	-	-	-	-	-	6,019	50,033
Federal sources	70,640	-	-	-	-	-	-	1,000,000	442,058	-
Other receipts	755,707	-	69,986	3,965	-	-	-	-	-	-
Total receipts	8,770,885	1,510,776	1,217,659	843,594	261,167	-	-	1,000,000	779,995	112,611
Disbursements:										
Instruction	5,994,697	-	-	-	-	114,831	-	-	-	3,566
Support services	2,577,169	-	807,744	747,291	242,000	85,559	-	-	42,189	105,657
Noninstructional services	132,342	-	-	-	-	-	-	-	661,261	-
Facilities acquisition and construction	-	-	225,854	-	-	-	421,893	56,557	48,385	-
Debt service	3,099	1,540,000	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	8,707,307	1,540,000	1,033,598	747,291	242,000	200,390	421,893	56,557	751,835	109,223
Excess (deficiency) of receipts over disbursements	63,578	(29,224)	184,061	96,303	19,167	(200,390)	(421,893)	943,443	28,160	3,388
Other financing sources (uses):										
Sale of capital assets	398	-	-	-	-	-	-	-	-	-
Transfers in	-	25,749	14,600	18,201	4,239	120,000	-	-	-	24,648
Transfers out	(3,795)	(24,648)	-	(120,000)	-	-	-	-	-	-
Total other financing sources (uses)	(3,397)	1,101	14,600	(101,799)	4,239	120,000	-	-	-	24,648
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	60,181	(28,123)	198,661	(5,496)	23,406	(80,390)	(421,893)	943,443	28,160	28,036
Cash and investments - ending	\$ 1,779,820	\$ 526,785	\$ 1,453,874	\$ 915,082	\$ 225,975	\$ 277,528	\$ -	\$ 943,443	\$ 229,021	\$ 43,271

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
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	Repair and Replacement	Levy Excess	Educational License Plates	Alternative Education	SAFE School Haven	Early Intervention Grant	Lilly- Comprehensive Counseling Grant	Farm Lease	Thomas Paul Miller Memorial Fund
Cash and investments - beginning	\$ -	\$ 58,994	\$ 150	\$ 1,507	\$ (12,586)	\$ 3,197	\$ -	\$ 8,787	\$ 12,363
Receipts:									
Local sources	33,987	-	-	-	-	-	30,000	7,500	268
Intermediate sources	-	-	75	-	-	-	-	-	-
State sources	-	-	-	5,984	12,586	5,458	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>33,987</u>	<u>-</u>	<u>75</u>	<u>5,984</u>	<u>12,586</u>	<u>5,458</u>	<u>30,000</u>	<u>7,500</u>	<u>268</u>
Disbursements:									
Instruction	-	-	-	1,507	-	6,756	-	2,654	-
Support services	20,216	-	161	-	-	1,899	4,500	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	500
Total disbursements	<u>20,216</u>	<u>-</u>	<u>161</u>	<u>1,507</u>	<u>-</u>	<u>8,655</u>	<u>4,500</u>	<u>2,654</u>	<u>500</u>
Excess (deficiency) of receipts over disbursements	<u>13,771</u>	<u>-</u>	<u>(86)</u>	<u>4,477</u>	<u>12,586</u>	<u>(3,197)</u>	<u>25,500</u>	<u>4,846</u>	<u>(232)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(58,994)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(58,994)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>13,771</u>	<u>(58,994)</u>	<u>(86)</u>	<u>4,477</u>	<u>12,586</u>	<u>(3,197)</u>	<u>25,500</u>	<u>4,846</u>	<u>(232)</u>
Cash and investments - ending	<u>\$ 13,771</u>	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ 5,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,500</u>	<u>\$ 13,633</u>	<u>\$ 12,131</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, 2017

