

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

EXAMINATION REPORT  
OF  
SOUTH CENTRAL COMMUNITY  
SCHOOL CORPORATION  
LAPORTE COUNTY, INDIANA

July 1, 2006 to June 30, 2008



**FILED**

07/24/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kara S. Schoch	07-01-06 to 06-30-09
Superintendent of Schools	Christopher A. Smith	07-01-06 to 06-30-09
President of the School Board	Donald Satoski Daniel L. Younggreen	07-01-06 to 06-30-08 07-01-08 to 06-30-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the South Central Community School Corporation (School Corporation), for the period of July 1, 2006 to June 30, 2008. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United State of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not exam the information and express no opinion on it.

The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial information. The Combining Schedules have been subjected to the examination procedures applied in the examination of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the examination procedures applied to the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 18, 2009

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 3,208,962	\$ -	\$ 30,267	\$ (3,178,695)
Support services	2,764,074	292,544	60,636	(2,410,894)
Community services	81,104	-	-	(81,104)
Nonprogrammed charges	342,085	-	-	(342,085)
Debt service	1,596,447	-	-	(1,596,447)
Total government	\$ 7,992,672	\$ 292,544	\$ 90,903	(7,609,225)
General receipts:				
Property taxes				1,534,845
Other local sources				658,620
State aid				2,864,908
Bonds and loans				1,488,502
Grants and contributions not restricted to specific programs				118,773
Sale of property, adjustments, and refunds				34,010
Investment earnings				108,341
Total general receipts				6,807,999
Change in net assets				(801,226)
Net assets - beginning				2,072,227
Net assets - ending				\$ 1,271,001
<u>Assets</u>				
Cash and investments				\$ 870,698
Restricted assets:				
Cash and investments				400,303
Total assets				\$ 1,271,001
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 400,303
Unrestricted				870,698
Total net assets				\$ 1,271,001

The accompany notes to the financial statements are an integral part of the financial information.

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

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 3,113,076	\$ -	\$ 49,564	\$ (3,063,512)
Support services	2,948,750	312,248	86,667	(2,549,835)
Community services	107,329	-	-	(107,329)
Nonprogrammed charges	406,632	-	-	(406,632)
Debt service	3,140,498	-	-	(3,140,498)
Total government	\$ 9,716,285	\$ 312,248	\$ 136,231	(9,267,806)
General receipts:				
Property taxes				3,038,382
Other local sources				883,374
State aid				2,750,816
Bonds and loans				3,096,954
Grants and contributions not restricted to specific programs				146,882
Sale of property, adjustments, and refunds				8,922
Investment earnings				32,602
Total general receipts				9,957,932
Change in net assets				690,126
Net assets - beginning				1,271,001
Net assets - ending				\$ 1,961,127
<u>Assets</u>				
Cash and investments				\$ 1,528,772
Restricted assets:				
Cash and investments				432,355
Total assets				\$ 1,961,127
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 432,355
Unrestricted				1,528,772
Total net assets				\$ 1,961,127

