

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTH KNOX SCHOOL CORPORATION
KNOX COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED
03/02/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on the Financial Statement and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards	5-6
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	9
Notes to Financial Statement	10-14
Supplementary Information: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	16-25
Schedule of Capital Assets	26
Schedule of Long-Term Debt	27
Audit Result and Comment: Honors Diplomas – Incorrect Reporting to the State	28
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	30-31
Schedule of Expenditures of Federal Awards	34
Notes to Schedule of Expenditures of Federal Awards	35
Schedule of Findings and Questioned Costs	36
Auditee Prepared Schedule: Summary Schedule of Prior Audit Findings	37
Exit Conference	38

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	G. Darlene Small	07-01-09 to 06-30-12
Superintendent of Schools	Bradley D. Case	07-01-09 to 06-30-12
President of the School Board	Donald R. Page Larry F. Holscher Alicia D. Houchin	07-01-09 to 06-30-10 07-01-10 to 06-30-11 07-01-11 to 06-30-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited the accompanying financial statement of the South Knox School Corporation (School Corporation), for the years ended June 30, 2010 and 2011. The financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

In accordance with Government Auditing Standards, we have also issued a report dated February 1, 2012, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

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

STATE BOARD OF ACCOUNTS

February 1, 2012



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited the financial statement of the South Knox School Corporation (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 1, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

February 1, 2012

FINANCIAL STATEMENT

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

(This page intentionally left blank.)

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

	Cash and Investments 07-01-09		Other Financing Sources (Uses)		Cash and Investments 06-30-10		Other Financing Sources (Uses)		Cash and Investments 06-30-11	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 926,882	\$ 6,582,391	\$ 6,592,271	\$ 136,009	\$ 1,053,011	\$ 6,772,513	\$ 6,653,398	\$ 49,377	\$ 1,221,503	
Debt Service	(27,023)	1,955,585	980,441	(644,095)	304,026	1,239,609	1,011,685	(385,206)	146,744	
Retirement/Severance Bond Debt Service	(78,764)	347,526	220,062	385	49,085	221,346	222,084	3,309	51,656	
Capital Projects	(50,129)	1,901,151	1,646,346	(703)	203,973	1,243,036	1,168,991	18,874	296,892	
