

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

AUDIT REPORT
OF
SOUTH KNOX SCHOOL CORPORATION
KNOX COUNTY, INDIANA
July 1, 2007 to June 30, 2009



FILED

03/05/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	G. Darlene Small	07-01-07 to 06-30-10
Superintendent of Schools	Bradley D. Case	07-01-07 to 06-30-10
President of the School Board	Larry F. Holscher Dennis D. Carnahan Donald R. Page	07-01-07 to 06-30-08 07-01-08 to 06-30-09 07-01-09 to 06-30-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE SOUTH KNOX SCHOOL CORPORATION, KNOX COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Knox School Corporation (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 16, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 16, 2010



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

TO: THE OFFICIALS OF THE SOUTH KNOX SCHOOL CORPORATION, KNOX COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Knox School Corporation (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

STATE BOARD OF ACCOUNTS

February 16, 2010

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 5,102,795	\$ -	\$ 137,035	\$ (4,965,760)
Support services	3,665,678	260,878	158,114	(3,246,686)
Noninstructional services	490,065	-	-	(490,065)
Facilities acquisition and construction	522,573	-	-	(522,573)
Debt service	4,247,706	-	-	(4,247,706)
Nonprogrammed charges	<u>222,575</u>	<u>-</u>	<u>-</u>	<u>(222,575)</u>
Total governmental activities	<u>\$ 14,251,392</u>	<u>\$ 260,878</u>	<u>\$ 295,149</u>	<u>(13,695,365)</u>
General receipts:				
Property taxes				5,827,727
Other local sources				812,517
State aid				3,361,799
Bonds and loans				2,000,000
Grants and contributions not restricted to specific programs				518,924
Sale of property				1,089
Investment earnings				73,961
Other				<u>4,361</u>
Total general receipts				<u>12,600,378</u>
Change in net assets				(1,094,987)
Net assets - beginning				<u>2,237,627</u>
Net assets - ending				<u>\$ 1,142,640</u>
<u>Assets</u>				
Cash and investments				<u>\$ 1,142,640</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 1,142,640</u>

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

SOUTH KNOX SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 5,081,541	\$ -	\$ 159,283	\$ (4,922,258)
Support services	3,787,012	292,165	166,290	(3,328,557)
Noninstructional services	537,944	-	-	(537,944)
Facilities acquisition and construction	402,110	-	-	(402,110)
Debt service	3,230,130	-	-	(3,230,130)
Nonprogrammed charges	<u>194,540</u>	<u>-</u>	<u>-</u>	<u>(194,540)</u>
Total governmental activities	<u>\$ 13,233,277</u>	<u>\$ 292,165</u>	<u>\$ 325,573</u>	<u>(12,615,539)</u>
General receipts:				
Property taxes				6,755,949
Other local sources				780,550
State aid				4,390,756
Bonds and loans				1,500,000
Grants and contributions not restricted to specific programs				992,969
Sale of property				564
Investment earnings				56,221
Other				<u>318,200</u>
Total general receipts				<u>14,795,209</u>
Change in net assets				2,179,670
Net assets - beginning				<u>1,142,640</u>
Net assets - ending				<u>\$ 3,322,310</u>
<u>Assets</u>				
Cash and investments				<u>\$ 3,322,310</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 3,322,310</u>

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

SOUTH KNOX 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	Special Education Preschool	Rainy Day	Levy Excess	Capital Projects	Other	Totals
Receipts:								
Local sources	\$ 3,095,401	\$ 1,129,763	\$ 9,381	\$ -	\$ -	\$ 1,068,794	\$ 1,659,182	\$ 6,962,521
Intermediate sources	448	-	-	-	-	-	12,113	12,561
State sources	3,468,868	-	19,268	-	-	-	64,827	3,552,963
Federal sources	7,600	-	-	-	-	-	615,310	622,910
Temporary loans	1,200,000	250,000	-	-	-	550,000	-	2,000,000
Other	2,534	723	-	-	-	104	1,000	4,361
Total receipts	7,774,851	1,380,486	28,649	-	-	1,618,898	2,352,432	13,155,316
Disbursements:								
Current:								
Instruction	4,621,717	-	8,569	107,226	-	-	365,283	5,102,795
Support services	1,545,162	1,017,807	17,681	76,544	-	736,108	272,376	3,665,678
Noninstructional services	116,717	-	-	-	-	-	373,348	490,065
Facilities acquisition and construction	-	-	-	78,269	-	444,304	-	522,573
Debt services	1,500,000	500,000	-	-	-	575,000	1,672,706	4,247,706
Nonprogrammed charges	200,554	-	4,758	-	-	-	769	206,081
Total disbursements	7,984,150	1,517,807	31,008	262,039	-	1,755,412	2,684,482	14,234,898
Excess (deficiency) of receipts over disbursements	(209,299)	(137,321)	(2,359)	(262,039)	-	(136,514)	(332,050)	(1,079,582)
Other financing sources (uses):								
Sale of capital assets	841	-	-	-	-	-	248	1,089
Transfers in	-	-	-	485,000	36,658	-	12,474	534,132
Transfers out	(74,532)	(306,415)	(54)	-	-	(6,052)	(204,944)	(591,997)
Total other financing sources (uses)	(73,691)	(306,415)	(54)	485,000	36,658	(6,052)	(192,222)	(56,776)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(282,990)	(443,736)	(2,413)	222,961	36,658	(142,566)	(524,272)	(1,136,358)
Cash and investments - beginning	758,304	236,122	106,606	531,002	-	62,915	257,313	1,952,262
Cash and investments - ending	\$ 475,314	\$ (207,614)	\$ 104,193	\$ 753,963	\$ 36,658	\$ (79,651)	\$ (266,959)	815,904
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								326,736
Net assets of governmental activities								\$ 1,142,640
Cash and Investment Assets - Ending								
Cash and investments	\$ 475,314	\$ (207,614)	\$ 104,193	\$ 753,963	\$ 36,658	\$ (79,651)	\$ (266,959)	\$ 815,904
Cash and Investment Fund Balance - Ending								
Unrestricted	\$ 475,314	\$ (207,614)	\$ 104,193	\$ 753,963	\$ 36,658	\$ (79,651)	\$ (266,959)	\$ 815,904