	Hale Bradt Endowment- HS Library	Natl Science- Energy Cont Award	Community Mental Health PBIS Grant-EL	Community Mental Health PBIS Grant-JH	Community Mental Health PBIS Grant- EL Rd 2	Community Mental Health PBIS Grant- JH Rd 2	ECO15 Grant-EL Sandbox SR Project	Ripley County Community Foundation Grant- Math Apps	Skill Up! Grant
Cash and investments - beginning	\$ 890	\$ 7,048	\$ 4,585	\$ 6,628	\$ -	\$ -	\$ -	\$ 300	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	850	-	2,500	2,500	10,000	10,000	-	-	12,463
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	850	-	2,500	2,500	10,000	10,000	-	-	12,463
Disbursements:									
Instruction	-	640	7,085	7,079	-	2,157	-	-	22,197
Support services	890	-	-	-	-	-	-	300	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	890	640	7,085	7,079	-	2,157	-	300	22,197
Excess (deficiency) of receipts over disbursements	(40)	(640)	(4,585)	(4,579)	10,000	7,843	-	(300)	(9,734)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(40)	(640)	(4,585)	(4,579)	10,000	7,843	-	(300)	(9,734)
Cash and investments - ending	\$ 850	\$ 6,408	\$ -	\$ 2,049	\$ 10,000	\$ 7,843	\$ -	\$ -	\$ (9,734)

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, 2017

	Ripley County Community Foundation Grant- Nine 13 Sports	Ripley County Community Foundation Grant- CPR/AED	Rising Sun Regional Foundation Grant- Sandbox SR	Rising Sun Regional Foundation Grant- IXL & Doc Cameras	Southeastern Indiana REMC Grant- HS Media Center	Tyson Fund Grant- HS Broadcast Equipment	Tyson Fund Grant- Resurface HS Track	Rising Sun Regional Foundation Grant- RCATS Program	Ripley County Alternative To Suspension
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 9,393	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	31,793
Intermediate sources	4,000	4,994	-	20,752	2,500	11,390	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	4,000	4,994	-	20,752	2,500	11,390	-	-	31,793
Disbursements:									
Instruction	4,000	4,994	-	11,706	-	-	-	9,393	33,266
Support services	-	-	-	-	2,500	11,390	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	4,000	4,994	-	11,706	2,500	11,390	-	9,393	33,266
Excess (deficiency) of receipts over disbursements	-	-	-	9,046	-	-	-	(9,393)	(1,473)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	9,046	-	-	-	(9,393)	(1,473)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 9,046	\$ -	\$ -	\$ 60,000	\$ -	\$ (1,473)

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, 2017

	Lowe's Charity Found- IPADS/CAS	Formative Assessment	Medicaid Adm Claiming -PCG	Secured Schools Safety Grant	School Technology	Career and Technical Performance Grant/ I.C.E.	Aflac- SRCSC Medical Reimbursement	ISTA Settlement	Senator David Ford Technology
Cash and investments - beginning	\$ -	\$ -	\$ 31,143	\$ (5,475)	\$ 12,805	\$ -	\$ (463)	\$ 166,770	\$ -
Receipts:									
Local sources	-	-	-	-	11,942	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	15,033	-	-	6,308	-	-	-	-
Federal sources	-	-	-	-	-	17,746	-	-	-
Other receipts	-	-	7,851	-	-	-	2,550	-	-
Total receipts	-	15,033	7,851	-	18,250	17,746	2,550	-	-
Disbursements:									
Instruction	-	-	5,107	-	8,496	9,606	-	49,510	-
Support services	-	15,033	-	36,793	-	-	3,071	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	15,033	5,107	36,793	8,496	9,606	3,071	49,510	-
Excess (deficiency) of receipts over disbursements	-	-	2,744	(36,793)	9,754	8,140	(521)	(49,510)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	2,744	(36,793)	9,754	8,140	(521)	(49,510)	-
Cash and investments - ending	\$ -	\$ -	\$ 33,887	\$ (42,268)	\$ 22,559	\$ 8,140	\$ (984)	\$ 117,260	\$ -