School Transportation	143,549	1,736,634	1,600,764	34,623	314,042	1,157,730	1,116,355	(10,908)	344,509	
School Bus Replacement	85,898	55,835	-	391	142,124	48,487	-	931	191,542	
Special Education Preschool	81,821	6,873	13,045	(75,649)	-	-	-	-	-	
Rainy Day	466,427	8,002	480,094	900,000	894,335	-	399,501	400,000	894,834	
School Lunch	65,674	432,210	444,817	-	53,067	476,371	458,962	-	70,476	
Textbook Rental	39,132	101,203	82,144	744	58,935	102,129	111,984	3,086	52,166	
Self-Insurance	635,192	193,241	244,082	-	584,351	360,001	489,006	-	455,346	
Levy Excess	415,333	-	-	(350,804)	64,529	-	-	(58,607)	5,922	
Educational License Plates	-	376	338	-	38	375	413	-	-	
PLTW-OCRA Grant	859	1,921	2,780	-	-	-	-	-	-	
PLTW-WIRED Grant	978	-	978	-	-	-	-	-	-	
PLTW-USI Stem Grant	(6,315)	21,612	15,297	-	-	-	-	-	-	
Leader in the Community Grant	1,300	995	1,961	-	334	-	334	-	-	
Education Foundation Donations	4,973	17,933	7,331	-	15,575	7,202	15,545	-	7,232	
Extra-Curricular Activities	3,555	-	-	-	3,555	-	-	-	3,555	
S.I.N.E. Learning Grant	-	-	-	-	-	2,021	2,021	-	-	
Gifted/Talented Instruction Support	11,026	30,068	35,587	-	5,507	29,622	33,696	-	1,433	
School Technology	3,786	9,949	10,350	-	3,385	7,125	8,722	-	1,788	
IREAD K-12	-	-	-	-	-	-	1,327	-	(1,327)	
Advancing Academic Excellence	3,265	6,630	8,382	-	1,513	5,556	4,440	-	2,629	
Excess PTRC Distributions	-	-	-	-	-	20,073	-	(20,073)	-	
PL 107-110 ESEA Title 1 FY11	-	-	-	-	-	80,849	80,849	-	-	
PL 107-110 ESEA Title 1 FY09	8,169	17,019	21,449	(3,739)	-	-	-	-	-	
PL 107-110 ESEA Title 1 FY10	-	81,590	87,190	3,739	(1,861)	21,569	19,708	-	-	
Title V, PL 107-110 FY07-08	779	658	1,437	-	-	-	-	-	-	
IDEA, PL 101-476 FY 09	42,602	-	39,811	(2,791)	-	-	-	-	-	
IDEA, PL 101-476 FY 09 Carryover	-	-	2,791	2,791	-	-	-	-	-	
IDEA, PL 101-476 FY 2010	-	187,830	197,433	-	(9,603)	43,998	31,885	(2,510)	-	
IDEA, PL 101-476 FY 10 Carryover	-	-	-	-	-	-	2,511	2,511	-	
IDEA, PL 101-476 FY 2011	-	-	-	-	-	181,499	181,355	-	144	
PL 107-110 Drug-Free FY 07-08	221	-	221	-	-	-	-	-	-	
PL 107-110 Drug-Free FY 08-09	-	2,512	2,512	-	-	-	-	-	-	
PL 107-110 Drug-Free FY09-10	-	-	276	-	(276)	2,385	2,109	-	-	
Improving Teaching Quality, No Child Left, Title II, Part A	789	40,250	40,823	-	216	42,125	38,639	-	3,702	
ITQ, Enhanced Education Through Technology, Title II, Part D	12,747	99	12,846	-	-	-	-	-	-	
Fiscal Stabilization - Education	524,712	239,270	763,982	-	-	-	-	-	-	
Title I - Grants to LEAs	10,222	40,199	50,389	-	32	11,800	11,832	-	-	
Special Education - Part B	-	191,971	202,915	-	(10,944)	49,705	40,263	-	(1,502)	
Qualified School Construction Bond	-	-	-	-	-	945	277,095	1,935,000	1,658,850	
Education Jobs	-	-	-	-	-	192,671	191,994	-	677	
Totals	\$ 3,327,660	\$ 14,211,533	\$ 13,811,145	\$ 901	\$ 3,728,949	\$ 12,320,742	\$ 12,576,704	\$ 1,935,784	\$ 5,408,771	