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

SOUTH KNOX SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Transportation Operating	Special Education Preschool	Rainy Day	Levy Excess	Fiscal Stabilization	Capital Projects	Other	Totals
Receipts:									
Local sources	\$ 3,414,215	\$ 1,217,746	\$ 9,389	\$ -	\$ -	\$ -	\$ 1,098,665	\$ 2,126,033	\$ 7,866,048
Intermediate sources	4,988	-	-	-	-	-	-	13,849	18,837
State sources	4,520,074	-	16,418	-	-	-	-	55,033	4,591,525
Federal sources	13,182	-	-	-	-	550,931	-	553,661	1,117,774
Temporary loans	500,000	500,000	-	-	-	-	500,000	-	1,500,000
Other	6,600	1,615	-	-	-	-	267	1,260	9,742
Total receipts	8,459,059	1,719,361	25,807	-	-	550,931	1,598,932	2,749,836	15,103,926
Disbursements:									
Current:									
Instruction	4,521,972	-	7,779	141,547	-	2,275	-	407,968	5,081,541
Support services	1,802,795	1,056,144	34,575	-	-	23,944	707,240	162,314	3,787,012
Noninstructional services	123,786	-	-	-	-	-	-	414,158	537,944
Facilities acquisition and construction	-	-	-	145,989	-	-	256,121	-	402,110
Debt services	1,200,000	250,000	-	-	-	-	550,000	1,230,130	3,230,130
Nonprogrammed charges	189,207	-	5,333	-	-	-	-	-	194,540
Total disbursements	7,837,760	1,306,144	47,687	287,536	-	26,219	1,513,361	2,214,570	13,233,277
Excess (deficiency) of receipts over disbursements	621,299	413,217	(21,880)	(287,536)	-	524,712	85,571	535,266	1,870,649
Other financing sources (uses):									
Sale of capital assets	564	-	-	-	-	-	-	-	564
Transfers in	-	-	-	-	378,675	-	-	15,460	394,135
Transfers out	(170,292)	(62,055)	(492)	-	-	-	(56,049)	(105,247)	(394,135)
Total other financing sources (uses)	(169,728)	(62,055)	(492)	-	378,675	-	(56,049)	(89,787)	564
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	451,571	351,162	(22,372)	(287,536)	378,675	524,712	29,522	445,479	1,871,213
Cash and investments - beginning	475,314	(207,614)	104,193	753,963	36,658	-	(79,651)	(266,959)	815,904
Cash and investments - ending	<u>\$ 926,885</u>	<u>\$ 143,548</u>	<u>\$ 81,821</u>	<u>\$ 466,427</u>	<u>\$ 415,333</u>	<u>\$ 524,712</u>	<u>\$ (50,129)</u>	<u>\$ 178,520</u>	<u>2,687,117</u>
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:									
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.									
									635,193
Net assets of governmental activities									<u>\$ 3,322,310</u>
Cash and Investment Assets - Ending									
Cash and investments	<u>\$ 926,885</u>	<u>\$ 143,548</u>	<u>\$ 81,821</u>	<u>\$ 466,427</u>	<u>\$ 415,333</u>	<u>\$ 524,712</u>	<u>\$ (50,129)</u>	<u>\$ 178,520</u>	<u>\$ 2,687,117</u>
Cash and Investment Fund Balance - Ending									
Unrestricted	<u>\$ 926,885</u>	<u>\$ 143,548</u>	<u>\$ 81,821</u>	<u>\$ 466,427</u>	<u>\$ 415,333</u>	<u>\$ 524,712</u>	<u>\$ (50,129)</u>	<u>\$ 178,520</u>	<u>\$ 2,687,117</u>

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

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

	Internal Service Fund
Operating receipts:	
Charges for services	\$ <u>107,626</u>
Operating disbursements:	
Insurance claims and expense	83,168
Other	<u>40,952</u>
Total operating disbursements	<u>124,120</u>
Deficiency of operating receipts over operating disbursements	(16,494)
Transfers in	<u>57,865</u>
Change in net assets	41,371
Cash and investment fund balance - beginning	<u>285,365</u>
Cash and investment fund balance - ending	<u>\$ 326,736</u>
<u>Cash and Investment Assets - Ending</u>	
Cash and investments	<u>\$ 326,736</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Unrestricted	<u>\$ 326,736</u>