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, 2017

	Title 1 2014-2015	Title 1 2015-2016	Title 1 2016-2017	Work Ethic Certification Grant	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Prepaid Food	Payroll Clearing Funds	Totals
Cash and investments - beginning	\$ -	\$ (15,861)	\$ -	\$ -	\$ (8,517)	\$ (409)	\$ 1,823	\$ -	\$ 5,991,886
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,406,444
Intermediate sources	-	-	-	-	-	-	-	-	82,056
State sources	-	-	-	-	-	-	-	-	7,908,714
Federal sources	-	35,398	219,837	-	50,034	4,515	-	-	1,840,228
Other receipts	-	-	-	-	-	-	4,766	2,235,666	3,080,491
Total receipts	-	35,398	219,837	-	50,034	4,515	4,766	2,235,666	17,317,933
Disbursements:									
Instruction	-	19,537	236,280	-	50,386	4,106	-	-	6,609,556
Support services	-	-	-	1,600	-	-	-	-	4,705,962
Noninstructional services	-	-	448	-	-	-	-	-	794,051
Facilities acquisition and construction	-	-	-	-	-	-	-	-	752,689
Debt service	-	-	-	-	-	-	-	-	1,543,099
Nonprogrammed charges	-	-	-	-	-	-	3,700	2,235,666	2,239,866
Total disbursements	-	19,537	236,728	1,600	50,386	4,106	3,700	2,235,666	16,645,223
Excess (deficiency) of receipts over disbursements	-	15,861	(16,891)	(1,600)	(352)	409	1,066	-	672,710
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	398
Transfers in	-	-	-	-	-	-	-	-	207,437
Transfers out	-	-	-	-	-	-	-	-	(207,437)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	398
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	15,861	(16,891)	(1,600)	(352)	409	1,066	-	673,108
Cash and investments - ending	\$ -	\$ -	\$ (16,891)	\$ (1,600)	\$ (8,869)	\$ -	\$ 2,889	\$ -	\$ 6,664,994

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
South Ripley Community Multi-School Building Corporation	Building Project 2008 & Refinancing 2017	\$ 1,540,000	07/15/2009	01/15/2030
Kansas State Bank	1:1 Initiative-iPads & iPad Mini's	25,240	04/22/2016	04/22/2019
Kansas State Bank	1:1 Initiative-Dell Chromebooks	36,064	05/26/2017	05/19/2019
Ricoh USA Inc.	Copier Lease	3,836	06/28/2014	06/28/2019
Ricoh USA Inc.	Copier Lease	<u>10,447</u>	06/18/2015	06/18/2020
Total of annual lease payments		<u>\$ 1,615,587</u>		

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2017

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>Ending Balance</u>
Governmental activities:	
Land	\$ 264,000
Buildings	28,930,000
Improvements other than buildings	797,588
Machinery, equipment, and vehicles	<u>3,496,182</u>
Total capital assets	<u>\$ 33,487,770</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

**Report on Compliance for Each Major Federal Program**

We have audited the South Ripley Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-002 and 2017-003. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.


A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001, 2017-002, and 2017-003, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

November 28, 2018

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-16	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program					
Cafeteria-School Breakfast Program					
Cafeteria-School Breakfast Program					
Total - School Breakfast Program					
National School Lunch Program					
Cafeteria-School Lunch Program					
Commodities					
Cafeteria-School Lunch Program					
Commodities					
Total - National School Lunch Program					
Total - Child Nutrition Cluster					
Child Nutrition Discretionary Grants Limited Availability					
National School Lunch Equipment Grant					
Total - Department of Agriculture					
<u>Department of Education</u>					
Impact Aid					
Direct Grant					
FY2010					
FY2011					
FY2012					
FY2013					
FY2014					
FY2015					
FY2016					
FY2017					
Total - Impact Aid					
Special Education Cluster (IDEA)					
Special Education_Grants to States					
Indiana Department of Education					
84.027					
Ripley Ohio Dearborn Special Education Cooperative FY2014 Federal Part B 611 Grants					
Ripley Ohio Dearborn Special Education Cooperative FY2015 Federal Part B 611 Grants					
Ripley Ohio Dearborn Special Education Cooperative FY2016 Federal Part B 611 Grant					
Ripley Ohio Dearborn Special Education Cooperative FY2016 Federal Part B 611 Grant					
Ripley Ohio Dearborn Special Education Cooperative FY2017 Federal Part B 611 Grant					
Ripley Ohio Dearborn Special Education Cooperative FY2014 Federal Technical Assistance Grant					
Total - Special Education_Grants to States					