The accompany notes to the financial statements are an integral part of the financial information.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 1,195,488	\$ 223,024	\$ 409,310	\$ 354,209	\$ 59,017	\$ 352,924	\$ 2,593,972
Intermediate sources	-	-	-	-	-	375	375
State sources	2,883,575	-	-	-	-	28,431	2,912,006
Federal sources	-	-	-	-	-	162,580	162,580
Bonds and loans	891,105	242,529	354,868	-	-	-	1,488,502
Sale of property, adjustments and refunds	2,137	9,723	-	13,700	-	8,451	34,011
<b>Total receipts</b>	<b>4,972,305</b>	<b>475,276</b>	<b>764,178</b>	<b>367,909</b>	<b>59,017</b>	<b>552,761</b>	<b>7,191,446</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	3,099,241	-	-	-	-	109,721	3,208,962
Support services	1,140,980	422,240	2,063	671,479	134,968	392,344	2,764,074
Community services	80,972	-	-	-	-	132	81,104
Nonprogrammed charges	331,107	-	-	-	-	10,978	342,085
Debt services	381,688	155,180	1,059,579	-	-	-	1,596,447
<b>Total disbursements</b>	<b>5,033,988</b>	<b>577,420</b>	<b>1,061,642</b>	<b>671,479</b>	<b>134,968</b>	<b>513,175</b>	<b>7,992,672</b>
Excess (deficiency) of receipts over disbursements	(61,683)	(102,144)	(297,464)	(303,570)	(75,951)	39,586	(801,226)
<b>Other financing sources (uses):</b>							
Transfers in	63,585	17,248	36,112	25,218	4,718	189	147,070
Transfers out	-	-	-	-	-	(147,070)	(147,070)
<b>Total other financing sources (uses)</b>	<b>63,585</b>	<b>17,248</b>	<b>36,112</b>	<b>25,218</b>	<b>4,718</b>	<b>(146,881)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,902	(84,896)	(261,352)	(278,352)	(71,233)	(107,295)	(801,226)
Cash and investments - beginning	512,224	170,345	661,655	439,449	88,733	199,821	2,072,227
Cash and investments - ending	\$ 514,126	\$ 85,449	\$ 400,303	\$ 161,097	\$ 17,500	\$ 92,526	\$ 1,271,001
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 514,126	\$ 85,449	\$ -	\$ 161,097	\$ 17,500	\$ 92,526	\$ 870,698
Restricted assets:							
Cash and investments	-	-	400,303	-	-	-	400,303
<b>Total cash and investment assets - ending</b>	<b>\$ 514,126</b>	<b>\$ 85,449</b>	<b>\$ 400,303</b>	<b>\$ 161,097</b>	<b>\$ 17,500</b>	<b>\$ 92,526</b>	<b>\$ 1,271,001</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 400,303	\$ -	\$ -	\$ -	\$ 400,303
Unrestricted	514,126	85,449	-	161,097	17,500	92,526	870,698
<b>Total cash and investment fund balance - ending</b>	<b>\$ 514,126</b>	<b>\$ 85,449</b>	<b>\$ 400,303</b>	<b>\$ 161,097</b>	<b>\$ 17,500</b>	<b>\$ 92,526</b>	<b>\$ 1,271,001</b>

