

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

AUDIT REPORT
OF
SCOTT COUNTY SCHOOL DISTRICT 2
SCOTT COUNTY, INDIANA
July 1, 2008 to June 30, 2010



FILED
03/08/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Steve Nauman	07-01-08 to 12-31-11
Superintendent of Schools	Robert D. Hooker Dr. Philip Deardorff	07-01-08 to 03-31-10 04-01-10 to 06-30-11
President of the School Board	Rod Colson Gene Ann Shapinsky Cory Lytle Terry Jones	01-01-08 to 12-31-08 01-01-09 to 12-31-09 01-01-10 to 12-31-10 01-01-11 to 12-31-11



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 SCOTT COUNTY SCHOOL DISTRICT 2, SCOTT COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Scott County School District 2 (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2009 and 2010, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 7, 2011, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

The School Corporation has not presented Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions from the Employer and Other Contributing Entities, 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 7, 2011



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Web Site: www.in.gov/sboa

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 SCOTT COUNTY SCHOOL DISTRICT 2, SCOTT COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Scott County School District 2 (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

STATE BOARD OF ACCOUNTS

February 7, 2011

SCOTT COUNTY SCHOOL DISTRICT 2
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>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 12,726,669	\$ -	\$ 94,622	\$ (12,632,047)
Support services	8,592,428	553,669	693,182	(7,345,577)
Noninstructional services	1,321,619	-	-	(1,321,619)
Facilities acquisition and construction	1,404,758	-	-	(1,404,758)
Debt service	2,404,005	-	-	(2,404,005)
Nonprogrammed charges	<u>1,118,379</u>	<u>-</u>	<u>-</u>	<u>(1,118,379)</u>
Total governmental activities	<u>\$ 27,567,858</u>	<u>\$ 553,669</u>	<u>\$ 787,804</u>	<u>(26,226,385)</u>
General receipts:				
Property taxes				12,906,014
Other local sources				1,633,878
State aid				13,229,997
Grants and contributions not restricted to specific programs				2,560,811
Investment earnings				44,178
Other				58,346
Interfund loans				(3,567,052)
Transfers from pension trust funds				<u>1,000,000</u>
Total general receipts, interfund loans, and transfers				<u>27,866,172</u>
Change in net assets				1,639,787
Net assets - beginning				<u>2,037,310</u>
Net assets - ending				<u>\$ 3,677,097</u>
<u>Assets</u>				
Cash and investments				\$ 2,423,130
Restricted assets:				
Cash and investments				<u>1,253,967</u>
Total assets				<u>\$ 3,677,097</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,253,967
Unrestricted				<u>2,423,130</u>
Total net assets				<u>\$ 3,677,097</u>

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

SCOTT COUNTY SCHOOL DISTRICT 2
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<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	\$ 12,796,176	\$ -	\$ 386,474	\$ (12,409,702)
Support services	8,862,444	497,008	792,313	(7,573,123)
Noninstructional services	1,281,921	-	-	(1,281,921)
Facilities acquisition and construction	1,014,722	-	-	(1,014,722)
Debt service	2,451,054	-	-	(2,451,054)
Nonprogrammed charges	1,150,969	-	-	(1,150,969)
Total governmental activities	<u>\$ 27,557,286</u>	<u>\$ 497,008</u>	<u>\$ 1,178,787</u>	<u>(25,881,491)</u>
General receipts:				
Property taxes				5,543,479
Other local sources				934,720
State aid				16,524,719
Bonds and loans				800,000
Grants and contributions not restricted to specific programs				2,376,812
Sale of property				5,569
Investment earnings				17,889
Other				365,966
Interfund loans				(480,074)
Transfers from private purpose trust funds				8,543
Total general receipts, interfund loans, and transfers				<u>26,097,623</u>
Change in net assets				216,132
Net assets - beginning				<u>3,677,097</u>
Net assets - ending				<u>\$ 3,893,229</u>
<u>Assets</u>				
Cash and investments				\$ 2,585,495
Restricted assets:				
Cash and investments				<u>1,307,734</u>
Total assets				<u>\$ 3,893,229</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,307,734
Unrestricted				<u>2,585,495</u>
Total net assets				<u>\$ 3,893,229</u>

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

SCOTT COUNTY SCHOOL DISTRICT 2
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	Rainy Day	School Lunch	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:									
Local sources	\$ 4,885,593	\$ -	\$ 547,092	\$ 2,955,092	\$ 3,311,339	\$ 85,203	\$ -	\$ 3,352,650	\$ 15,136,969
Intermediate sources	-	-	-	-	-	-	-	769	769
State sources	13,284,526	-	13,856	-	-	-	-	297,620	13,596,002
Federal sources	5,739	-	602,770	-	-	-	-	2,374,102	2,982,611
Interfund loans	1,553,838	-	-	-	-	-	-	451,985	2,005,823
Other	50,449	-	6,302	-	331	-	-	1,264	58,346
Total receipts	19,780,145	-	1,170,020	2,955,092	3,311,670	85,203	-	6,478,390	33,780,520
Disbursements:									
Current:									
Instruction	10,808,129	-	-	-	-	-	-	1,918,540	12,726,669
Support services	5,046,753	-	-	-	1,083,965	191,797	-	2,269,913	8,592,428
Noninstructional services	131,172	-	1,171,210	-	-	-	-	19,237	1,321,619
Facilities acquisition and construction	-	-	-	-	1,161,654	-	140,557	102,547	1,404,758
Debt services	-	-	-	1,898,150	-	-	-	505,855	2,404,005
Nonprogrammed charges	1,068,567	-	-	-	-	-	-	49,812	1,118,379
Interfund loans	3,725,882	-	-	57,847	670,172	-	17,579	1,101,395	5,572,875
Total disbursements	20,780,503	-	1,171,210	1,955,997	2,915,791	191,797	158,136	5,967,299	33,140,733
Excess (deficiency) of receipts over disbursements	(1,000,358)	-	(1,190)	999,095	395,879	(106,594)	(158,136)	511,091	639,787
Other financing sources (uses):									
Transfers in	1,000,358	-	-	-	-	-	-	126,743	1,127,101
Transfers out	-	-	-	(34,343)	-	-	-	(92,758)	(127,101)
Total other financing sources (uses)	1,000,358	-	-	(34,343)	-	-	-	33,985	1,000,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(1,190)	964,752	395,879	(106,594)	(158,136)	545,076	1,639,787
Cash and investments - beginning	-	505,640	285,390	-	-	627,026	337,935	281,319	2,037,310
Cash and investments - ending	\$ -	\$ 505,640	\$ 284,200	\$ 964,752	\$ 395,879	\$ 520,432	\$ 179,799	\$ 826,395	\$ 3,677,097
<u>Cash and Investment Assets - Ending</u>									
Cash and investments	\$ -	\$ 505,640	\$ 284,200	\$ -	\$ 395,879	\$ 520,432	\$ 179,799	\$ 537,180	\$ 2,423,130
Restricted assets:									
Cash and investments	-	-	-	964,752	-	-	-	289,215	1,253,967
Total cash and investment assets - ending	\$ -	\$ 505,640	\$ 284,200	\$ 964,752	\$ 395,879	\$ 520,432	\$ 179,799	\$ 826,395	\$ 3,677,097
<u>Cash and Investment Fund Balance - Ending</u>									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 964,752	\$ -	\$ -	\$ -	\$ 289,215	\$ 1,253,967
Unrestricted	-	505,640	284,200	-	395,879	520,432	179,799	537,180	2,423,130
Total cash and investment fund balance - ending	\$ -	\$ 505,640	\$ 284,200	\$ 964,752	\$ 395,879	\$ 520,432	\$ 179,799	\$ 826,395	\$ 3,677,097