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-16	Total Federal Awards Expended 06-30-17
Special Education_Preschool Grants	Indiana Department of Education	84.173			
Ripley Ohio Dearborn Special Education Cooperative FY2014 Federal Preschool 619 Grant			45714-052-PN01	141	-
Ripley Ohio Dearborn Special Education Cooperative FY2015 Federal Preschool 619 Grant			45715-052-PN01	894	-
Ripley Ohio Dearborn Special Education Cooperative FY2016 Federal Preschool 619 Grant			45716-050-PN01	111	-
Ripley Ohio Dearborn Special Education Cooperative FY2016 Federal Preschool 619 Grant			45716-052-PN01	-	470
Total - Special Education_Preschool Grants				<u>1,146</u>	<u>470</u>
Total - Special Education Cluster (IDEA)				<u>439,484</u>	<u>495,804</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title 1 2014-2015			FY2015	38,240	-
Title 1 2015-2016			FY2016	206,300	35,395
Title 1 2016-2017			FY2017	-	219,837
Total - Title I Grants to Local Educational Agencies				<u>244,540</u>	<u>255,232</u>
Rural Education	Indiana Department of Education	84.358			
Rural & Low Income Grant			FY2014	<u>17,801</u>	<u>4,515</u>
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367			
Title II Class Size Reduction			FY2014	1,041	-
Title II Class Size Reduction			FY2015	48,595	18,991
Title II Class Size Reduction			FY2016	-	31,043
Total - Supporting Effective Instruction State Grants				<u>49,636</u>	<u>50,034</u>
Total - Department of Education				<u>822,351</u>	<u>876,226</u>
Total federal awards expended				<u>\$ 1,286,942</u>	<u>\$ 1,398,794</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 (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. Special Education Cooperative**

The School Corporation is a member of a Special Education Cooperative. As a result, some activity for the Special Education Cluster (IDEA) that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Special Education Cooperative.

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:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified
Special Education Cluster (IDEA)	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
--	----

**Section II - Financial Statement Findings**

No matters are reportable.

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

**FINDING 2017-001**

Subject: Child Nutrition Cluster - Internal Controls  
 Federal Agency: Department of Agriculture  
 Federal Programs: School Breakfast Program, National School Lunch Program  
 CFDA Numbers: 10.553, 10.555  
 Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016, FY 2017  
 Pass-Through Entity: Indiana Department of Education  
 Compliance Requirements: Cash Management, Eligibility, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)  
 Audit Finding: Material Weakness

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-004.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the compliance requirements listed above.

*Cash Management*

The School Corporation had not implemented controls over the cash management requirement to ensure that the balance in the School Lunch fund (net cash resources) did not exceed three months average expenditures.

*Eligibility*

A control process had not been established to ensure that information entered into the food service software from the free and reduced price applications was accurate.

*Program Income*

A control process had not been established to ensure that the income recorded in the financial records for the food service program agreed to the reports generated from the food service program.

*Reporting*

A control process had not been established to ensure that School Food Authority (SFA) Verification Collection Reports and monthly Sponsor Claims (claims for reimbursement) were accurate prior to submission.

*Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)*

A control process had not been established to ensure that the verification of free and reduced priced applications was performed in accordance with program requirements.

*Context*

The lack of controls was a systemic issue throughout the audit period.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

Management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the compliance requirements listed above.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2017-002**

Subject: Child Nutrition Cluster - Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016, FY 2017  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-005.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the suspension and debarment requirements.

The School Corporation had not established an effective internal control system to ensure compliance with the suspension and debarment requirements. There were no controls in place to ensure that vendors were not suspended or debarred from participation in federal programs.