The accompany notes to the financial statements are an integral part of the financial information.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 1,890,277	\$ 439,072	\$ 786,580	\$ 641,470	\$ 43,495	\$ 465,449	\$ 4,266,343
Intermediate sources	75	-	-	-	-	188	263
State sources	2,771,422	-	-	-	-	61,287	2,832,709
Federal sources	-	-	-	-	-	201,220	201,220
Bonds and loans	1,532,028	380,603	533,482	483,747	54,173	112,921	3,096,954
Sale of property, adjustments and refunds	4,551	1,908	-	-	1,500	963	8,922
<b>Total receipts</b>	<b>6,198,353</b>	<b>821,583</b>	<b>1,320,062</b>	<b>1,125,217</b>	<b>99,168</b>	<b>842,028</b>	<b>10,406,411</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	2,979,647	-	-	-	-	133,429	3,113,076
Support services	1,285,441	447,444	-	644,922	109,328	461,615	2,948,750
Community services	107,244	-	-	-	-	85	107,329
Nonprogrammed charges	378,876	-	-	-	-	27,756	406,632
Debt services	1,189,431	302,594	1,297,709	166,905	22,501	161,358	3,140,498
<b>Total disbursements</b>	<b>5,940,639</b>	<b>750,038</b>	<b>1,297,709</b>	<b>811,827</b>	<b>131,829</b>	<b>784,243</b>	<b>9,716,285</b>
Excess (deficiency) of receipts over disbursements	257,714	71,545	22,353	313,390	(32,661)	57,785	690,126
<b>Other financing sources (uses):</b>							
Transfers in	83,485	-	-	-	19,879	52,596	155,960
Transfers out	(19,879)	(17,248)	(36,112)	(25,218)	(4,718)	(52,785)	(155,960)
<b>Total other financing sources (uses)</b>	<b>63,606</b>	<b>(17,248)</b>	<b>(36,112)</b>	<b>(25,218)</b>	<b>15,161</b>	<b>(189)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	321,320	54,297	(13,759)	288,172	(17,500)	57,596	690,126
Cash and investments - beginning	514,126	85,449	400,303	161,097	17,500	92,526	1,271,001
Cash and investments - ending	\$ 835,446	\$ 139,746	\$ 386,544	\$ 449,269	\$ -	\$ 150,122	\$ 1,961,127
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 835,446	\$ 139,746	\$ -	\$ 449,269	\$ -	\$ 104,311	\$ 1,528,772
Restricted assets:							
Cash and investments	-	-	386,544	-	-	45,811	432,355
<b>Total cash and investment assets - ending</b>	<b>\$ 835,446</b>	<b>\$ 139,746</b>	<b>\$ 386,544</b>	<b>\$ 449,269</b>	<b>\$ -</b>	<b>\$ 150,122</b>	<b>\$ 1,961,127</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 386,544	\$ -	\$ -	\$ 45,811	\$ 432,355
Unrestricted	835,446	139,746	-	449,269	-	104,311	1,528,772
<b>Total cash and investment fund balance - ending</b>	<b>\$ 835,446</b>	<b>\$ 139,746</b>	<b>\$ 386,544</b>	<b>\$ 449,269</b>	<b>\$ -</b>	<b>\$ 150,122</b>	<b>\$ 1,961,127</b>

The accompany notes to the financial statements are an integral part of the financial information.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Fund
Additions:			
Contributions:			
Other	\$ -	\$ 20,116	
Investment earnings:			
Interest	-	51	
Total additions	-	20,167	
Deductions:			
Benefits	843,915	-	
Administrative and general	-	43,942	
Debt services	12,619	-	
Total deductions	856,534	43,942	
Deficiency of total additions over total deductions	(856,534)	(23,775)	
Cash and investment fund balance - beginning	895,312	32,500	
Cash and investment fund balance - ending	\$ 38,778	\$ 8,725	\$ 17,905
Net assets:			
Cash and investments	\$ 38,778	\$ 8,725	

The accompany notes to the financial statements are an integral part of the financial information.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Fund
Additions:			
Contributions:			
Other	\$ -	\$ 24,989	
Investment earnings:			
Interest	-	62	
Total additions	-	25,051	
Deductions:			
Benefits	19,289	-	
Administrative and general	-	7,316	
Total deductions	19,289	7,316	
Excess (deficiency) of total additions over total deductions	(19,289)	17,735	
Cash and investment fund balance - beginning	38,778	8,725	
Cash and investment fund balance - ending	\$ 19,489	\$ 26,460	\$ 17,868
Net assets:			
Cash and investments	\$ 19,489	\$ 26,460	

The accompany notes to the financial statements are an integral part of the financial information.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: South Central Community School Corporation

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with six other school corporations in a joint venture to operate the South LaPorte County Special Education Cooperative (Cooperative) which was created to provide appropriate public education to students identified as handicapped and legal residents of the member school corporations. The School Corporation is obligated by contract to remit a proportionate share of the Cooperative's costs based on enrollment figures. The Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Cooperative can be obtained from LaPorte Community School Corporation, 1921 "A" Street, LaPorte, IN 46350.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for the activities of the retirement severance bond fund, which accumulates resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit the students.

The agency fund accounts for assets held by the School Corporation as an agent for payroll and payroll withholdings.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected. Late billings for property taxes by the County Treasurer reduced the amount of property taxes that were available for distribution at June 30, 2007 and June 30, 2008.