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

SCOTT COUNTY SCHOOL DISTRICT 2
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General	Rainy Day	School Lunch	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:									
Local sources	\$ 46,364	\$ -	\$ 490,171	\$ 2,012,188	\$ 1,860,185	\$ 352,076	\$ -	\$ 2,231,716	\$ 6,992,700
Intermediate sources	-	-	-	-	-	-	-	394	394
State sources	16,872,297	-	13,675	-	-	-	-	628,242	17,514,214
Federal sources	3,251	-	697,351	-	-	-	-	1,865,504	2,566,106
Interfund loans	690,149	-	-	-	-	277,634	-	545,717	1,513,500
Other	80,961	-	61,777	-	191,128	-	-	32,100	365,966
Total receipts	17,693,022	-	1,262,974	2,012,188	2,051,313	629,710	-	5,303,673	28,952,880
Disbursements:									
Current:									
Instruction	10,990,950	-	-	-	-	-	-	1,805,226	12,796,176
Support services	4,988,362	-	-	-	1,135,752	524,067	-	2,214,263	8,862,444
Noninstructional services	147,573	-	1,112,412	-	-	-	-	21,936	1,281,921
Facilities acquisition and construction	-	-	-	-	747,617	-	35,302	231,803	1,014,722
Debt services	-	-	-	1,940,804	-	-	-	510,250	2,451,054
Nonprogrammed charges	1,159,838	-	-	-	-	-	-	(8,869)	1,150,969
Interfund loans	874,485	-	-	-	-	477,635	-	641,454	1,993,574
Total disbursements	18,161,208	-	1,112,412	1,940,804	1,883,369	1,001,702	35,302	5,416,063	29,550,860
Excess (deficiency) of receipts over disbursements	(468,186)	-	150,562	71,384	167,944	(371,992)	(35,302)	(112,390)	(597,980)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	800,000	-	800,000
Sale of capital assets	-	-	-	-	5,569	-	-	-	5,569
Transfers in	549,888	-	-	-	-	-	-	69,263	619,151
Transfers out	-	(505,640)	-	(5,774)	-	-	-	(99,194)	(610,608)
Total other financing sources (uses)	549,888	(505,640)	-	(5,774)	5,569	-	800,000	(29,931)	814,112
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	81,702	(505,640)	150,562	65,610	173,513	(371,992)	764,698	(142,321)	216,132
Cash and investments - beginning	-	505,640	284,200	964,752	395,879	520,432	179,799	826,395	3,677,097
Cash and investments - ending	\$ 81,702	\$ -	\$ 434,762	\$ 1,030,362	\$ 569,392	\$ 148,440	\$ 944,497	\$ 684,074	\$ 3,893,229
Cash and Investment Assets - Ending									
Cash and investments	\$ 81,702	\$ -	\$ 434,762	\$ -	\$ 569,392	\$ 148,440	\$ 944,497	\$ 406,702	\$ 2,585,495
Restricted assets:									
Cash and investments	-	-	-	1,030,362	-	-	-	277,372	1,307,734
Total cash and investment assets - ending	\$ 81,702	\$ -	\$ 434,762	\$ 1,030,362	\$ 569,392	\$ 148,440	\$ 944,497	\$ 684,074	\$ 3,893,229
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 1,030,362	\$ -	\$ -	\$ -	\$ 277,372	\$ 1,307,734
Unrestricted	81,702	-	434,762	-	569,392	148,440	944,497	406,702	2,585,495
Total cash and investment fund balance - ending	\$ 81,702	\$ -	\$ 434,762	\$ 1,030,362	\$ 569,392	\$ 148,440	\$ 944,497	\$ 684,074	\$ 3,893,229

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

SCOTT COUNTY SCHOOL DISTRICT 2
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Interfund loans	\$ 5,511,951	\$ 6,381	
Temporary loan	5,000,000	-	
Other	-	129,220	
Total contributions	10,511,951	135,601	
Investment earnings:			
Interest	-	1,383	
Total additions	10,511,951	136,984	
Deductions:			
Administrative and general	-	151,132	
Repayment of temporary loan	5,000,000	-	
Interfund loans	1,951,280	-	
Total deductions	6,951,280	151,132	
Excess (deficiency) of total additions over total deductions	3,560,671	(14,148)	
Other financing sources (uses):			
Transfers out	(1,000,000)	-	
Total other financings sources (uses)	(1,000,000)	-	
Cash and investment fund balance - beginning	1,841	146,383	
Cash and investment fund balance - ending	\$ 2,562,512	\$ 132,235	\$ -
Net assets:			
Cash and investments	\$ 2,562,512	\$ 132,235	\$ -
Total net assets - cash and investment basis held in trust	\$ 2,562,512	\$ 132,235	\$ -

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

SCOTT COUNTY SCHOOL DISTRICT 2
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Interfund loans	\$ 1,032,810	\$ 2,308	
Other	-	422,912	
Total contributions	1,032,810	425,220	
Investment earnings:			
Interest	-	1,780	
Total additions	1,032,810	427,000	
Deductions:			
Benefits	188,021	-	
Administrative and general	-	279,760	
Interfund loans	550,000	5,044	
Total deductions	738,021	284,804	
Excess of total additions over total deductions	294,789	142,196	
Other financing sources (uses):			
Transfers in	-	250	
Transfers out	-	(8,793)	
Total other financings sources (uses)	-	(8,543)	
Cash and investment fund balance - beginning	2,562,512	132,235	
Cash and investment fund balance - ending	\$ 2,857,301	\$ 265,888	\$ (46,603)
Net assets:			
Cash and investments	\$ 2,857,301	\$ 265,888	\$ (46,603)
Total net assets - cash and investment basis held in trust	\$ 2,857,301	\$ 265,888	\$ (46,603)

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

SCOTT COUNTY SCHOOL DISTRICT 2
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: Scott County School District 2

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

Joint Venture

The School Corporation is a participant in a joint venture with Madison Consolidated School Corporation, Scott County School District 1, Southwestern Jefferson County Consolidated School Corporation, and Switzerland County School Corporation to operate Madison Area Educational Special Services Unit (MASSU) which was created to provide educational services to handicapped students. The School Corporation is obligated by contract and remitted \$628,378 and \$561,486 for the fiscal years ending June 30, 2009 and June 30, 2010, respectively. Complete financial statements for the Madison Area Educational Special Services Unit (MASSU) can be obtained from the MASSU administrative office in Madison, Indiana.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

SCOTT COUNTY SCHOOL DISTRICT 2
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The school lunch fund is used to account for receipts and disbursements for the food service program.