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

SOUTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

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

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

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

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

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

SOUTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other financing sources and uses

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

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

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

SOUTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

SOUTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

SOUTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

The School Corporation also contributes to additional pension plans unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	School Lunch
Cash and investments - beginning	\$ 926,882	\$ (27,023)	\$ (78,764)	\$ (50,129)	\$ 143,549	\$ 85,898	\$ 81,821	\$ 466,427	\$ 65,674
Receipts:									
Local sources	117,230	1,955,585	347,526	1,900,203	1,736,414	55,835	-	-	267,560
Intermediate sources	4,236	-	-	-	-	-	-	-	-
State sources	6,443,573	-	-	-	-	-	6,873	-	6,333
Federal sources	7,904	-	-	-	-	-	-	-	158,267
Other	9,448	-	-	948	220	-	-	8,002	50
Total receipts	<u>6,582,391</u>	<u>1,955,585</u>	<u>347,526</u>	<u>1,901,151</u>	<u>1,736,634</u>	<u>55,835</u>	<u>6,873</u>	<u>8,002</u>	<u>432,210</u>
Disbursements:									
Current:									
Instruction	4,290,110	-	-	-	-	-	7,618	134,609	-
Support services	1,577,019	120	-	889,797	1,100,764	-	3,230	71,180	566
Noninstructional services	130,260	-	-	-	-	-	-	-	444,081
Facilities acquisition and construction	-	-	-	256,549	-	-	-	274,305	170
Debt services	500,000	980,321	220,062	500,000	500,000	-	-	-	-
Nonprogrammed charges	94,882	-	-	-	-	-	2,197	-	-
Total disbursements	<u>6,592,271</u>	<u>980,441</u>	<u>220,062</u>	<u>1,646,346</u>	<u>1,600,764</u>	<u>-</u>	<u>13,045</u>	<u>480,094</u>	<u>444,817</u>
Excess (deficiency) of receipts over disbursements	<u>(9,880)</u>	<u>975,144</u>	<u>127,464</u>	<u>254,805</u>	<u>135,870</u>	<u>55,835</u>	<u>(6,172)</u>	<u>(472,092)</u>	<u>(12,607)</u>
Other financing sources (uses):									
Sale of capital assets	901	-	-	-	-	-	-	-	-
Transfers in	135,108	26,653	4,050	19,992	303,857	1,322	-	900,000	-
Transfers out	-	(670,748)	(3,665)	(20,695)	(269,234)	(931)	(75,649)	-	-
Total other financing sources (uses)	<u>136,009</u>	<u>(644,095)</u>	<u>385</u>	<u>(703)</u>	<u>34,623</u>	<u>391</u>	<u>(75,649)</u>	<u>900,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>126,129</u>	<u>331,049</u>	<u>127,849</u>	<u>254,102</u>	<u>170,493</u>	<u>56,226</u>	<u>(81,821)</u>	<u>427,908</u>	<u>(12,607)</u>
Cash and investments - ending	<u>\$ 1,053,011</u>	<u>\$ 304,026</u>	<u>\$ 49,085</u>	<u>\$ 203,973</u>	<u>\$ 314,042</u>	<u>\$ 142,124</u>	<u>\$ -</u>	<u>\$ 894,335</u>	<u>\$ 53,067</u>

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

	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	PLTW-OCRA Grant	PLTW-WIRED Grant	PLTW-USI Stem Grant	Leader in the Community Grant	Education Foundation Donations
Cash and investments - beginning	\$ 39,132	\$ 635,192	\$ 415,333	\$ -	\$ 859	\$ 978	\$ (6,315)	\$ 1,300	\$ 4,973
Receipts:									
Local sources	81,232	193,241	-	-	-	-	19,824	995	17,633
Intermediate sources	-	-	-	376	-	-	-	-	-
State sources	19,671	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	300	-	-	-	1,921	-	1,788	-	300
Total receipts	101,203	193,241	-	376	1,921	-	21,612	995	17,933
Disbursements:									
Current:									
Instruction	-	-	-	-	2,780	978	14,447	1,961	6,241
Support services	82,144	-	-	-	-	-	850	-	1,090
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	244,082	-	338	-	-	-	-	-
Total disbursements	82,144	244,082	-	338	2,780	978	15,297	1,961	7,331
Excess (deficiency) of receipts over disbursements	19,059	(50,841)	-	38	(859)	(978)	6,315	(966)	10,602
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	744	-	64,529	-	-	-	-	-	-
Transfers out	-	-	(415,333)	-	-	-	-	-	-
Total other financing sources (uses)	744	-	(350,804)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,803	(50,841)	(350,804)	38	(859)	(978)	6,315	(966)	10,602
Cash and investments - ending	\$ 58,935	\$ 584,351	\$ 64,529	\$ 38	\$ -	\$ -	\$ -	\$ 334	\$ 15,575

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

	Extra- Curricular Activities	S.I.N.E. Learning Grant	Gifted/Talented Instruction Support	School Technology	IREAD K-12	Advancing Academic Excellence	Excess PTRC Distributions	PL 107-110 ESEA Title 1 FY11	PL 107-110 ESEA Title 1 FY 09
Cash and investments - beginning	\$ 3,555	\$ -	\$ 11,026	\$ 3,786	\$ -	\$ 3,265	\$ -	\$ -	\$ 8,169
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	6,555	-	-	-
State sources	-	-	30,068	-	-	-	-	-	-
Federal sources	-	-	-	8,615	-	-	-	-	17,019
Other	-	-	-	1,334	-	75	-	-	-
Total receipts	-	-	30,068	9,949	-	6,630	-	-	17,019
Disbursements:									
Current:									
Instruction	-	-	32,407	555	-	8,382	-	-	21,270
Support services	-	-	3,180	9,795	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	179
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	35,587	10,350	-	8,382	-	-	21,449
Excess (deficiency) of receipts over disbursements	-	-	(5,519)	(401)	-	(1,752)	-	-	(4,430)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(3,739)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(3,739)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(5,519)	(401)	-	(1,752)	-	-	(8,169)
Cash and investments - ending	\$ 3,555	\$ -	\$ 5,507	\$ 3,385	\$ -	\$ 1,513	\$ -	\$ -	\$ -