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

SOUTH KNOX SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2009

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 119,100
Miscellaneous	320,521
Total operating receipts	439,621
Operating disbursements:	
Other	131,164
Change in net assets	308,457
Cash and investment fund balance - beginning	326,736
Cash and investment fund balance - ending	\$ 635,193
<u>Cash and Investment Assets - Ending</u>	
Cash and investments	\$ 635,193
<u>Cash and Investment Fund Balance - Ending</u>	
Unrestricted	\$ 635,193

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

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

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 12,277	
Deductions:		
Administrative and general	16,769	
Deficiency of total additions over total deductions	(4,492)	
Cash and investment fund balance - beginning	11,714	
Cash and investment fund balance - ending	<u>\$ 7,222</u>	<u>\$ 66,504</u>
Net assets:		
Cash and investments	\$ 7,222	
Total net assets - cash and investment basis held in trust	<u>\$ 7,222</u>	

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

SOUTH KNOX SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 41,172	
Deductions:		
Administrative and general	43,043	
Deficiency of total additions over total deductions	(1,871)	
Cash and investment fund balance - beginning	7,222	
Cash and investment fund balance - ending	<u>\$ 5,351</u>	<u>\$ 69,311</u>
Net assets:		
Cash and investments	<u>\$ 5,351</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 5,351</u>	

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

SOUTH KNOX 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 Knox 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 Vincennes Community School Corporation and North Knox School Corporation in a joint venture to operate the Knox County Special Education Cooperative which was created to provide instruction to handicapped children. The School Corporation is obligated by contract to remit annually its share of the budget as determined by the cooperative's governing board. The Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Cooperative can be obtained from the Knox County Special Education Cooperative's Administration Office at 1545 S. Hart Street Road, Vincennes, IN 47591.

The School Corporation is a participant with twelve other school corporations in a joint venture to operate the Twin Rivers Career and Technical Area which was created to provide vocational programs for students of participating school corporations. The School Corporation is obligated by contract to remit annually its share of the budget as determined by the Career and Technical Area's governing board. The Career and Technical Area's continued existence depends on continued funding by the School Corporations. Complete financial statements for the Twin Rivers Career and Technical Area can be obtained from 20 N 3rd Street, Vincennes, IN 47591.

The School Corporation is a participant with 39 other school corporations in a joint venture to operate the Southern Indiana Education Center (SIEC) which was created to operate and maintain an education service center. The School Corporation is obligated by contract to remit an annual fee for membership in an amount determined by the governing board of the SIEC. The SIEC's continued existence depends on continued funding by the School Corporation. Complete financial statements for SIEC can be obtained from Southwest Dubois School Corporation, 113 N. Jackson St., Huntingburg, IN 47542.

The School Corporation is a participant with 9 other school corporations in a joint venture to operate the Southern Indiana School Trust which was created to provide a program of group insurance. The Trust provides long-term disability, life, dental and vision self-insurance coverage for

SOUTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

participants. Southern Indiana School Trust's continued existence depends on continued funding by the School Corporations. Complete financial statements can be obtained from the Southwest Dubois School Corporation, 113 N. Jackson St., Huntingburg, IN 47542.

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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

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

The special education preschool fund accounts for financial resources used to educate children with special needs.

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

The levy excess fund accounts for financial resources from property taxes received over the maximum levy that the school corporation is allowed to collect in any one year.

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

The fiscal stabilization fund - education (stimulus) fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for health insurance provided to other departments on a cost-reimbursement basis.

SOUTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The private-purpose trust funds report a trust arrangement under which principal and income benefit the school corporation and students.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are 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

SOUTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

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

E. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund 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.

SOUTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

SOUTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Cash and Investment Balance Deficits

At June 30, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2008	2009
Transportation Operating	\$ 207,614	\$ -
Capital Projects	79,651	50,129
Title V-A Fy 2007-08	400	-
Title II-A NCLB Improved Teaching	2,713	-
Debt Service	422,179	27,023
Retirement Severance Bond	66,785	78,764

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's deposit policy for custodial credit risk is to only deposit its funds in banks which are insured by the federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories. At June 30, 2009, the School Corporation had deposit balances in the amount of \$3,396,973. None of these dollars were exposed to custodial credit risk.

B. Interfund Transfers

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

Transfer From	Transfer To	2008	2009
General Fund	Lewy Excess	\$ 16,667	\$ 170,292
General Fund	Internal Service Fund	57,865	-
Transportation	Rainy Day	300,000	-
Transportation	Lewy Excess	6,415	62,055
Capital Projects	Lewy Excess	6,052	56,049
Special Education Preschool	Lewy Excess	54	492
Other governmental funds	Rainy Day	185,000	-
Other governmental funds	Other governmental funds	12,474	15,460
Other governmental funds	Lewy Excess	7,470	89,787
Totals		<u>\$ 591,997</u>	<u>\$ 394,135</u>

SOUTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past 3 years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents (Excluding Postemployment Benefits)

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees. The risk financing fund is accounted for in the Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$50,000 per year. Settled claims resulting from this risk did not exceed commercial insurance in the past 3 years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund, and are reported as quasi-external interfund transactions.