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.

The construction fund is used to account for disbursements for capital outlays from receipts derived from the sale of general obligation bonds or other outside sources.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for the activities of the retirement/severance and the post retirement/severance future benefit funds which accumulate resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit individuals and organizations within the school corporation.

Agency funds account for assets held by the school as an agent for other funds 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.

SCOTT COUNTY SCHOOL DISTRICT 2
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 or internal service funds.

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

D. Assets and Cash and Investment Balances

1. Restricted Assets

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

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to December 31 of the year collected.

4. Capital Assets

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

SCOTT COUNTY SCHOOL DISTRICT 2
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

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

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.

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund Activities

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

Fund Financial Statements

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

SCOTT COUNTY SCHOOL DISTRICT 2
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Government-Wide Financial Statements

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

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

G. Rounding Differences

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

II. Stewardship, Compliance and Accountability

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 January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

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

B. Cash and Investment Balance Deficits

At June 30, 2010, the prepaid lunch fund reported a deficit in cash and investments of \$46,603, which is a violation of the Uniform Compliance Guidelines as authorized by state statute.

SCOTT COUNTY SCHOOL DISTRICT 2
NOTES TO FINANCIAL STATEMENTS
(Continued)

Cash and investment deficits arose primarily from transfers exceeding receipts in the student prepaid lunch account. The school has a policy that a meal will be provided to each student daily whether or not the students account has sufficient monies. The school plans to collect the amounts due or transfer sufficient monies from the school lunch fund to satisfy the deficit.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository 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 have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$7,503,869.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

As of June 30, 2010, the School Corporation had investments in repurchase agreements with a market value of \$4,354,815.

Statutory Authorization for Investments

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

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

SCOTT COUNTY SCHOOL DISTRICT 2
NOTES TO FINANCIAL STATEMENTS
(Continued)

equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust has a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2009</u>	<u>2010</u>
Pension Trust Funds	General Fund	\$ 1,000,000	\$ -
Debt Service Fund	Other Governmental Funds	34,343	-
Other Governmental Funds	General Fund	358	35,705
Other Governmental Funds	Other Governmental Funds	92,400	63,489
Debt Service Fund	Other Governmental Funds	-	5,774
Private-Purpose Trust Funds	Private-Purpose Trust Funds	-	250
Private-Purpose Trust Funds	General Fund	-	8,543
Rainy Day Fund	General Fund	-	505,640
Totals		<u>\$ 1,127,101</u>	<u>\$ 619,401</u>

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

C. Restatements and Reclassifications

For the fiscal year ended June 30, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit. Prior period adjustments represent certain changes made to reclassify private-purpose trust funds shown as governmental funds in the prior audit report.

SCOTT COUNTY SCHOOL DISTRICT 2
NOTES TO FINANCIAL STATEMENTS
(Continued)

Opinion Unit	Balance as Reported June 30, 2008	Fund Reclassification	Balance as Restated July 1, 2008
Governmental Activities	\$ 2,046,301	\$ (8,991)	\$ 2,037,310
Private-Purpose Trust Funds	137,392	8,991	146,383

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporations

The School Corporation has entered into a capital lease with Scott County School District 2 Middle School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010 totaled \$1,316,500 and \$1,335,500, respectively.

The School Corporation has entered into a capital lease with Scott County School District 2 Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010 totaled \$546,000 and \$551,500, respectively.

C. Subsequent Events

In December 2010, the School Corporation issued general obligation construction bonds of 2010 in the amount of \$1,705,000 for renovations and improvements of the Meyer Gym Complex.

SCOTT COUNTY SCHOOL DISTRICT 2
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$264,660 and \$282,992 for school years 08-09 and 09-10, respectively.

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.

SCOTT COUNTY SCHOOL DISTRICT 2
NOTES TO FINANCIAL STATEMENTS
(Continued)

The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy

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

The School Corporation's contributions to the plan during the period were \$290,738 and \$300,867 for school years 2008-2009 and 2009-2010, respectively.

SCOTT COUNTY SCHOOL DISTRICT 2
 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 Transportation	Special Education Preschool	Textbook Rental	Educational License Plates	Alternative Education	Safe School Haven	Tech Prep Staff Development
Receipts:							
Local sources	\$ 2,336,723	\$ 47,997	\$ 169,507	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	769	-	-	-
State sources	-	76,257	70,818	-	3,402	1,300	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	279,392	-	43,245	-	-	-	-
Other	469	-	45	-	-	-	-
Total receipts	2,616,584	124,254	283,615	769	3,402	1,300	-
Disbursements:							
Current:							
Instruction	-	61,379	-	-	5,648	-	-
Support services	1,562,861	-	326,432	1,644	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	48,912	-	-	-	-	-
Interfund loans	1,053,723	2,224	-	-	-	-	-
Total disbursements	2,616,584	112,515	326,432	1,644	5,648	-	-
Excess (deficiency) of receipts over disbursements	-	11,739	(42,817)	(875)	(2,246)	1,300	-
Other financing sources (uses):							
Transfers in	-	-	34,343	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	34,343	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	11,739	(8,474)	(875)	(2,246)	1,300	-
Cash and investments - beginning	-	-	72,215	1,323	6,126	-	747
Cash and investments - ending	\$ -	\$ 11,739	\$ 63,741	\$ 448	\$ 3,880	\$ 1,300	\$ 747
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 11,739	\$ 63,741	\$ 448	\$ 3,880	\$ 1,300	\$ 747
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 11,739	\$ 63,741	\$ 448	\$ 3,880	\$ 1,300	\$ 747
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	11,739	63,741	448	3,880	1,300	747
Total cash and investment fund balance - ending	\$ -	\$ 11,739	\$ 63,741	\$ 448	\$ 3,880	\$ 1,300	\$ 747

SCOTT COUNTY SCHOOL DISTRICT 2
 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)