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

	PL 107-110 ESEA Title 1 FY 10	Title V PL 107-110 FY 07-08	IDEA PL 101-476 FY09	IDEA PL 101-476 FY09 Carryover	IDEA PL 101-476 FY 2010	IDEA PL 101-476 FY10 Carryover	IDEA PL 101-476 FY 2011	PL 107-110 Drug-Free FY 07-08	PL 107-110 Drug-Free FY 08-09
Cash and investments - beginning	\$ -	\$ 779	\$ 42,602	\$ -	\$ -	\$ -	\$ -	\$ 221	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	81,590	658	-	-	187,830	-	-	-	2,512
Other	-	-	-	-	-	-	-	-	-
Total receipts	81,590	658	-	-	187,830	-	-	-	2,512
Disbursements:									
Current:									
Instruction	83,942	-	39,811	2,791	197,433	-	-	-	-
Support services	-	1,437	-	-	-	-	-	221	2,512
Noninstructional services	3,248	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	87,190	1,437	39,811	2,791	197,433	-	-	221	2,512
Excess (deficiency) of receipts over disbursements	(5,600)	(779)	(39,811)	(2,791)	(9,603)	-	-	(221)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	3,739	-	-	2,791	-	-	-	-	-
Transfers out	-	-	(2,791)	-	-	-	-	-	-
Total other financing sources (uses)	3,739	-	(2,791)	2,791	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,861)	(779)	(42,602)	-	(9,603)	-	-	(221)	-
Cash and investments - ending	\$ (1,861)	\$ -	\$ -	\$ -	\$ (9,603)	\$ -	\$ -	\$ -	\$ -

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

	PL 107-110 Drug-Free FY 09-10	Improving Teaching Quality No Child Left Title II, Part A	ITQ Enhanced Education Through Technology Title II, Part D	Fiscal Stabilization Education	Title I Grants to LEAs	Special Education Part B	Qualified School Construction Bond	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ 789	\$ 12,747	\$ 524,712	\$ 10,222	\$ -	\$ -	\$ -	\$ 3,327,660
Receipts:									
Local sources	-	-	-	-	-	-	-	-	6,693,278
Intermediate sources	-	-	-	-	-	-	-	-	11,167
State sources	-	-	-	-	-	-	-	-	6,506,518
Federal sources	-	40,250	-	239,270	40,199	191,919	-	-	976,033
Other	-	-	99	-	-	52	-	-	24,537
Total receipts	-	40,250	99	239,270	40,199	191,971	-	-	14,211,533
Disbursements:									
Current:									
Instruction	-	40,823	-	307,108	50,389	202,081	-	-	5,445,736
Support services	276	-	12,846	318,196	-	834	-	-	4,076,057
Noninstructional services	-	-	-	2,375	-	-	-	-	580,143
Facilities acquisition and construction	-	-	-	-	-	-	-	-	531,024
Debt services	-	-	-	-	-	-	-	-	2,700,383
Nonprogrammed charges	-	-	-	136,303	-	-	-	-	477,802
Total disbursements	276	40,823	12,846	763,982	50,389	202,915	-	-	13,811,145
Excess (deficiency) of receipts over disbursements	(276)	(573)	(12,747)	(524,712)	(10,190)	(10,944)	-	-	400,388
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	901
Transfers in	-	-	-	-	-	-	-	-	1,462,785
Transfers out	-	-	-	-	-	-	-	-	(1,462,785)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	901
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(276)	(573)	(12,747)	(524,712)	(10,190)	(10,944)	-	-	401,289
Cash and investments - ending	\$ (276)	\$ 216	\$ -	\$ -	\$ 32	\$ (10,944)	\$ -	\$ -	\$ 3,728,949