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2007 and 2008, the following fund reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>
Textbook Rental	<u>\$ 17,670</u>	<u>\$ 368</u>

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

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

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

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	FY 2007	FY 2008
Other governmental	General	\$ 63,585	\$ 189
Other governmental	Transportation Operating	17,248	-
Other governmental	Debt Service	36,112	-
Other governmental	Capital Projects	25,218	-
Other governmental	School Bus Replacement	4,718	-
Other governmental	General	189	52,596
General	School Bus Replacement	-	19,879
Transportation Operating	General	-	17,248
Debt Service	General	-	36,112
Capital Projects	School Bus Replacement	-	25,218
School Bus Replacement	General	-	4,718
		<u>\$ 147,070</u>	<u>\$ 155,960</u>
Totals		<u>\$ 147,070</u>	<u>\$ 155,960</u>

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

C. Tax Anticipation Warrants

The School Corporation issued tax anticipation warrants for cash flow purposes in advance of property tax collections and/or state tuition support distributions, depositing the proceeds in the appropriate fund. Short-term debt balances for the years ended June 30, 2007 and 2008 were as follows:

Fund	FY 2007	FY 2008
General	\$ 857,736	\$ 1,200,334
Transportation Operating	233,607	311,616
Debt Service	354,868	443,482
Capital Projects	-	316,842
School Bus Replacement	-	31,672
Retirement Severance Bond	-	47,421

IV. Other Information

A. Risk Management

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

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees and Dependents

During 1986, the School Corporation joined with other governmental entities to form the Midwest Area School Employees' Insurance Trust (Trust), a public entity risk pool currently operating as a common risk management and insurance program for 17 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees and dependents. The School Corporation and its employees pay an annual premium to the risk pool for its medical coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$175,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$175,000 per event limit to the \$2,000,000 lifetime limit.

B. Holding Corporations

The School Corporation has entered into two capital leases with a holding corporation, South Central Community Building Corporation, (the lessor). The lessor was organized as not-for-profit corporations 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, 2007 and 2008, were \$769,900 and \$765,000, respectively.

C. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

Annual required contribution	\$	53,179
Interest on net pension obligation		(329)
Adjustment to annual required contribution		375
Annual pension cost		53,225
Contributions made		45,692
Increase in net pension obligation		7,533
Net pension obligation, beginning of year		(4,541)
Net pension obligation, end of year	\$	2,992

Contribution rates:

School Corporation		7%
Plan members		3%
Actuarial valuation date		07-01-08
Actuarial cost method		Entry age
Amortization method		Level percentage of projected payroll, closed
Amortization period		30 years
Amortization period (from date)		07-01-97
Asset valuation method		75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return		7.25%
Projected future salary increases:		
Total		5%
Attributed to inflation		4%
Attributed to merit/seniority		1%
Cost-of-living adjustments		2%

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

Three Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06-30-06	\$ 44,133	93%	\$ (12,463)
06-30-07	53,570	85%	(4,541)
06-30-08	53,225	86%	2,992

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

Teachers' Retirement Fund  
 150 West Market Street  
 Indianapolis, IN 46204  
 Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 20, 2008, 2007, and 2006, were \$159,694, \$156,049, and \$155,883, respectively. The School Corporation has actually contributed 100% of the required contribution for each of the fiscal years.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 811,884	\$ 867,042	\$ (55,158)	94%	\$ 787,595	(7%)
07-01-07	821,933	880,381	(58,448)	93%	785,149	(7%)
07-01-08	933,169	908,075	25,094	103%	721,372	3%