	Non-English Speaking Programs	School Technology	Technology Grants	G & T Higher Ability Grant	IU Mentor Teacher Training	Project Lead The Way	Title I 08-7255
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	1,949	-	-	38,144	-	20,000	-
Federal sources	-	25,924	-	-	-	-	70,000
Interfund loans	-	-	102,547	-	-	18,796	-
Other	-	-	-	-	-	-	-
Total receipts	1,949	25,924	102,547	38,144	-	38,796	70,000
Disbursements:							
Current:							
Instruction	1,769	-	-	38,018	-	38,796	95,313
Support services	-	31,386	5,995	-	-	-	25,889
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	102,547	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	1,769	31,386	108,542	38,018	-	38,796	121,202
Excess (deficiency) of receipts over disbursements	180	(5,462)	(5,995)	126	-	-	(51,202)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(90,358)
Total other financing sources (uses)	-	-	-	-	-	-	(90,358)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	180	(5,462)	(5,995)	126	-	-	(141,560)
Cash and investments - beginning	1,769	10,913	5,995	21,414	826	-	141,560
Cash and investments - ending	\$ 1,949	\$ 5,451	\$ -	\$ 21,540	\$ 826	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 1,949	\$ 5,451	\$ -	\$ 21,540	\$ 826	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,949	\$ 5,451	\$ -	\$ 21,540	\$ 826	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,949	5,451	-	21,540	826	-	-
Total cash and investment fund balance - ending	\$ 1,949	\$ 5,451	\$ -	\$ 21,540	\$ 826	\$ -	\$ -

SCOTT COUNTY SCHOOL DISTRICT 2
 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 09-7255	Title I, Part D 08-7255	Title I, Part D 09-7255	Title V Innovative Education	Drug Free Schools	Drug Free Schools - County	High Schools That Work
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,150	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	750
Federal sources	532,461	14,000	726	2,452	9,989	-	-
Interfund loans	-	8,005	-	-	-	-	-
Other	-	-	-	-	-	750	-
Total receipts	532,461	22,005	726	2,452	9,989	1,900	750
Disbursements:							
Current:							
Instruction	487,710	22,005	-	2,330	2,960	716	-
Support services	22,742	-	-	122	140	-	-
Noninstructional services	12,652	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	523,104	22,005	-	2,452	3,100	716	-
Excess (deficiency) of receipts over disbursements	9,357	-	726	-	6,889	1,184	750
Other financing sources (uses):							
Transfers in	90,000	-	-	-	-	-	-
Transfers out	-	-	-	(2,400)	-	-	-
Total other financing sources (uses)	90,000	-	-	(2,400)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	99,357	-	726	(2,400)	6,889	1,184	750
Cash and investments - beginning	-	-	-	2,400	3,100	1,540	-
Cash and investments - ending	\$ 99,357	\$ -	\$ 726	\$ -	\$ 9,989	\$ 2,724	\$ 750
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 99,357	\$ -	\$ 726	\$ -	\$ 9,989	\$ 2,724	\$ 750
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 99,357	\$ -	\$ 726	\$ -	\$ 9,989	\$ 2,724	\$ 750
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	99,357	-	726	-	9,989	2,724	750
Total cash and investment fund balance - ending	\$ 99,357	\$ -	\$ 726	\$ -	\$ 9,989	\$ 2,724	\$ 750

SCOTT COUNTY SCHOOL DISTRICT 2
 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)

	21st Century Community Learning	21st Century Learning Centers	Improving Teacher Quality	Fiscal Stabilization Stimulus	Retirement/ Severance Bond Debt	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 797,273	\$ 3,352,650
Intermediate sources	-	-	-	-	-	769
State sources	-	85,000	-	-	-	297,620
Federal sources	-	-	266,750	1,451,800	-	2,374,102
Interfund loans	-	-	-	-	-	451,985
Other	-	-	-	-	-	1,264
Total receipts	-	85,000	266,750	1,451,800	797,273	6,478,390
Disbursements:						
Current:						
Instruction	-	64,910	225,905	871,081	-	1,918,540
Support services	11,391	-	-	281,311	-	2,269,913
Noninstructional services	-	-	-	6,585	-	19,237
Facilities acquisition and construction	-	-	-	-	-	102,547
Debt services	-	-	-	-	505,855	505,855
Nonprogrammed charges	-	-	-	900	-	49,812
Interfund loans	-	-	43,245	-	2,203	1,101,395
Total disbursements	11,391	64,910	269,150	1,159,877	508,058	5,967,299
Excess (deficiency) of receipts over disbursements	(11,391)	20,090	(2,400)	291,923	289,215	511,091
Other financing sources (uses):						
Transfers in	-	-	2,400	-	-	126,743
Transfers out	-	-	-	-	-	(92,758)
Total other financing sources (uses)	-	-	2,400	-	-	33,985
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,391)	20,090	-	291,923	289,215	545,076
Cash and investments - beginning	11,391	-	-	-	-	281,319
Cash and investments - ending	\$ -	\$ 20,090	\$ -	\$ 291,923	\$ 289,215	\$ 826,395
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 20,090	\$ -	\$ 291,923	\$ -	\$ 537,180
Restricted assets:						
Cash and investments	-	-	-	-	289,215	289,215
Total cash and investment assets - ending	\$ -	\$ 20,090	\$ -	\$ 291,923	\$ 289,215	\$ 826,395
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 289,215	\$ 289,215
Unrestricted	-	20,090	-	291,923	-	537,180
Total cash and investment fund balance - ending	\$ -	\$ 20,090	\$ -	\$ 291,923	\$ 289,215	\$ 826,395

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	School Transportation	Special Education Preschool	Textbook Rental	Educational License Plates	Alternative Education	Safe School Haven
Receipts:						
Local sources	\$ 1,562,055	\$ -	\$ 170,062	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	394	-	-
State sources	-	37,125	78,036	-	-	-
Federal sources	-	-	-	-	-	-
Interfund loans	477,635	-	-	-	-	-
Other	31,109	-	271	-	-	-
Total receipts	2,070,799	37,125	248,369	394	-	-
Disbursements:						
Current:						
Instruction	-	27,454	-	-	3,880	-
Support services	1,604,957	-	228,124	748	-	1,300
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	(9,469)	-	-	-	-
Interfund loans	457,958	-	-	-	-	-
Total disbursements	2,062,915	17,985	228,124	748	3,880	1,300
Excess (deficiency) of receipts over disbursements	7,884	19,140	20,245	(354)	(3,880)	(1,300)
Other financing sources (uses):						
Transfers in	-	-	5,774	-	-	-
Transfers out	-	(30,879)	-	-	-	-
Total other financing sources (uses)	-	(30,879)	5,774	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,884	(11,739)	26,019	(354)	(3,880)	(1,300)
Cash and investments - beginning	-	11,739	63,741	448	3,880	1,300
Cash and investments - ending	\$ 7,884	\$ -	\$ 89,760	\$ 94	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 7,884	\$ -	\$ 89,760	\$ 94	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 7,884	\$ -	\$ 89,760	\$ 94	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	7,884	-	89,760	94	-	-
Total cash and investment fund balance - ending	\$ 7,884	\$ -	\$ 89,760	\$ 94	\$ -	\$ -