The School Corporation did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

*Context*

The lack of controls and noncompliance were systemic issues throughout the audit period.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

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

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the suspension and debarment requirements.

*Effect*

The failure to establish controls enabled material noncompliance to occur and go undetected. Noncompliance with the suspension and debarment requirements could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2017-003**

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-050-PN01; 14216-052-PN01;  
14217-050-PN01; 45716-050-PN01;  
45716-052-PN01

Pass Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

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

The School Corporation designated a fiscal agent to receive and manage the funding of the special education programs; however, the School Corporation was ultimately responsible to have internal controls and to ensure compliance with the compliance requirement.

*Procurement*

The School Corporation did not have internal controls in place to ensure that the purchasing methods used by the fiscal agent complied with their procurement procedures and applicable state, local, and federal requirements. Additionally, the School Corporation did not have internal controls in place to ensure that the fiscal agent documented the history of their procurements, including the rationale for method of procurement, selection of contract type, basis for contractor selection, and the basis for the contract price.

The School Corporation did not have a control system in place to ensure compliance of non-contracted procurements. The School Corporation entered into several contracts for personal services during the audit period, including several with yearly contracts that exceeded the threshold for small purchases. The School Corporation did not ensure that price or rate quotes were obtained from an adequate number of sources for purchases of goods or services exceeding \$3,500, which fell under the small purchase procedures.

*Suspension and Debarment*

The School Corporation had not established an effective internal control system to ensure compliance with the suspension and debarment requirements. There were no controls in place to ensure that vendors were not suspended or debarred from participation in federal programs.

The School Corporation did not ensure that procedures were performed to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

*Context*

The lack of controls and noncompliance were systemic issues throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.318 states in part:

- "(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part. . . ."

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

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . . "

2 CFR 200.320 states in part:

"The non-Federal entity must use one of the following methods of procurement. . . .

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . .

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



# SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION

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Robert D. Moorhead, Superintendent

Lana M. Miller, Business Manager

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-001 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

Fiscal year in which the finding initially occurred: FY2013

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lana M. Miller

Contact Phone Number: 812-689-6282

Status of Audit Finding: Segregation of duties and controls in the Administration Office were reviewed and procedures updated in 2014. The Business Manager/Treasurer prepares the receipts and signs the receipts. The Deputy Treasurer then reviews the printed receipt and documentation from the check, along with the deposit ticket. After review, the second person approves and initials each receipt. The Deputy Treasurer reviews and approves monthly bank statements prepared by the Business Manager/Treasurer. Both the Business Manager/Treasurer and Deputy Treasurer share in payroll functions and taxes. A third employee helps in the Administration Office for 4-5 days per month assisting with accounts payable, entering purchase orders, and preparing claims. This person additionally prepares checks for mailing, once the checks are written and signed by the Business Manager/Treasurer.

### ***FINDING 2015-002 – PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

Fiscal year in which the finding initially occurred: FY2013

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lana M. Miller

Contact Phone Number: 812-689-6282

Status of Audit Finding: The Schedule of Expenditures of Federal Awards (SEFA) is an online report prepared in Gateway that is part of the Annual Financial Report (AFR). The Business Manager/Treasurer prepares and submits the report based on the Revenue History Report run from the Budgetary Software. The Deputy Treasurer reviews the report prior to the Business Manager/Treasurer submitting the report. This additional review was completed beginning with the August 2017 SEFA.

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***FINDING 2015-003 – CASH MANAGEMENT AND REPORTING***

Fiscal year in which the finding initially occurred: FY2013  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Lana M. Miller  
Contact Phone Number: 812-689-6282

Status of Audit Finding: This Finding was for the Ripley-Ohio-Dearborn Special Education Cooperative (ROD) and relates to Special Education Grants that they receive on behalf of South Ripley Community School Corporation and its other participating schools. It was our understanding that all participating schools received this same Finding.