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	G/T Grant 2006-07	G/T Grant 2005-06
<b>Receipts:</b>							
Local sources	\$ 2,261	\$ 256,148	\$ 94,515	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	375	-	-
State sources	2,265	4,673	4,568	-	-	11,601	-
Federal sources	-	51,395	-	-	-	-	-
Sale of property, adjustments and refunds	-	2,098	640	-	-	13	-
<b>Total receipts</b>	<b>4,526</b>	<b>314,314</b>	<b>99,723</b>	<b>-</b>	<b>375</b>	<b>11,614</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	-	775	2,051
Support services	-	311,520	68,633	-	-	1,182	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	10,978	-	-	-	-	-	-
<b>Total disbursements</b>	<b>10,978</b>	<b>311,520</b>	<b>68,633</b>	<b>-</b>	<b>-</b>	<b>1,957</b>	<b>2,051</b>
Excess (deficiency) of receipts over disbursements	(6,452)	2,794	31,090	-	375	9,657	(2,051)
<b>Other financing sources (uses):</b>							
Transfers in	189	-	-	-	-	-	-
Transfers out	-	-	-	(147,070)	-	-	-
<b>Total other financing sources (uses)</b>	<b>189</b>	<b>-</b>	<b>-</b>	<b>(147,070)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,263)	2,794	31,090	(147,070)	375	9,657	(2,051)
Cash and investments - beginning	43,705	12,558	(48,760)	147,070	5,344	-	2,051
Cash and investments - ending	\$ 37,442	\$ 15,352	\$ (17,670)	\$ -	\$ 5,719	\$ 9,657	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 37,442	\$ 15,352	\$ (17,670)	\$ -	\$ 5,719	\$ 9,657	\$ -
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 37,442	\$ 15,352	\$ (17,670)	\$ -	\$ 5,719	\$ 9,657	\$ -

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	School Technology	Performance Based Awards	Access Indiana	Title I 2005-06	Title I 2006-07	Title V 2004-05	Title V 2005-06
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	5,324	-	-	-	-	-	-
Federal sources	-	-	-	7,400	69,621	-	-
Sale of property, adjustments and refunds	5,700	-	-	-	-	-	-
<b>Total receipts</b>	<b>11,024</b>	<b>-</b>	<b>-</b>	<b>7,400</b>	<b>69,621</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	53	-	16,985	56,142	-	-
Support services	5,648	-	-	1,390	1,084	277	2,212
Community services	-	-	-	13	119	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>5,648</b>	<b>53</b>	<b>-</b>	<b>18,388</b>	<b>57,345</b>	<b>277</b>	<b>2,212</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>5,376</b>	<b>(53)</b>	<b>-</b>	<b>(10,988)</b>	<b>12,276</b>	<b>(277)</b>	<b>(2,212)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>5,376</b>	<b>(53)</b>	<b>-</b>	<b>(10,988)</b>	<b>12,276</b>	<b>(277)</b>	<b>(2,212)</b>
<b>Cash and investments - beginning</b>	<b>8,483</b>	<b>665</b>	<b>1,138</b>	<b>10,988</b>	<b>-</b>	<b>277</b>	<b>2,212</b>
<b>Cash and investments - ending</b>	<b>\$ 13,859</b>	<b>\$ 612</b>	<b>\$ 1,138</b>	<b>\$ -</b>	<b>\$ 12,276</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>							
<b>Cash and investments</b>	<b>\$ 13,859</b>	<b>\$ 612</b>	<b>\$ 1,138</b>	<b>\$ -</b>	<b>\$ 12,276</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Unrestricted</b>	<b>\$ 13,859</b>	<b>\$ 612</b>	<b>\$ 1,138</b>	<b>\$ -</b>	<b>\$ 12,276</b>	<b>\$ -</b>	<b>\$ -</b>