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Tech Prep Staff Development	Non-English Speaking Programs	School Technology	Technology Grants	G & T Higher Ability Grant	IU Mentor Teacher Training
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	1,379	-	334,350	37,518	-
Federal sources	-	-	-	-	-	-
Interfund loans	-	-	-	-	2,204	-
Other	-	-	-	-	-	-
Total receipts	-	1,379	-	334,350	39,722	-
Disbursements:						
Current:						
Instruction	-	2,099	-	-	42,622	-
Support services	-	-	760	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	231,803	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	102,547	-	-
Total disbursements	-	2,099	760	334,350	42,622	-
Excess (deficiency) of receipts over disbursements	-	(720)	(760)	-	(2,900)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(720)	(760)	-	(2,900)	-
Cash and investments - beginning	747	1,949	5,451	-	21,540	826
Cash and investments - ending	<u>\$ 747</u>	<u>\$ 1,229</u>	<u>\$ 4,691</u>	<u>\$ -</u>	<u>\$ 18,640</u>	<u>\$ 826</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 747	\$ 1,229	\$ 4,691	\$ -	\$ 18,640	\$ 826
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 747</u>	<u>\$ 1,229</u>	<u>\$ 4,691</u>	<u>\$ -</u>	<u>\$ 18,640</u>	<u>\$ 826</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	747	1,229	4,691	-	18,640	826
Total cash and investment fund balance - ending	<u>\$ 747</u>	<u>\$ 1,229</u>	<u>\$ 4,691</u>	<u>\$ -</u>	<u>\$ 18,640</u>	<u>\$ 826</u>

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Project Lead The Way	Title I 08-7255	Title I 09-7255	Title I, Part D 08-7255	Title I, Part D 09-7255	Title V Innovative Education
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	15,000	-	-	-	-	-
Federal sources	-	570,036	66,511	18,489	44,746	1,844
Interfund loans	2,204	-	-	-	-	-
Other	-	-	-	-	720	-
Total receipts	17,204	570,036	66,511	18,489	45,466	1,844
Disbursements:						
Current:						
Instruction	-	482,236	100,589	7,984	30,890	1,844
Support services	-	33,174	14,405	-	772	-
Noninstructional services	-	13,415	861	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	9,271	-	-	8,005	-	-
Total disbursements	9,271	528,825	115,855	15,989	31,662	1,844
Excess (deficiency) of receipts over disbursements	7,933	41,211	(49,344)	2,500	13,804	-
Other financing sources (uses):						
Transfers in	-	50,000	-	-	2,500	-
Transfers out	-	-	(50,013)	(2,500)	-	-
Total other financing sources (uses)	-	50,000	(50,013)	(2,500)	2,500	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,933	91,211	(99,357)	-	16,304	-
Cash and investments - beginning	-	-	99,357	-	726	-
Cash and investments - ending	\$ 7,933	\$ 91,211	\$ -	\$ -	\$ 17,030	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 7,933	\$ 91,211	\$ -	\$ -	\$ 17,030	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 7,933	\$ 91,211	\$ -	\$ -	\$ 17,030	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	7,933	91,211	-	-	17,030	-
Total cash and investment fund balance - ending	\$ 7,933	\$ 91,211	\$ -	\$ -	\$ 17,030	\$ -

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Drug Free Schools	Drug Free Schools - County	High Schools That Work	21st Century Learning Centers	Improving Teacher Quality	Fiscal Stabilization Stimulus
Receipts:						
Local sources	\$ -	\$ 750	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	124,834	-	-
Federal sources	6,211	-	-	-	145,798	580,873
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	6,211	750	-	124,834	145,798	580,873
Disbursements:						
Current:						
Instruction	1,000	2,306	-	130,111	156,787	568,534
Support services	4,000	-	-	-	-	296,245
Noninstructional services	-	-	-	-	-	7,417
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	600
Interfund loans	-	-	-	-	-	-
Total disbursements	5,000	2,306	-	130,111	156,787	872,796
Excess (deficiency) of receipts over disbursements	1,211	(1,556)	-	(5,277)	(10,989)	(291,923)
Other financing sources (uses):						
Transfers in	-	-	-	-	10,989	-
Transfers out	(10,989)	-	-	(4,813)	-	-
Total other financing sources (uses)	(10,989)	-	-	(4,813)	10,989	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,778)	(1,556)	-	(10,090)	-	(291,923)
Cash and investments - beginning	9,989	2,724	750	20,090	-	291,923
Cash and investments - ending	\$ 211	\$ 1,168	\$ 750	\$ 10,000	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 211	\$ 1,168	\$ 750	\$ 10,000	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 211	\$ 1,168	\$ 750	\$ 10,000	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	211	1,168	750	10,000	-	-
Total cash and investment fund balance - ending	\$ 211	\$ 1,168	\$ 750	\$ 10,000	\$ -	\$ -

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Title I 10-7255	Special Education Part B	Title I Part D Stimulus	Retirement/ Severance Bond Debt	Totals
Receipts:					
Local sources	\$ 442	\$ -	\$ -	\$ 498,407	\$ 2,231,716
Intermediate sources	-	-	-	-	394
State sources	-	-	-	-	628,242
Federal sources	258,310	146,648	26,038	-	1,865,504
Interfund loans	31,837	31,837	-	-	545,717
Other	-	-	-	-	32,100
Total receipts	<u>290,589</u>	<u>178,485</u>	<u>26,038</u>	<u>498,407</u>	<u>5,303,673</u>
Disbursements:					
Current:					
Instruction	97,494	149,396	-	-	1,805,226
Support services	689	29,089	-	-	2,214,263
Noninstructional services	243	-	-	-	21,936
Facilities acquisition and construction	-	-	-	-	231,803
Debt services	-	-	-	510,250	510,250
Nonprogrammed charges	-	-	-	-	(8,869)
Interfund loans	63,673	-	-	-	641,454
Total disbursements	<u>162,099</u>	<u>178,485</u>	<u>-</u>	<u>510,250</u>	<u>5,416,063</u>
Excess (deficiency) of receipts over disbursements	<u>128,490</u>	<u>-</u>	<u>26,038</u>	<u>(11,843)</u>	<u>(112,390)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	69,263
Transfers out	-	-	-	-	(99,194)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,931)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>128,490</u>	<u>-</u>	<u>26,038</u>	<u>(11,843)</u>	<u>(142,321)</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>289,215</u>	<u>826,395</u>
Cash and investments - ending	<u>\$ 128,490</u>	<u>\$ -</u>	<u>\$ 26,038</u>	<u>\$ 277,372</u>	<u>\$ 684,074</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 128,490	\$ -	\$ 26,038	\$ -	\$ 406,702
Restricted assets:					
Cash and investments	-	-	-	277,372	277,372
Total cash and investment assets - ending	<u>\$ 128,490</u>	<u>\$ -</u>	<u>\$ 26,038</u>	<u>\$ 277,372</u>	<u>\$ 684,074</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 277,372	\$ 277,372
Unrestricted	128,490	-	26,038	-	406,702
Total cash and investment fund balance - ending	<u>\$ 128,490</u>	<u>\$ -</u>	<u>\$ 26,038</u>	<u>\$ 277,372</u>	<u>\$ 684,074</u>