After our last audit, the Superintendents of the participating schools of ROD invited the Indiana State Board of Accounts and the Indiana Department of Education to review the reports of ROD and help determine what was needed for ROD and also its participating schools to become compliant. After much discussion and review, guidance was provided to Marcia Fullenkamp, Treasurer of ROD.

During our last audit, a response was requested from Marcia Fullenkamp, Treasurer at Ripley-Ohio-Dearborn Special Education Cooperative (ROD) to include in our Corrective Action Plan. This response was provided via email on 7/11/2017 by Marcia Fullenkamp, Treasurer of the Ripley Ohio Dearborn Special Education Cooperative. "A form has been created that is presented at the monthly ROD Board meetings in which the superintendent(s) will review and sign. This form will list each fund along with the fund balance, date of availability, cash balance and reporting information. Copies of all grant applications, revisions, reimbursement requests and final reports are received and filed." We confer that all of the reports are received monthly and kept in a file here at South Ripley for audit and review.

Additionally, guidance and understanding was provided to ROD concerning the information ROD needs to provide that gets reported by the participating schools on their individual Schedule of Expenditures of Federal Awards (SEFA). We confer that Marcia from ROD sends that report each year and that information has been reported on the SEFA as presented from her.

***FINDING 2015-004 – INTERNAL CONTROLS OVER CHILD NUTRITION CLUSTER***

Fiscal year in which the finding initially occurred: FY2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Lana M. Miller  
Contact Phone Number: 812-689-6282

Status of Audit Finding: At the time of our last audit, we had not had a full review of our Child Nutrition Program in several years. We were happy to provide more oversight and segregations of duties in this area. We immediately made changes during this audit to provide oversight that was auditable. We purchased and provided "Reviewed By" stamps to the two Food Service Managers and the Food Service Clerical staff. They immediately began using these to show they are reviewing paperwork and actually signing off with their approval.

Cafeteria Fund Cash Balance Review- The Cafeteria Fund balance is reviewed daily by the Business Manager/Treasurer. The Board reviews all balances monthly on the Fund Report. During the last audit, we began keeping a spreadsheet that checks the Cafeteria balance quarterly in regard to the average expenditures for three months. This was done and has been maintained.

Free and Reduced Eligibility Determinations- After the last audit, we assigned a second person to sign off that they have reviewed the applications including the entry of the applications into our computer system.

Program Income- January 1, 2015 we began using Fund 8400-Prepaid Food.

**FINDING 2015-005 – SUSPENSION AND DEBARMENT**

Fiscal year in which the finding initially occurred: FY2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Lana M. Miller  
Contact Phone Number: 812-689-6282

Status of Audit Finding: We use the SAMS website to verify that vendors have not been suspended or debarred. This is for vendors used for contracts exceeding \$25,000 that involve federal funds.

**FINDING 2015-006 – ELIGIBILITY**

Fiscal year in which the finding initially occurred: FY2013  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Amy Linkel  
Contact Phone Number: 812-689-5383

Status of Audit Finding: The last audit was in 2017, which was after the 2015-2016 school year. So no changes could be made in regard to eligibility determination. Effective with the 2016-2017 school year, South Ripley Community School Corporation became classified as School Wide for Title 1. This means all students are eligible.

Lana M. Miller  
(Signature)

Business Manager/Treasurer  
(Title)

November 15, 2018  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



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## CORRECTIVE ACTION PLAN

### ***FINDING 2017-001***

Contact Person Responsible for Corrective Action: Lana M. Miller  
Contact Phone Number: 812-689-6282

#### Views of Responsible Official:

This Finding is a repeat finding from the prior audit and is timing related due to timing of the last audit. The last Exit Conference with the State Board of Accounts was held on July 17, 2017 for the audit period of July 1, 2013 to June 30, 2015. The Indiana State Board of Accounts began their audit on October 29, 2018 for the audit period of July 1, 2015 to June 30, 2017. We made the changes as explained below following the last audit in 2017.