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Drug Free Schools 2004-05	Drug Free Schools 2005-06	Carl Perkins Grant 05-06	Carl Perkins Grant 06-07	Title II Part A	Title II Part D	Totals
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352,924
Intermediate sources	-	-	-	-	-	-	375
State sources	-	-	-	-	-	-	28,431
Federal sources	-	3,148	-	8,925	22,091	-	162,580
Sale of property, adjustments and refunds	-	-	-	-	-	-	8,451
<b>Total receipts</b>	<b>-</b>	<b>3,148</b>	<b>-</b>	<b>8,925</b>	<b>22,091</b>	<b>-</b>	<b>552,761</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	781	1,017	292	8,640	22,081	904	109,721
Support services	310	88	-	-	-	-	392,344
Community services	-	-	-	-	-	-	132
Nonprogrammed charges	-	-	-	-	-	-	10,978
<b>Total disbursements</b>	<b>1,091</b>	<b>1,105</b>	<b>292</b>	<b>8,640</b>	<b>22,081</b>	<b>904</b>	<b>513,175</b>
Excess (deficiency) of receipts over disbursements	(1,091)	2,043	(292)	285	10	(904)	39,586
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	189
Transfers out	-	-	-	-	-	-	(147,070)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(146,881)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,091)	2,043	(292)	285	10	(904)	(107,295)
Cash and investments - beginning	1,091	-	292	-	10,897	1,810	199,821
Cash and investments - ending	\$ -	\$ 2,043	\$ -	\$ 285	\$ 10,907	\$ 906	\$ 92,526
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 2,043	\$ -	\$ 285	\$ 10,907	\$ 906	\$ 92,526
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ -	\$ 2,043	\$ -	\$ 285	\$ 10,907	\$ 906	\$ 92,526

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	Special Education Preschool	School Lunch	Textbook Rental	Educational License Plates	G/T Grant 2007-08	G/T Grant 2006-07	Instruction Support
<b>Receipts:</b>							
Local sources	\$ 4,060	\$ 278,963	\$ 88,178	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	188	-	-	-
State sources	3,418	5,681	9,205	-	28,959	-	-
Federal sources	-	71,781	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	240	723	-	-	-	-
<b>Total receipts</b>	<b>7,478</b>	<b>356,665</b>	<b>98,106</b>	<b>188</b>	<b>28,959</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	517	1,606	8,765
Support services	-	343,200	80,804	-	-	8,051	8,145
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	27,756	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>27,756</b>	<b>343,200</b>	<b>80,804</b>	<b>-</b>	<b>517</b>	<b>9,657</b>	<b>16,910</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(20,278)</b>	<b>13,465</b>	<b>17,302</b>	<b>188</b>	<b>28,442</b>	<b>(9,657)</b>	<b>(16,910)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	28,442
Transfers out	(189)	-	-	-	(28,442)	-	-
<b>Total other financing sources (uses)</b>	<b>(189)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,442)</b>	<b>-</b>	<b>28,442</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(20,467)</b>	<b>13,465</b>	<b>17,302</b>	<b>188</b>	<b>-</b>	<b>(9,657)</b>	<b>11,532</b>
<b>Cash and investments - beginning</b>	<b>37,442</b>	<b>15,352</b>	<b>(17,670)</b>	<b>5,719</b>	<b>-</b>	<b>9,657</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ 16,975</b>	<b>\$ 28,817</b>	<b>\$ (368)</b>	<b>\$ 5,907</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,532</b>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 16,975	\$ 28,817	\$ (368)	\$ 5,907	\$ -	\$ -	\$ 11,532
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 16,975</b>	<b>\$ 28,817</b>	<b>\$ (368)</b>	<b>\$ 5,907</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,532</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	16,975	28,817	(368)	5,907	-	-	11,532
<b>Total cash and investment fund balance - ending</b>	<b>\$ 16,975</b>	<b>\$ 28,817</b>	<b>\$ (368)</b>	<b>\$ 5,907</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,532</b>