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	School Lunch
Cash and investments - beginning	\$ 1,053,011	\$ 304,026	\$ 49,085	\$ 203,973	\$ 314,042	\$ 142,124	\$ -	\$ 894,335	\$ 53,067
Receipts:									
Local sources	72,825	1,239,609	221,346	1,242,601	1,157,509	48,487	-	-	290,435
Intermediate sources	1,344	-	-	-	-	-	-	-	-
State sources	6,676,246	-	-	-	-	-	-	-	6,142
Federal sources	8,206	-	-	-	-	-	-	-	179,794
Other	13,892	-	-	435	221	-	-	-	-
Total receipts	<u>6,772,513</u>	<u>1,239,609</u>	<u>221,346</u>	<u>1,243,036</u>	<u>1,157,730</u>	<u>48,487</u>	<u>-</u>	<u>-</u>	<u>476,371</u>
Disbursements:									
Current:									
Instruction	4,451,059	-	-	-	-	-	-	1,999	-
Support services	1,866,352	60	-	861,559	1,116,355	-	-	-	741
Noninstructional services	133,842	-	-	-	-	-	-	-	455,212
Facilities acquisition and construction	-	-	-	307,432	-	-	-	397,502	3,009
Debt services	-	1,011,625	222,084	-	-	-	-	-	-
Nonprogrammed charges	202,145	-	-	-	-	-	-	-	-
Total disbursements	<u>6,653,398</u>	<u>1,011,685</u>	<u>222,084</u>	<u>1,168,991</u>	<u>1,116,355</u>	<u>-</u>	<u>-</u>	<u>399,501</u>	<u>458,962</u>
Excess (deficiency) of receipts over disbursements	<u>119,115</u>	<u>227,924</u>	<u>(738)</u>	<u>74,045</u>	<u>41,375</u>	<u>48,487</u>	<u>-</u>	<u>(399,501)</u>	<u>17,409</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	783	-	-	-	-	-	-	-	-
Transfers in	48,594	20,004	3,665	20,695	39,307	931	-	400,000	-
Transfers out	-	(405,210)	(356)	(1,821)	(50,215)	-	-	-	-
Total other financing sources (uses)	<u>49,377</u>	<u>(385,206)</u>	<u>3,309</u>	<u>18,874</u>	<u>(10,908)</u>	<u>931</u>	<u>-</u>	<u>400,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>168,492</u>	<u>(157,282)</u>	<u>2,571</u>	<u>92,919</u>	<u>30,467</u>	<u>49,418</u>	<u>-</u>	<u>499</u>	<u>17,409</u>
Cash and investments - ending	<u>\$ 1,221,503</u>	<u>\$ 146,744</u>	<u>\$ 51,656</u>	<u>\$ 296,892</u>	<u>\$ 344,509</u>	<u>\$ 191,542</u>	<u>\$ -</u>	<u>\$ 894,834</u>	<u>\$ 70,476</u>

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

	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	PLTW-OCRA Grant	PLTW-WIRED Grant	PLTW-USI Stem Grant	Leader in the Community Grant	Education Foundation Donations
Cash and investments - beginning	\$ 58,935	\$ 584,351	\$ 64,529	\$ 38	\$ -	\$ -	\$ -	\$ 334	\$ 15,575
Receipts:									
Local sources	82,339	252,044	-	-	-	-	-	-	6,993
Intermediate sources	-	-	-	375	-	-	-	-	-
State sources	19,490	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	300	107,957	-	-	-	-	-	-	209
Total receipts	102,129	360,001	-	375	-	-	-	-	7,202
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	334	11,077
Support services	111,984	-	-	-	-	-	-	-	4,468
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	489,006	-	413	-	-	-	-	-
Total disbursements	111,984	489,006	-	413	-	-	-	334	15,545
Excess (deficiency) of receipts over disbursements	(9,855)	(129,005)	-	(38)	-	-	-	(334)	(8,343)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	3,086	-	5,922	-	-	-	-	-	-
Transfers out	-	-	(64,529)	-	-	-	-	-	-
Total other financing sources (uses)	3,086	-	(58,607)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,769)	(129,005)	(58,607)	(38)	-	-	-	(334)	(8,343)
Cash and investments - ending	\$ 52,166	\$ 455,346	\$ 5,922	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,232