B. Holding Corporation

The School Corporation has entered into a capital lease with the South Knox 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 year ended June 30, 2009, totaled \$947,350.

C. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State

SOUTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 80,246
Interest on net pension obligation	(5,395)
Adjustment to annual required contribution	6,148
Annual pension cost	80,999
Contributions made	78,023
Increase in net pension obligation	2,976
Net pension obligation, beginning of year	(74,418)
Net pension obligation, end of year	\$ (71,442)

SOUTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Contribution rates:	
School Corporation	7.25%
Plan members	3%
Actuarial valuation date	07-01-04
Actuarial cost method	Entry age
Amortization method	Level
	percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	4 year smoothed market

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 61,733	122%	\$ (77,450)
	06-30-07	80,234	96%	(74,418)
	06-30-08	80,099	96%	(71,442)

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.

SOUTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 30, 2007, 2008, and 2009, were \$207,716, \$218,561, and \$233,060, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

SOUTH KNOX 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)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 1,127,347	\$ 1,326,906	\$ (199,559)	85%	\$ 1,024,418	(19%)
07-01-07	1,306,301	1,480,229	(173,928)	88%	1,038,303	(17%)
07-01-08	1,322,999	1,469,010	(146,011)	90%	1,100,224	(13%)

SOUTH KNOX 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

	School Lunch	Textbook Rental	Educational License Plates	Career Counseling	Gifted/ Talented	School Technology
Receipts:						
Local sources	\$ 254,196	\$ 79,780	\$ -	\$ -	\$ -	\$ 600
Intermediate sources	-	-	694	-	-	-
State sources	7,367	24,694	-	-	30,266	-
Federal sources	126,054	-	-	-	-	7,334
Other	700	300	-	-	-	-
Total receipts	388,317	104,774	694	-	30,266	7,934
Disbursements:						
Current:						
Instruction	-	-	-	654	22,988	-
Support services	885	109,383	-	3,002	1,704	7,944
Noninstructional services	370,881	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	769	-	-	-
Total disbursements	371,766	109,383	769	3,656	24,692	7,944
Excess (deficiency) of receipts over disbursements	16,551	(4,609)	(75)	(3,656)	5,574	(10)
Other financing sources (uses):						
Sale of capital assets	235	13	-	-	-	-
Transfers in	-	7,380	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	235	7,393	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,786	2,784	(75)	(3,656)	5,574	(10)
Cash and investments - beginning	39,371	39,625	75	3,656	1,486	10
Cash and investments - ending	<u>\$ 56,157</u>	<u>\$ 42,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,060</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 56,157</u>	<u>\$ 42,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,060</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 56,157</u>	<u>\$ 42,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,060</u>	<u>\$ -</u>

SOUTH KNOX 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)

	Access Indiana	Advanced Academic Excellence	Title I FY 2007	Title V-A FY 2007-08	Title V-A FY 2008-09	Title V-A FY 2006-07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	11,419	-	-	-	-
State sources	2,500	-	-	-	-	-
Federal sources	-	-	14,900	84,670	-	-
Other	-	-	-	-	-	-
Total receipts	2,500	11,419	14,900	84,670	-	-
Disbursements:						
Current:						
Instruction	-	9,676	20,771	62,979	400	-
Support services	2,195	-	-	13,552	-	3,716
Noninstructional services	-	-	277	2,190	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	2,195	9,676	21,048	78,721	400	3,716
Excess (deficiency) of receipts over disbursements	305	1,743	(6,148)	5,949	(400)	(3,716)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	2,500
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	2,500
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	305	1,743	(6,148)	5,949	(400)	(1,216)
Cash and investments - beginning	-	3,140	6,148	-	-	1,492
Cash and investments - ending	<u>\$ 305</u>	<u>\$ 4,883</u>	<u>\$ -</u>	<u>\$ 5,949</u>	<u>\$ (400)</u>	<u>\$ 276</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 305</u>	<u>\$ 4,883</u>	<u>\$ -</u>	<u>\$ 5,949</u>	<u>\$ (400)</u>	<u>\$ 276</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 305</u>	<u>\$ 4,883</u>	<u>\$ -</u>	<u>\$ 5,949</u>	<u>\$ (400)</u>	<u>\$ 276</u>

SOUTH KNOX 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)

	IDEA Part B FY 2007	IDEA Part B FY 2007 Carryover	IDEA Part B FY 2008	Drug Free Schools FY 2007	Drug Free Schools FY 2008	Title II-A NCLB Improved Teaching
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	200,960	-	2,731	36,227
Other	-	-	-	-	-	-
Total receipts	-	-	200,960	-	2,731	36,227
Disbursements:						
Current:						
Instruction	54,421	2,594	151,444	25	-	39,068
Support services	-	-	-	447	1,925	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	54,421	2,594	151,444	472	1,925	39,068
Excess (deficiency) of receipts over disbursements	(54,421)	(2,594)	49,516	(472)	806	(2,841)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	2,594	-	-	-	-
Transfers out	(2,594)	-	-	-	-	(2,500)
Total other financing sources (uses)	(2,594)	2,594	-	-	-	(2,500)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(57,015)	-	49,516	(472)	806	(5,341)
Cash and investments - beginning	57,015	-	-	472	(806)	2,628
Cash and investments - ending	\$ -	\$ -	\$ 49,516	\$ -	\$ -	\$ (2,713)
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 49,516	\$ -	\$ -	\$ (2,713)
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ -	\$ 49,516	\$ -	\$ -	\$ (2,713)