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2009

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Interfund loans	\$ 5,363,792	\$ 148,159	\$ 5,511,951
Temporary loan	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
Total additions	<u>10,363,792</u>	<u>148,159</u>	<u>10,511,951</u>
Deductions:			
Repayment of temporary loan	5,000,000	-	5,000,000
Interfund loans	<u>1,951,280</u>	<u>-</u>	<u>1,951,280</u>
Total deductions	<u>6,951,280</u>	<u>-</u>	<u>6,951,280</u>
Excess of total additions over total deductions	<u>3,412,512</u>	<u>148,159</u>	<u>3,560,671</u>
Other financing sources (uses):			
Transfers out	<u>(1,000,000)</u>	<u>-</u>	<u>(1,000,000)</u>
Total other financings sources (uses)	<u>(1,000,000)</u>	<u>-</u>	<u>(1,000,000)</u>
Cash and investment fund balance - beginning	<u>-</u>	<u>1,841</u>	<u>1,841</u>
Cash and investment fund balance - ending	<u>\$ 2,412,512</u>	<u>\$ 150,000</u>	<u>\$ 2,562,512</u>
Net assets:			
Cash and investments	<u>\$ 2,412,512</u>	<u>\$ 150,000</u>	<u>\$ 2,562,512</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,412,512</u>	<u>\$ 150,000</u>	<u>\$ 2,562,512</u>

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2010

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Interfund loans	\$ 1,032,810	\$ -	\$ 1,032,810
Deductions:			
Benefits	188,021	-	188,021
Interfund loans	400,000	150,000	550,000
Total deductions	588,021	150,000	738,021
Excess (deficiency) of total additions over total deductions	444,789	(150,000)	294,789
Cash and investment fund balance - beginning	2,412,512	150,000	2,562,512
Cash and investment fund balance - ending	\$ 2,857,301	\$ -	\$ 2,857,301
Net assets:			
Cash and investments	\$ 2,857,301	\$ -	\$ 2,857,301
Total net assets - cash and investment basis held in trust	\$ 2,857,301	\$ -	\$ 2,857,301

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	Scottsburg Band Parents	ECA Reimbursable Activities	Pepsi ECA Field Trips	Alumni Class of 56 Scholarship	SHS Alumni Association	MEP Scholarship	Minor Scholarship
Additions:							
Contributions:							
Other	\$ 6,894	\$ 10,137	\$ 21,516	\$ -	\$ -	\$ -	\$ -
Investment earnings:							
Interest	-	-	-	1,375	-	-	-
Interfund loans	4,287	-	-	-	-	-	-
Total additions	<u>11,181</u>	<u>10,137</u>	<u>21,516</u>	<u>1,375</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deductions:							
Administrative and general	11,727	8,999	21,516	1,000	-	500	17,482
Total deductions	<u>11,727</u>	<u>8,999</u>	<u>21,516</u>	<u>1,000</u>	<u>-</u>	<u>500</u>	<u>17,482</u>
Excess (deficiency) of total additions over total deductions	<u>(546)</u>	<u>1,138</u>	<u>-</u>	<u>375</u>	<u>-</u>	<u>(500)</u>	<u>(17,482)</u>
Cash and investment fund balance - beginning	<u>546</u>	<u>618</u>	<u>-</u>	<u>20,500</u>	<u>13,016</u>	<u>45,697</u>	<u>17,482</u>
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 1,756</u>	<u>\$ -</u>	<u>\$ 20,875</u>	<u>\$ 13,016</u>	<u>\$ 45,197</u>	<u>\$ -</u>
Net assets:							
Cash and investments	<u>\$ -</u>	<u>\$ 1,756</u>	<u>\$ -</u>	<u>\$ 20,875</u>	<u>\$ 13,016</u>	<u>\$ 45,197</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 1,756</u>	<u>\$ -</u>	<u>\$ 20,875</u>	<u>\$ 13,016</u>	<u>\$ 45,197</u>	<u>\$ -</u>

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Ivan & Faye Rogers Scholarship	Wilson Scholarship	Joyce Hall Scholarship	SCSD2 SHS Scholarship	Indiana Parks Association	Mildred McNay Scholarship	Band of Warriors Winter Guard
Additions:							
Contributions:							
Other	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ 796
Investment earnings:							
Interest	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total additions	-	-	1,500	-	-	-	796
Deductions:							
Administrative and general	500	500	-	-	-	-	847
Total deductions	500	500	-	-	-	-	847
Excess (deficiency) of total additions over total deductions	(500)	(500)	1,500	-	-	-	(51)
Cash and investment fund balance - beginning	3,597	5,654	-	600	207	350	665
Cash and investments - June 30	<u>\$ 3,097</u>	<u>\$ 5,154</u>	<u>\$ 1,500</u>	<u>\$ 600</u>	<u>\$ 207</u>	<u>\$ 350</u>	<u>\$ 614</u>
Net assets:							
Cash and investments	\$ 3,097	\$ 5,154	\$ 1,500	\$ 600	\$ 207	\$ 350	\$ 614
Total net assets - cash and investment basis held in trust	<u>\$ 3,097</u>	<u>\$ 5,154</u>	<u>\$ 1,500</u>	<u>\$ 600</u>	<u>\$ 207</u>	<u>\$ 350</u>	<u>\$ 614</u>

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Extended Day Kindergarten Fees	Community Alliances Cape III	Kids First We Care	Washington National Stock	Prosser Building Trades	Elementary Mentor
Additions:						
Contributions:						
Other	\$ 33,963	\$ -	\$ 30,792	\$ -	\$ -	\$ -
Investment earnings:						
Interest	-	-	-	8	-	-
Interfund loans	2,094	-	-	-	-	-
Total additions	<u>36,057</u>	<u>-</u>	<u>30,792</u>	<u>8</u>	<u>-</u>	<u>-</u>
Deductions:						
Administrative and general	36,057	5,302	31,516	-	-	-
Total deductions	<u>36,057</u>	<u>5,302</u>	<u>31,516</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	-	(5,302)	(724)	8	-	-
Cash and investment fund balance - beginning	-	5,302	5,852	1,401	8,543	873
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,128</u>	<u>\$ 1,409</u>	<u>\$ 8,543</u>	<u>\$ 873</u>
Net assets:						
Cash and investments	\$ -	\$ -	\$ 5,128	\$ 1,409	\$ 8,543	\$ 873
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,128</u>	<u>\$ 1,409</u>	<u>\$ 8,543</u>	<u>\$ 873</u>