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

	Extra- Curricular Activities	S.I.N.E. Learning Grant	Gifted/Talented Instruction Support	School Technology	IREAD K-12	Advancing Academic Excellence	Excess PTRC Distributions	PL 107-110 ESEA Title 1 FY11	PL 107-110 ESEA Title 1 FY 09
Cash and investments - beginning	\$ 3,555	\$ -	\$ 5,507	\$ 3,385	\$ -	\$ 1,513	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	2,000	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	5,556	-	-	-
State sources	-	-	29,622	-	-	-	20,073	-	-
Federal sources	-	-	-	6,576	-	-	-	80,849	-
Other	-	21	-	549	-	-	-	-	-
Total receipts	-	2,021	29,622	7,125	-	5,556	20,073	80,849	-
Disbursements:									
Current:									
Instruction	-	2,021	32,253	-	1,327	4,440	-	80,849	-
Support services	-	-	1,443	8,722	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	2,021	33,696	8,722	1,327	4,440	-	80,849	-
Excess (deficiency) of receipts over disbursements	-	-	(4,074)	(1,597)	(1,327)	1,116	20,073	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(20,073)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(20,073)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(4,074)	(1,597)	(1,327)	1,116	-	-	-
Cash and investments - ending	\$ 3,555	\$ -	\$ 1,433	\$ 1,788	\$ (1,327)	\$ 2,629	\$ -	\$ -	\$ -

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

	PL 107-110 ESEA Title 1 FY 10	Title V PL 107-110 FY 07-08	IDEA PL 101-476 FY09	IDEA PL 101-476 FY09 Carryover	IDEA PL 101-476 FY 2010	IDEA PL 101-476 FY10 Carryover	IDEA PL 101-476 FY 2011	PL 107-110 Drug-Free FY 07-08	PL 107-110 Drug-Free FY 08-09
Cash and investments - beginning	\$ (1,861)	\$ -	\$ -	\$ -	\$ (9,603)	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	21,569	-	-	-	43,998	-	181,499	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	21,569	-	-	-	43,998	-	181,499	-	-
Disbursements:									
Current:									
Instruction	18,338	-	-	-	31,885	2,511	181,355	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	1,370	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	19,708	-	-	-	31,885	2,511	181,355	-	-
Excess (deficiency) of receipts over disbursements	1,861	-	-	-	12,113	(2,511)	144	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	2,511	-	-	-
Transfers out	-	-	-	-	(2,510)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(2,510)	2,511	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,861	-	-	-	9,603	-	144	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144	\$ -	\$ -

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

	PL 107-110 Drug-Free FY 09-10	Improving Teaching Quality No Child Left Title II, Part A	ITQ Enhanced Education Through Technology Title II, Part D	Fiscal Stabilization Education	Title I Grants to LEAs	Special Education Part B	Qualified School Construction Bond	Education Jobs	Totals
Cash and investments - beginning	\$ (276)	\$ 216	\$ -	\$ -	\$ 32	\$ (10,944)	\$ -	\$ -	\$ 3,728,949
Receipts:									
Local sources	-	-	-	-	-	-	945	-	4,617,133
Intermediate sources	-	-	-	-	-	-	-	-	7,275
State sources	-	-	-	-	-	-	-	-	6,751,573
Federal sources	2,385	42,125	-	-	11,800	49,705	-	192,671	821,177
Other	-	-	-	-	-	-	-	-	123,584
Total receipts	2,385	42,125	-	-	11,800	49,705	945	192,671	12,320,742
Disbursements:									
Current:									
Instruction	-	38,639	-	-	11,832	40,263	-	171,475	5,081,657
Support services	2,109	-	-	-	-	-	60,397	20,519	4,054,709
Noninstructional services	-	-	-	-	-	-	-	-	590,424
Facilities acquisition and construction	-	-	-	-	-	-	216,698	-	924,641
Debt services	-	-	-	-	-	-	-	-	1,233,709
Nonprogrammed charges	-	-	-	-	-	-	-	-	691,564
Total disbursements	2,109	38,639	-	-	11,832	40,263	277,095	191,994	12,576,704
Excess (deficiency) of receipts over disbursements	276	3,486	-	-	(32)	9,442	(276,150)	677	(255,962)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	1,935,000	-	1,935,000
Sale of capital assets	-	-	-	-	-	-	-	-	783
Transfers in	-	-	-	-	-	-	-	-	544,715
Transfers out	-	-	-	-	-	-	-	-	(544,714)
Total other financing sources (uses)	-	-	-	-	-	-	1,935,000	-	1,935,784
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	276	3,486	-	-	(32)	9,442	1,658,850	677	1,679,822
Cash and investments - ending	\$ -	\$ 3,702	\$ -	\$ -	\$ -	\$ (1,502)	\$ 1,658,850	\$ 677	\$ 5,408,771