SOUTH KNOX 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-D Enhanced Technology	Debt Service	Retirement Severance Bond	Bus Replacement	Totals
Receipts:					
Local sources	\$ -	\$ 1,048,031	\$ 226,134	\$ 50,441	\$ 1,659,182
Intermediate sources	-	-	-	-	12,113
State sources	-	-	-	-	64,827
Federal sources	142,434	-	-	-	615,310
Other	-	-	-	-	1,000
	<u>142,434</u>	<u>1,048,031</u>	<u>226,134</u>	<u>50,441</u>	<u>2,352,432</u>
Disbursements:					
Current:					
Instruction	263	-	-	-	365,283
Support services	127,623	-	-	-	272,376
Noninstructional services	-	-	-	-	373,348
Debt services	-	1,377,747	294,959	-	1,672,706
Nonprogrammed charges	-	-	-	-	769
	<u>127,886</u>	<u>1,377,747</u>	<u>294,959</u>	<u>-</u>	<u>2,684,482</u>
Excess (deficiency) of receipts over disbursements	<u>14,548</u>	<u>(329,716)</u>	<u>(68,825)</u>	<u>50,441</u>	<u>(332,050)</u>
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	248
Transfers in	-	-	-	-	12,474
Transfers out	-	(113,279)	(1,288)	(85,283)	(204,944)
	<u>-</u>	<u>(113,279)</u>	<u>(1,288)</u>	<u>(85,283)</u>	<u>(192,222)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,548	(442,995)	(70,113)	(34,842)	(524,272)
Cash and investments - beginning	-	20,816	3,328	78,857	257,313
Cash and investments - ending	<u>\$ 14,548</u>	<u>\$ (422,179)</u>	<u>\$ (66,785)</u>	<u>\$ 44,015</u>	<u>\$ (266,959)</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 14,548</u>	<u>\$ (422,179)</u>	<u>\$ (66,785)</u>	<u>\$ 44,015</u>	<u>\$ (266,959)</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 14,548</u>	<u>\$ (422,179)</u>	<u>\$ (66,785)</u>	<u>\$ 44,015</u>	<u>\$ (266,959)</u>

SOUTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	School Lunch	Textbook Rental	Educational License Plates	Gifted/ Talented	School Technology	Access Indiana
Receipts:						
Local sources	\$ 274,553	\$ 78,663	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	713	-	3,136	-
State sources	6,494	17,773	-	30,266	-	-
Federal sources	142,023	-	-	-	9,372	-
Other	650	300	-	-	310	-
Total receipts	423,720	96,736	713	30,266	12,818	-
Disbursements:						
Current:						
Instruction	-	-	713	23,767	7,658	-
Support services	1,752	100,013	-	2,534	1,374	302
Noninstructional services	412,451	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	414,203	100,013	713	26,301	9,032	302
Excess (deficiency) of receipts over disbursements	9,517	(3,277)	-	3,965	3,786	(302)
Other financing sources (uses);						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(3)
Total other financing sources (uses)	-	-	-	-	-	(3)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,517	(3,277)	-	3,965	3,786	(305)
Cash and investments - beginning	56,157	42,409	-	7,060	-	305
Cash and investments - ending	<u>\$ 65,674</u>	<u>\$ 39,132</u>	<u>\$ -</u>	<u>\$ 11,025</u>	<u>\$ 3,786</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 65,674</u>	<u>\$ 39,132</u>	<u>\$ -</u>	<u>\$ 11,025</u>	<u>\$ 3,786</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 65,674</u>	<u>\$ 39,132</u>	<u>\$ -</u>	<u>\$ 11,025</u>	<u>\$ 3,786</u>	<u>\$ -</u>

SOUTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Advanced Academic Excellence	Indiana Tobacco Use Prevention	Title I FY 2008 I	Title I FY 2008 II	Title V-A FY 2007-08	Title V-A FY 2008-09
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	10,000	-	-	-	-	-
State sources	-	500	-	-	-	-
Federal sources	-	-	15,500	88,725	-	1,689
Other	-	-	-	-	-	-
Total receipts	10,000	500	15,500	88,725	-	1,689
Disbursements:						
Current:						
Instruction	11,618	-	19,420	80,478	-	-
Support services	-	500	-	-	276	3,410
Noninstructional services	-	-	-	1,707	-	-
Debt services	-	-	-	-	-	-
Total disbursements	11,618	500	19,420	82,185	276	3,410
Excess (deficiency) of receipts over disbursements	(1,618)	-	(3,920)	6,540	(276)	(1,721)
Other financing sources (uses):						
Transfers in	-	-	-	2,029	-	2,500
Transfers out	-	-	(2,029)	-	-	-
Total other financing sources (uses)	-	-	(2,029)	2,029	-	2,500
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,618)	-	(5,949)	8,569	(276)	779
Cash and investments - beginning	4,883	-	5,949	(400)	276	-
Cash and investments - ending	<u>\$ 3,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,169</u>	<u>\$ -</u>	<u>\$ 779</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 3,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,169</u>	<u>\$ -</u>	<u>\$ 779</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 3,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,169</u>	<u>\$ -</u>	<u>\$ 779</u>

SOUTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	IDEA Part B FY 2008	IDEA Part B FY 2009	IDEA Part B FY 2008 Carryover	Drug Free Schools FY 2009	Title II-A NCLB Improved Teaching	Title II-D Enhanced Technology
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	221,773	-	2,728	41,451	20,000
Other	-	-	-	-	-	-
Total receipts	-	221,773	-	2,728	41,451	20,000
Disbursements:						
Current:						
Instruction	38,590	179,171	10,926	-	35,449	-
Support services	-	-	-	2,508	-	21,804
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	38,590	179,171	10,926	2,508	35,449	21,804
Excess (deficiency) of receipts over disbursements	(38,590)	42,602	(10,926)	220	6,002	(1,804)
Other financing sources (uses):						
Transfers in	1	-	10,927	-	-	3
Transfers out	(10,927)	-	(1)	-	(2,500)	-
Total other financing sources (uses)	(10,926)	-	10,926	-	(2,500)	3
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(49,516)	42,602	-	220	3,502	(1,801)
Cash and investments - beginning	49,516	-	-	-	(2,713)	14,548
Cash and investments - ending	<u>\$ -</u>	<u>\$ 42,602</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 789</u>	<u>\$ 12,747</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ -</u>	<u>\$ 42,602</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 789</u>	<u>\$ 12,747</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ -</u>	<u>\$ 42,602</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 789</u>	<u>\$ 12,747</u>

SOUTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Title I Stimulus	Debt Service	Retirement Severance Bond	Bus Replacement	Totals
Receipts:					
Local sources	\$ -	\$ 1,477,629	\$ 221,818	\$ 73,370	\$ 2,126,033
Intermediate sources	-	-	-	-	13,849
State sources	-	-	-	-	55,033
Federal sources	10,400	-	-	-	553,661
Other	-	-	-	-	1,260
Total receipts	10,400	1,477,629	221,818	73,370	2,749,836
Disbursements:					
Current:					
Instruction	178	-	-	-	407,968
Support services	-	60	-	27,781	162,314
Noninstructional services	-	-	-	-	414,158
Debt services	-	1,007,688	222,442	-	1,230,130
Total disbursements	178	1,007,748	222,442	27,781	2,214,570
Excess (deficiency) of receipts over disbursements	10,222	469,881	(624)	45,589	535,266
Other financing sources (uses):					
Transfers in	-	-	-	-	15,460
Transfers out	-	(74,725)	(11,355)	(3,707)	(105,247)
Total other financing sources (uses)	-	(74,725)	(11,355)	(3,707)	(89,787)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,222	395,156	(11,979)	41,882	445,479
Cash and investments - beginning	-	(422,179)	(66,785)	44,015	(266,959)
Cash and investments - ending	<u>\$ 10,222</u>	<u>\$ (27,023)</u>	<u>\$ (78,764)</u>	<u>\$ 85,897</u>	<u>\$ 178,520</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ 10,222</u>	<u>\$ (27,023)</u>	<u>\$ (78,764)</u>	<u>\$ 85,897</u>	<u>\$ 178,520</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ 10,222</u>	<u>\$ (27,023)</u>	<u>\$ (78,764)</u>	<u>\$ 85,897</u>	<u>\$ 178,520</u>

SOUTH KNOX 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

	Education Foundation Donations	Toyota Learning Development Grant	Knox County Development Grant	Education Foundation Donations II	SINE Learning Exchange Grant	Extra Curricular Activities	Totals
Additions:							
Contributions:							
Other	\$ -	\$ -	\$ 750	\$ 10,927	\$ 600	\$ -	\$ 12,277
Deductions:							
Administrative and general	4,381	620	750	10,418	600	-	16,769
Excess (deficiency) of total additions over total deductions	(4,381)	(620)	-	509	-	-	(4,492)
Cash and investment fund balance - beginning	7,175	620	-	-	-	3,919	11,714
Cash and investments - June 30	<u>\$ 2,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 509</u>	<u>\$ -</u>	<u>\$ 3,919</u>	<u>\$ 7,222</u>
Net assets:							
Cash and investments	<u>\$ 2,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 509</u>	<u>\$ -</u>	<u>\$ 3,919</u>	<u>\$ 7,222</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 509</u>	<u>\$ -</u>	<u>\$ 3,919</u>	<u>\$ 7,222</u>

SOUTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	Education Foundation Donations	Toyota Learning Development Grant	Knox County Development Grant	USI Stem Grant	Walmart Community Grant	Education Foundation Donations II	Indiana Youth Institute	Extra Curricular Activities	Totals
Additions:									
Contributions:									
Other	\$ -	\$ 10,000	\$ 9,000	\$ -	\$ 1,300	\$ 20,122	\$ 750	\$ -	\$ 41,172
Deductions:									
Administrative and general	2,794	9,140	8,022	6,315	-	15,658	750	364	43,043
Excess (deficiency) of total additions over total deductions	(2,794)	860	978	(6,315)	1,300	4,464	-	(364)	(1,871)
Cash and investment fund balance - beginning	2,794	-	-	-	-	509	-	3,919	7,222
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 860</u>	<u>\$ 978</u>	<u>\$ (6,315)</u>	<u>\$ 1,300</u>	<u>\$ 4,973</u>	<u>\$ -</u>	<u>\$ 3,555</u>	<u>\$ 5,351</u>
Net assets:									
Cash and investments	\$ -	\$ 860	\$ 978	\$ (6,315)	\$ 1,300	\$ 4,973	\$ -	\$ 3,555	\$ 5,351
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 860</u>	<u>\$ 978</u>	<u>\$ (6,315)</u>	<u>\$ 1,300</u>	<u>\$ 4,973</u>	<u>\$ -</u>	<u>\$ 3,555</u>	<u>\$ 5,351</u>

SOUTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2008

	Federal Taxes	Social Security Taxes	State Taxes	County Adjusted Income Taxes	Teacher Retirement	Public Employees Retirement
Additions:						
Agency fund additions	\$ 581,679	\$ 396,629	\$ 170,243	\$ 53,374	\$ 16,637	\$ 36,324
Deductions:						
Agency fund deductions	581,679	396,629	168,704	52,912	17,117	35,902
Excess (deficiency) of total additions over total deductions	-	-	1,539	462	(480)	422
Cash and investment fund balance - beginning	-	-	12,579	3,952	5,436	8,146
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,118</u>	<u>\$ 4,414</u>	<u>\$ 4,956</u>	<u>\$ 8,568</u>

SOUTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	<u>Group Insurance</u>	<u>Annuities</u>	<u>Wage Garnishments</u>	<u>United Fund of Knox County</u>	<u>Credit Union</u>	<u>ECA Payroll</u>
Additions:						
Agency fund additions	\$ 179,263	\$ 168,804	\$ 9,934	\$ 594	\$ 586,609	\$ 2,730
Deductions:						
Agency fund deductions	<u>178,910</u>	<u>166,188</u>	<u>9,934</u>	<u>882</u>	<u>586,609</u>	<u>2,730</u>
Excess (deficiency) of total additions over total deductions	353	2,616	-	(288)	-	-
Cash and investment fund balance - beginning	<u>20,276</u>	<u>8,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ 20,629</u>	<u>\$ 10,822</u>	<u>\$ -</u>	<u>\$ (288)</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Professional Dues	Education Foundation	Cell Phone Fringe Benefits	Vehicle Fringe Benefits	Group Term Life Fringe Benefits	Totals
Additions:						
Agency fund additions	\$ 28,089	\$ 3,331	\$ 1,630	\$ 348	\$ 11,222	\$ 2,247,440
Deductions:						
Agency fund deductions	27,973	3,500	1,630	348	11,212	2,242,859
Excess (deficiency) of total additions over total deductions	116	(169)	-	-	10	4,581
Cash and investment fund balance - beginning	1,521	1,807	-	-	-	61,923
Cash and investment fund balance - ending	<u>\$ 1,637</u>	<u>\$ 1,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 66,504</u>

SOUTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	Federal Taxes	Social Security Taxes	State Taxes	County Adjusted Income Taxes	Teacher Retirement	Public Employees Retirement
Additions:						
Agency fund additions	\$ 554,159	\$ 401,810	\$ 173,593	\$ 54,017	\$ 21,753	\$ 38,160
Deductions:						
Agency fund deductions	<u>554,159</u>	<u>401,810</u>	<u>173,747</u>	<u>54,094</u>	<u>21,673</u>	<u>37,799</u>
Excess (deficiency) of total additions over total deductions	-	-	(154)	(77)	80	361
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>14,118</u>	<u>4,414</u>	<u>4,956</u>	<u>8,568</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,964</u>	<u>\$ 4,337</u>	<u>\$ 5,036</u>	<u>\$ 8,929</u>

SOUTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	<u>Group Insurance</u>	<u>Annuities</u>	<u>Wage Garnishments</u>	<u>United Fund of Knox County</u>	<u>Credit Union</u>	<u>ECA Payroll</u>
Additions:						
Agency fund additions	\$ 166,654	\$ 167,279	\$ 6,331	\$ 887	\$ 584,216	\$ 1,181
Deductions:						
Agency fund deductions	<u>166,736</u>	<u>164,690</u>	<u>6,331</u>	<u>507</u>	<u>584,216</u>	<u>1,181</u>
Excess (deficiency) of total additions over total deductions	(82)	2,589	-	380	-	-
Cash and investment fund balance - beginning	<u>20,629</u>	<u>10,822</u>	<u>-</u>	<u>(288)</u>	<u>-</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ 20,547</u>	<u>\$ 13,411</u>	<u>\$ -</u>	<u>\$ 92</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Professional Dues	Education Foundation	Cell Phone Fringe Benefits	Vehicle Fringe Benefits	Group Term Life Fringe Benefits	Totals
Additions:						
Agency fund additions	\$ 28,455	\$ 2,899	\$ 1,805	\$ 678	\$ 11,840	\$ 2,215,717
Deductions:						
Agency fund deductions	28,514	3,120	1,805	678	11,850	2,212,910
Excess (deficiency) of total additions over total deductions	(59)	(221)	-	-	(10)	2,807
Cash and investment fund balance - beginning	1,637	1,638	-	-	10	66,504
Cash and investment fund balance - ending	<u>\$ 1,578</u>	<u>\$ 1,417</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,311</u>