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	School Technology	Performance Based Awards	Access Indiana	IASA Title I	Title I 2006-07	Title I 2007-08	IASA Title V
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	14,024	-	-	-	-	-	-
Federal sources	-	-	-	48,600	6,900	34,206	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>14,024</b>	<b>-</b>	<b>-</b>	<b>48,600</b>	<b>6,900</b>	<b>34,206</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	44,435	16,449	25,055	-
Support services	9,420	-	-	1,219	836	1,380	-
Community services	-	-	-	-	-	85	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>9,420</b>	<b>-</b>	<b>-</b>	<b>45,654</b>	<b>17,285</b>	<b>26,520</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	4,604	-	-	2,946	(10,385)	7,686	-
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	9,577	-	-	169
Transfers out	-	-	-	-	(1,891)	(7,686)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,577</b>	<b>(1,891)</b>	<b>(7,686)</b>	<b>169</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,604	-	-	12,523	(12,276)	-	169
Cash and investments - beginning	13,859	612	1,138	-	12,276	-	-
Cash and investments - ending	<u>\$ 18,463</u>	<u>\$ 612</u>	<u>\$ 1,138</u>	<u>\$ 12,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 18,463	\$ 612	\$ 1,138	\$ 12,523	\$ -	\$ -	\$ 169
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 18,463</b>	<b>\$ 612</b>	<b>\$ 1,138</b>	<b>\$ 12,523</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 169</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	18,463	612	1,138	12,523	-	-	169
<b>Total cash and investment fund balance - ending</b>	<b>\$ 18,463</b>	<b>\$ 612</b>	<b>\$ 1,138</b>	<b>\$ 12,523</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 169</b>

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Title V 2006-07	Drug Free Schools 2007-08	Drug Free Schools 2005-06	Drug Free Schools 2006-07	Vocational and Technical Board Grants	Carl Perkins Grant 06-07	Carl Perkins Grant 07-08
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	1,089	1,270	-	1,270	-	-	8,925
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>1,089</b>	<b>1,270</b>	<b>-</b>	<b>1,270</b>	<b>-</b>	<b>-</b>	<b>8,925</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	122	282	535	8,925	285	-
Support services	920	159	1,761	735	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>920</b>	<b>281</b>	<b>2,043</b>	<b>1,270</b>	<b>8,925</b>	<b>285</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	169	989	(2,043)	-	(8,925)	(285)	8,925
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	8,925	-	-
Transfers out	(169)	-	-	-	-	-	(8,925)
<b>Total other financing sources (uses)</b>	<b>(169)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,925</b>	<b>-</b>	<b>(8,925)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	989	(2,043)	-	-	(285)	-
Cash and investments - beginning	-	-	2,043	-	-	285	-
Cash and investments - ending	\$ -	\$ 989	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 989	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 989</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	989	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 989</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Title II Part A	Title II Part D	LSTA Tech Grant 04	LSTA Tech Grant 05	Retirement Severance Bond	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 94,248	\$ 465,449
Intermediate sources	-	-	-	-	-	188
State sources	-	-	-	-	-	61,287
Federal sources	22,194	-	4,985	-	-	201,220
Bonds and loans	-	-	-	-	112,921	112,921
Sale of property, adjustments and refunds	-	-	-	-	-	963
<b>Total receipts</b>	<b>22,194</b>	<b>-</b>	<b>4,985</b>	<b>-</b>	<b>207,169</b>	<b>842,028</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	25,547	906	-	-	-	133,429
Support services	-	-	(498)	5,483	-	461,615
Community services	-	-	-	-	-	85
Nonprogrammed charges	-	-	-	-	-	27,756
Debt services	-	-	-	-	161,358	161,358
<b>Total disbursements</b>	<b>25,547</b>	<b>906</b>	<b>(498)</b>	<b>5,483</b>	<b>161,358</b>	<b>784,243</b>
Excess (deficiency) of receipts over disbursements	(3,353)	(906)	5,483	(5,483)	45,811	57,785
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	5,483	-	52,596
Transfers out	-	-	(5,483)	-	-	(52,785)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(5,483)</b>	<b>5,483</b>	<b>-</b>	<b>(189)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,353)	(906)	-	-	45,811	57,596
Cash and investments - beginning	10,907	906	-	-	-	92,526
Cash and investments - ending	<u>\$ 7,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,811</u>	<u>\$ 150,122</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 7,554	\$ -	\$ -	\$ -	\$ -	\$ 104,311
Restricted assets:						
Cash and investments	-	-	-	-	45,811	45,811
<b>Total cash and investment assets - ending</b>	<u>\$ 7,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,811</u>	<u>\$ 150,122</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 45,811	\$ 45,811
Unrestricted	7,554	-	-	-	-	104,311
<b>Total cash and investment fund balance - ending</b>	<u>\$ 7,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,811</u>	<u>\$ 150,122</u>