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Excellence Education Donation	Classroom Teachers Grant	Collier Warrior Basketball	Collier Warriorette Basketball	Donations For School Buildings	Totals
Additions:						
Contributions:						
Other	\$ -	\$ 4,863	\$ -	\$ -	\$ 18,759	\$ 129,220
Investment earnings:						
Interest	-	-	-	-	-	1,383
Interfund loans	-	-	-	-	-	6,381
Total additions	-	4,863	-	-	18,759	136,984
Deductions:						
Administrative and general	75	5,348	1,018	-	8,745	151,132
Total deductions	75	5,348	1,018	-	8,745	151,132
Excess (deficiency) of total additions over total deductions	(75)	(485)	(1,018)	-	10,014	(14,148)
Cash and investment fund balance - beginning	96	3,497	1,018	5,398	5,471	146,383
Cash and investments - June 30	<u>\$ 21</u>	<u>\$ 3,012</u>	<u>\$ -</u>	<u>\$ 5,398</u>	<u>\$ 15,485</u>	<u>\$ 132,235</u>
Net assets:						
Cash and investments	\$ 21	\$ 3,012	\$ -	\$ 5,398	\$ 15,485	\$ 132,235
Total net assets - cash and investment basis held in trust	<u>\$ 21</u>	<u>\$ 3,012</u>	<u>\$ -</u>	<u>\$ 5,398</u>	<u>\$ 15,485</u>	<u>\$ 132,235</u>

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010

	Scottsburg Band Parents	ECA Reimbursable Activities	Pepsi ECA Field Trips	John Ulen Scholarship	Alumni Class of 56 Scholarship	SHS Alumni Association	MEP Scholarship
Additions:							
Contributions:							
Other	\$ 14,660	\$ 9,619	\$ 22,058	\$ 25,000	\$ 325	\$ 875	\$ 250
Investment earnings:							
Interest	-	-	-	-	736	1,044	-
Interfund loans	1,154	-	-	-	-	-	-
Total additions	<u>15,814</u>	<u>9,619</u>	<u>22,058</u>	<u>25,000</u>	<u>1,061</u>	<u>1,919</u>	<u>250</u>
Deductions:							
Interfund loans	642	-	-	-	-	-	-
Administrative and general	13,861	10,738	19,270	-	500	3,785	750
Total deductions	<u>14,503</u>	<u>10,738</u>	<u>19,270</u>	<u>-</u>	<u>500</u>	<u>3,785</u>	<u>750</u>
Excess (deficiency) of total additions over total deductions	<u>1,311</u>	<u>(1,119)</u>	<u>2,788</u>	<u>25,000</u>	<u>561</u>	<u>(1,866)</u>	<u>(500)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	250	-	-
Transfers out	-	-	-	-	-	-	-
Total other financings sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>-</u>
Cash and investment fund balance - beginning	<u>-</u>	<u>1,756</u>	<u>-</u>	<u>-</u>	<u>20,875</u>	<u>13,016</u>	<u>45,197</u>
Cash and investments - June 30	<u>\$ 1,311</u>	<u>\$ 637</u>	<u>\$ 2,788</u>	<u>\$ 25,000</u>	<u>\$ 21,686</u>	<u>\$ 11,150</u>	<u>\$ 44,697</u>
Net assets:							
Cash and investments	<u>\$ 1,311</u>	<u>\$ 637</u>	<u>\$ 2,788</u>	<u>\$ 25,000</u>	<u>\$ 21,686</u>	<u>\$ 11,150</u>	<u>\$ 44,697</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,311</u>	<u>\$ 637</u>	<u>\$ 2,788</u>	<u>\$ 25,000</u>	<u>\$ 21,686</u>	<u>\$ 11,150</u>	<u>\$ 44,697</u>

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Ivan & Faye Rogers Scholarship	Wilson Scholarship	Joyce Hall Scholarship	SCSD2 SHS Scholarship	Indiana Parks Association	Mildred McNay Scholarship	Band of Warriors Winter Guard
Additions:							
Contributions:							
Other	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ 4,647
Investment earnings:							
Interest	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	1,154
Total additions	-	-	1,500	-	-	-	5,801
Deductions:							
Interfund loans	-	-	-	-	-	-	2,308
Administrative and general	500	500	1,500	-	-	-	2,627
Total deductions	500	500	1,500	-	-	-	4,935
Excess (deficiency) of total additions over total deductions	(500)	(500)	-	-	-	-	866
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(250)	-	-	-
Total other financings sources (uses)	-	-	-	(250)	-	-	-
Cash and investment fund balance - beginning	3,097	5,154	1,500	600	207	350	614
Cash and investments - June 30	<u>\$ 2,597</u>	<u>\$ 4,654</u>	<u>\$ 1,500</u>	<u>\$ 350</u>	<u>\$ 207</u>	<u>\$ 350</u>	<u>\$ 1,480</u>
Net assets:							
Cash and investments	\$ 2,597	\$ 4,654	\$ 1,500	\$ 350	\$ 207	\$ 350	\$ 1,480
Total net assets - cash and investment basis held in trust	<u>\$ 2,597</u>	<u>\$ 4,654</u>	<u>\$ 1,500</u>	<u>\$ 350</u>	<u>\$ 207</u>	<u>\$ 350</u>	<u>\$ 1,480</u>

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Extended Day Kindergarten Fees	Kids First We Care	Section 125 Unreimbursable Medical	New Tech Grant	Washington National Stock	Prosser Building Trades
Additions:						
Contributions:						
Other	\$ 32,550	\$ 28,770	\$ 47,220	\$ 225,000	\$ -	\$ -
Investment earnings:						
Interest	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total additions	<u>32,550</u>	<u>28,770</u>	<u>47,220</u>	<u>225,000</u>	<u>-</u>	<u>-</u>
Deductions:						
Interfund loans	2,094	-	-	-	-	-
Administrative and general	<u>30,456</u>	<u>22,218</u>	<u>43,980</u>	<u>111,196</u>	<u>-</u>	<u>-</u>
Total deductions	<u>32,550</u>	<u>22,218</u>	<u>43,980</u>	<u>111,196</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	<u>-</u>	<u>6,552</u>	<u>3,240</u>	<u>113,804</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(8,543)
Total other financings sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,543)</u>
Cash and investment fund balance - beginning	<u>-</u>	<u>5,128</u>	<u>-</u>	<u>-</u>	<u>1,409</u>	<u>8,543</u>
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 11,680</u>	<u>\$ 3,240</u>	<u>\$ 113,804</u>	<u>\$ 1,409</u>	<u>\$ -</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ 11,680</u>	<u>\$ 3,240</u>	<u>\$ 113,804</u>	<u>\$ 1,409</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 11,680</u>	<u>\$ 3,240</u>	<u>\$ 113,804</u>	<u>\$ 1,409</u>	<u>\$ -</u>