South Knox School Corporation

Administration Building
6116 E. State Road 61
Vincennes, Indiana 47591

Phone No. 812-726-4440
FAX No. 812-743-2110
Web Site:
www.sknox.k12.in.us

SOUTH KNOX SCHOOL CORPORATION SUPPLEMENTARY INFORMATION SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2009

BOARD OF EDUCATION

DONALD R. PAGE
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ERIC D. CARTER
VICE-PRESIDENT

ALICIA D. HOUCHIN
SECRETARY

DENNIS D. CARNAHAN
MEMBER

LARRY F. HOLSCHER
MEMBER

BRADLEY D. CASE
SUPERINTENDENT OF SCHOOLS

G. DARLENE SMALL
TREASURER
ADMINISTRATIVE ASSISTANT

LORI A. ANDERSON
SECRETARY/RECEPTIONIST
ACCOUNTS PAYABLE

NANCY H. STADER
TRANSPORTATION SECRETARY
SCHOOL PAYROLL

TERRY A. AVE
DIRECTOR OF TRANSPORTATION

SHERRYL L. OSGATHARP
DIRECTOR OF TECHNOLOGY

TIMOTHY M. MARSEE
DIRECTOR OF MAINTENANCE

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 50,000
Buildings	10,548,519
Improvements other than buildings	58,285
Machinery and equipment	<u>2,561,278</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 13,218,082</u>

South Knox School Corporation

Administration Building
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BOARD OF EDUCATION

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DIRECTOR OF MAINTENANCE

SOUTH KNOX SCHOOL CORPORATION SUPPLEMENTARY INFORMATION SCHEDULE OF LONG-TERM DEBT JUNE 30, 2009

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:		
Elementary	\$ 6,610,000	\$ 630,000
Bonds payable:		
Revenue bonds:		
2004 Pension Bonds	<u>1,070,000</u>	<u>170,000</u>
Total governmental activities debt	<u><u>\$ 7,680,000</u></u>	<u><u>\$ 800,000</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE SOUTH KNOX SCHOOL CORPORATION, KNOX COUNTY, INDIANA

Compliance

We have audited the compliance of the South Knox School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control

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

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

STATE BOARD OF ACCOUNTS

February 16, 2010

SOUTH KNOX SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 12,978	\$ 26,059
National School Lunch Program	10.555		133,535	143,185
Total for cluster			<u>146,513</u>	<u>169,244</u>
Total for federal grantor agency			<u>146,513</u>	<u>169,244</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
FY 06-07			21,048	-
FY 07-08			78,721	21,449
FY 08-09			400	82,184
ARRA - Title I Grants to Local Educational Agencies	84.369		-	178
Total for cluster			<u>100,169</u>	<u>103,811</u>
Pass-Through Vincennes Community Schools				
Special Education Cluster				
Special Education - Grants to States	84.027			
FY 06-07			57,015	-
FY 06-07 Carryover			2,594	-
FY 07-08			151,444	49,517
FY 07-08 Carryover			-	179,171
FY 08-09			-	10,927
Total for cluster			<u>211,053</u>	<u>239,615</u>
Pass-Through Indiana Department of Education				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394		-	26,219
Pass-Through Twin Rivers Career and Technical Education Area				
Vocational Education - Basic Grants to States	84.048		7,450	13,182
Pass-Through Indiana Department of Education				
Safe and Drug-Free Schools and Communities - State Grants	84.186			
FY 06-07			472	-
FY 07-08			1,925	-
FY 08-09			-	2,508
Total for program			<u>2,397</u>	<u>2,508</u>
State Grants for Innovative Programs	84.298			
FY 07-08			3,716	276
FY 08-09			-	3,410
Total for program			<u>3,716</u>	<u>3,686</u>
Education Technology State Grants	84.318			
FY 07-08			127,886	21,804
Improving Teacher Quality State Grants				
FY 07-08	84.367		41,568	37,949
Total for federal grantor agency			<u>494,239</u>	<u>448,774</u>
Total federal awards expended			<u>\$ 640,752</u>	<u>\$ 618,018</u>

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

SOUTH KNOX SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the South Knox School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

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

Program Title	Federal CFDA Number	2008	2009
School Breakfast Program	10.553	\$ 1,812	\$ 4,191
National School Lunch Program	10.555	18,648	23,030

SOUTH KNOX SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Special Education Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SOUTH KNOX SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SOUTH KNOX SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 16, 2010, with Bradley D. Case, Superintendent of Schools; G. Darlene Small, Treasurer; and Donald R. Page, President of the School Board. Our audit disclosed no material items that warrant comment at this time.