#### Description of Corrective Action Plan:

Status of Audit Finding: At the time of our last audit, we had not had a full review of our Child Nutrition Program in several years. We were happy to provide more oversight and segregations of duties in this area. We immediately made changes during this audit to provide oversight that was auditable. We purchased and provided "Reviewed By" stamps to the two Food Service Managers and the Food Service Clerical staff. They immediately began using these to show they are reviewing paperwork and actually signing off with their approval.

Cafeteria Fund Cash Balance Review- The Cafeteria Fund balance is reviewed daily by the Business Manager/Treasurer. The Board reviews all balances monthly on the Fund Report. During the last audit, we began keeping a spreadsheet that checks the Cafeteria balance quarterly in regard to the average expenditures for three months. This was done and has been maintained. Additionally this audit, we are asked to have another person review the spreadsheet, and sign off.

Free and Reduced Eligibility Determinations- After the last audit, we assigned a second person to sign off that they have reviewed the applications including the entry of the applications into our computer system.

Program Income- The Food Service Clerical staff prints the Skyward monthly reports and balances the daily reports to the monthly reports. The Food Service Clerical staff sends monthly reports to the Treasurer and the Treasurer makes ledger entries transferring money from 8400-Prepaid Food to the 0800 Cafeteria Fund. The Treasurer will additionally have a second person review and approve the entries made in the ledger.

Reporting- The Food Service Clerical staff person prepares the Reimbursement Report and has the Cafeteria Manager review it prior to submission. Verification Summary Reports are completed by an Office Secretary and reviewed by another Office Secretary.

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Verification of Free and Reduced Price Applications- An Office Secretary is in charge of the Free and Reduced Applications and Eligibility along with verifications. A second office staff person reviews the free and reduced applications and the 3% random verifications along with documentation provided. Additionally, reports are generated from Skyward to make sure that no keying errors were made while entering the lunch codes for Free, Reduced, or Paid.

Anticipated Completion Date: November 28, 2018.

***FINDING 2017-002***

Contact Person Responsible for Corrective Action: Lana M. Miller  
Contact Phone Number: 812-689-6282

Views of Responsible Official:

This Finding is a repeat finding from the prior audit and is timing related due to timing of the last audit. The last Exit Conference with the State Board of Accounts was held on July 17, 2017 for the audit period of July 1, 2013 to June 30, 2015. The Indiana State Board of Accounts began their audit on October 29, 2018 for the audit period of July 1, 2015 to June 30, 2017. We made the changes as explained below following the last audit in 2017.

Description of Corrective Action Plan:

Status of Audit Finding: We use the SAMS website to verify that vendors have not been suspended or debarred. This is for vendors used for contracts exceeding \$25,000 that involve federal funds. A second person reviews the SAMS reports.

Anticipated Completion Date: This was completed August 1, 2017 (during our last audit).

***FINDING 2017-003***

Contact Person Responsible for Corrective Action: Lana M. Miller  
Contact Phone Number: 812-689-6282

Views of Responsible Official: This Finding is for the Ripley-Ohio-Dearborn Special Education Cooperative (ROD) and relates to Special Education on behalf of South Ripley Community School and its other participating schools. We are told by our Auditor that all participating schools will receive this same Finding.

Description of Corrective Action Plan: The Correction Action Plan below was received via email from Marcia Fullenkamp, Treasurer of Ripley- Ohio- Dearborn Special Education Cooperative on November 28, 2018.

To address the Procurement Finding: Documentation of price/rate quotations obtained from an adequate number of qualified vendors for purchases anticipated to be over the \$3,000 threshold for small purchases will be maintained at the ROD Cooperative.

To address the Suspension and Debarment Finding: The following internal control procedure has been established to verify a vendor that exceeds \$25,000 has not been suspended or debarred: For each vendor that exceeds \$25,000, the ROD cooperative will do a search on the SAM Federal registry to verify the selected vendor has not been suspended or debarred. The director will sign the printed registry search verifying the vendor has not been suspended or debarred.

Anticipated Completion Date: November 28, 2018

Lana M. Miller  
(Signature)

Business Manager/Treasurer  
(Title)

11-28-2018  
(Date)

## OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.