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2007

	<u>South Central Elementary Computer</u>	<u>Scholarships And Awards</u>	<u>Shared Win*Tax</u>	<u>Totals</u>
Additions:				
Contributions:				
Other	\$ 70	\$ -	\$ 20,046	\$ 20,116
Investment earnings:				
Interest	-	51	-	51
Total additions	<u>70</u>	<u>51</u>	<u>20,046</u>	<u>20,167</u>
Deductions:				
Administrative and general	-	100	43,842	43,942
Excess (deficiency) of total additions over total deductions	70	(49)	(23,796)	(23,775)
Cash and investment fund balance - beginning	-	1,967	30,533	32,500
Cash and Investments - June 30	<u>\$ 70</u>	<u>\$ 1,918</u>	<u>\$ 6,737</u>	<u>\$ 8,725</u>
Net assets:				
Cash and investments	<u>\$ 70</u>	<u>\$ 1,918</u>	<u>\$ 6,737</u>	<u>\$ 8,725</u>

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2008

	South Central Elementary Computer	Scholarships And Awards	Shared Win*Tax	Indiana Next	Totals
Additions:					
Contributions:					
Other	\$ 3,055	\$ -	\$ 19,434	\$ 2,500	\$ 24,989
Investment earnings:					
Interest	-	62	-	-	62
Total additions	<u>3,055</u>	<u>62</u>	<u>19,434</u>	<u>2,500</u>	<u>25,051</u>
Deductions:					
Administrative and general	-	-	7,316	-	7,316
Excess of total additions over total deductions	3,055	62	12,118	2,500	17,735
Cash and investment fund balance - beginning	<u>70</u>	<u>1,918</u>	<u>6,737</u>	-	<u>8,725</u>
Cash and Investments - June 30	<u>\$ 3,125</u>	<u>\$ 1,980</u>	<u>\$ 18,855</u>	<u>\$ 2,500</u>	<u>\$ 26,460</u>
Net assets:					
Cash and investments	<u>\$ 3,125</u>	<u>\$ 1,980</u>	<u>\$ 18,855</u>	<u>\$ 2,500</u>	<u>\$ 26,460</u>

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 As of June 30, 2008

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:	
Capital assets, not being depreciated:	
Land	\$ 16,150
Buildings	11,819,796
Improvements other than buildings	474,085
Machinery and equipment	4,531,512
Vehicles	<u>1,088,057</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 17,929,600</u>

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 As of June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
1996 building additions and renovations	\$ 5,935,000	\$ 768,400
2008 building additions and renovations	6,460,000	-
Bonds payable:		
Pension severance bond	1,000,000	91,197
Common school loan payable	<u>32,864</u>	<u>14,921</u>
Total governmental activities debt	<u>\$ 13,427,864</u>	<u>\$ 874,518</u>

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
EXAMINATION RESULT AND COMMENT

OVERDRAWN FUND BALANCES

The Textbook Rental Fund was overdrawn \$17,670 and \$368 on June 30, 2007 and 2008, respectively.

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on June 18, 2009, with Kara S. Schoch, Treasurer; Daniel L. Younggreen, President of the School Board; and Christopher A. Smith, Superintendent of Schools. The officials concurred with our finding.