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Elementary Mentor	Excellence Education Donation	Classroom Teachers Grant	Collier Warriorette Basketball	Donations For School Buildings	Totals
Additions:						
Contributions:						
Other	\$ -	\$ 2,000	\$ 900	\$ -	\$ 7,538	\$ 422,912
Investment earnings:						
Interest	-	-	-	-	-	1,780
Interfund loans	-	-	-	-	-	2,308
Total additions	-	2,000	900	-	7,538	427,000
Deductions:						
Interfund loans	-	-	-	-	-	5,044
Administrative and general	-	1,954	1,834	5,227	8,864	279,760
Total deductions	-	1,954	1,834	5,227	8,864	284,804
Excess (deficiency) of total additions over total deductions	-	46	(934)	(5,227)	(1,326)	142,196
Other financing sources (uses):						
Transfers in	-	-	-	-	-	250
Transfers out	-	-	-	-	-	(8,793)
Total other financings sources (uses)	-	-	-	-	-	(8,543)
Cash and investment fund balance - beginning	873	21	3,012	5,398	15,485	132,235
Cash and investments - June 30	<u>\$ 873</u>	<u>\$ 67</u>	<u>\$ 2,078</u>	<u>\$ 171</u>	<u>\$ 14,159</u>	<u>\$ 265,888</u>
Net assets:						
Cash and investments	\$ 873	\$ 67	\$ 2,078	\$ 171	\$ 14,159	\$ 265,888
Total net assets - cash and investment basis held in trust	<u>\$ 873</u>	<u>\$ 67</u>	<u>\$ 2,078</u>	<u>\$ 171</u>	<u>\$ 14,159</u>	<u>\$ 265,888</u>

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	Prepaid Food	Payroll Withholdings	Totals
Additions:			
Agency fund additions	\$ 523,576	\$ 4,868,415	\$ 5,391,991
Deductions:			
Agency fund deductions	523,576	4,868,415	5,391,991
Excess (deficiency) of total additions over total deductions	-	-	-
Cash and investment fund balance - beginning	-	-	-
Cash and investment fund balance - ending	\$ -	\$ -	\$ -

SCOTT COUNTY SCHOOL DISTRICT 2
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	Prepaid Food	Payroll Withholdings	Totals
Additions:			
Agency fund additions	\$ 454,310	\$ 5,104,958	\$ 5,559,268
Deductions:			
Agency fund deductions	500,913	5,104,958	5,605,871
Excess (deficiency) of total additions over total deductions	(46,603)	-	(46,603)
Cash and investment fund balance - beginning	-	-	-
Cash and investment fund balance - ending	\$ (46,603)	\$ -	\$ (46,603)

SCOTT COUNTY SCHOOL DISTRICT 2
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2010

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land and Buildings	\$ 51,125,033
Improvements other than buildings	2,043,517
Machinery and equipment	<u>2,788,667</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 55,957,217</u>

SCOTT COUNTY SCHOOL DISTRICT 2
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Johnson Elementary School Building	\$ 270,000	\$ 274,725
Scottsburg Middle School Building	15,485,000	1,342,000
Technology Building Renovation	1,975,000	200,263
Loans payable:		
Common School Loans	297,048	77,387
Bonds payable:		
General obligation bonds:		
Pension Bonds of 2004	<u>2,025,000</u>	<u>251,311</u>
Total governmental activities debt	<u>\$ 20,052,048</u>	<u>\$ 2,145,686</u>

SCOTT COUNTY SCHOOL DISTRICT 2
AUDIT RESULT AND COMMENT

OVERDRAWN FUND BALANCES

The School Corporation allows for the prepayment of student meals throughout the school year. All prepaid meal collections are accounted for in the Prepaid Meal Fund, an agency fund, which is an extension of the School Lunch Fund. A computer software system is used to track each meal served on a daily basis by posting the meal purchase to each student's account and summarizing the total meals served each day. Monthly, the School Corporation Treasurer totals the daily reports to determine the number of meals served which is multiplied by the rate charged per meal to determine the amount to be transferred from the Prepaid Meal Fund to the School Lunch Fund. Since the School Corporation provided meals to all students regardless of their ability to pay, the procedures used to transfer funds from the Prepaid Meal Fund, which have not actually been collected, caused an overdrawn fund balance in the Prepaid Meal Fund of \$46,603 as of June 30, 2010.

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

The balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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 SCOTT COUNTY SCHOOL DISTRICT 2, SCOTT COUNTY, INDIANA

Compliance

We have audited the compliance of the Scott County School District 2 (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether 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, 2009 and 2010.

Internal Control Over Compliance

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

February 7, 2011

SCOTT COUNTY SCHOOL DISTRICT 2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	SY 08-09 SY 09-10	\$ 134,067 -	\$ - 113,650
National School Lunch Program	10.555	SY 08-09 SY 09-10	546,054 -	- 673,509
Total for federal grantor agency			<u>680,121</u>	<u>787,159</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies School Improvement Funds	84.010	08-7255 09-7255 10-7255 09-7255, Part D 10-7255, Part D	121,202 523,104 - 22,005 -	- 115,855 528,825 7,984 31,662
Total for program			<u>666,311</u>	<u>684,326</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	SY 09-10	-	97,984
Total for cluster			<u>666,311</u>	<u>782,310</u>
Pass-Through Madison Area Educational Special Services Unit Special Education Cluster ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-038-SN01	-	146,648
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	09-7255 10-7255	1,159,878 -	- 872,796
Total for cluster			<u>1,159,878</u>	<u>872,796</u>
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	09-7255 10-7255	3,100 -	- 5,000
Total for program			<u>3,100</u>	<u>5,000</u>
Tech-Prep Education	84.243	09-7255 10-7255	20,000 -	- 7,067
Total for program			<u>20,000</u>	<u>7,067</u>
Twenty-First Century Community Learning Centers	84.287	S287C020014	76,301	134,924
State Grants For Innovative Programs	84.298	06-7255 07-7255	2,452 -	- 1,844
Total for program			<u>2,452</u>	<u>1,844</u>
Improving Teacher Quality State Grants	84.367	06-7255 07-7255 08-7255	100,905 125,000 -	- 22,560 134,227
Total for program			<u>225,905</u>	<u>156,787</u>
Total for federal grantor agency			<u>2,153,947</u>	<u>2,107,376</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	09-7255	5,739	3,251
Total federal awards expended			<u>\$ 2,839,807</u>	<u>\$ 2,897,786</u>

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

SCOTT COUNTY SCHOOL DISTRICT 2
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 Scott County School District 2 (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
School Breakfast Program	10.553	\$ 14,197	\$ 12,342
National School Lunch Program	10.555	57,662	72,411

SCOTT COUNTY SCHOOL DISTRICT 2
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:

CFDA Number	Name of Federal Program or Cluster
84.367	Child Nutrition Cluster Title 1, Part A Cluster Improving Teacher Quality State Grants State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SCOTT COUNTY SCHOOL DISTRICT 2
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SCOTT COUNTY SCHOOL DISTRICT 2
EXIT CONFERENCE

The contents of this report were discussed on February 7, 2011, with Dr. Philip Deardorff, Superintendent of Schools; Steve Nauman, Treasurer; and Terry Jones, President of the School . The officials concurred with our audit findings.