SOUTH KNOX SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2011

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

	<u>Ending Balance</u>
Capital assets, not being depreciated:	
Land	\$ 50,000
Buildings	10,548,519
Improvements other than buildings	58,285
Machinery and equipment	<u>3,468,402</u>
Total capital assets not being depreciated	<u>\$ 14,125,206</u>

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

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Capital leases:		
Elementary School Building	\$ 5,320,000	\$ 946,000
Bonds payable:		
General obligation bonds:		
2010 Qualified School Construction Bonds	1,870,000	135,400
Revenue bonds:		
2004 Pension Bonds	<u>720,000</u>	<u>223,608</u>
Total debt	<u>\$ 7,910,000</u>	<u>\$ 1,305,008</u>

SOUTH KNOX SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates the number of students receiving honors diplomas as reported by the School Corporation to the Indiana Department of Education on Form DOE-GR, Graduate Report, were incorrect for the school year ending June 30, 2009.

The number of honors diplomas earned for 2008-2009. The difference between the count reported on the Graduate Report and the verified figures are shown below:

<u>School Year</u>	<u>Count as Reported on Form DOE-GR</u>	<u>Actual Honors Diploma Figures</u>	<u>Difference</u>
2008-2009	35	34	1

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Compliance

We have audited the compliance of the South Knox School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011.

Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

STATE BOARD OF ACCOUNTS

February 1, 2012

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 28,846	\$ 25,058
National School Lunch Program	10.555		<u>161,332</u>	<u>162,116</u>
Total for cluster			<u>190,178</u>	<u>187,174</u>
Total for federal grantor agency			<u>190,178</u>	<u>187,174</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
FY 08-09			25,186	-
FY 09-10			87,188	19,708
FY 10-11			<u>-</u>	<u>80,850</u>
Total for program			<u>112,374</u>	<u>100,558</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389		<u>50,390</u>	<u>11,832</u>
Total for cluster			<u>162,764</u>	<u>112,390</u>
Pass-Through Vincennes Community Schools				
Special Education Cluster				
Special Education - Grants to States				
FY 09-10			197,435	34,397
FY 09-10 carryover			-	2,510
FY 10-11			<u>-</u>	<u>181,356</u>
Total for program			197,435	218,263
ARRA - Special Education - Grants to States, Recovery Act	84.391		<u>202,862</u>	<u>40,261</u>
Total for cluster			<u>400,297</u>	<u>258,524</u>
Pass-Through Indiana Department of Education				
Education Technology State Grants Cluster				
Education Technology State Grants	84.318		<u>12,846</u>	-
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		<u>763,978</u>	-
Pass-Through Twin Rivers Career and Technical Education Area				
Career and Technical Education - Basic Grants to States	84.048		<u>7,904</u>	<u>8,206</u>
Pass-Through Indiana Department of Education				
Safe and Drug-Free Schools and Communities - State Grants				
FY08-09			221	-
FY09-10			2,512	-
FY10-11			<u>276</u>	<u>2,109</u>
Total for program			<u>3,009</u>	<u>2,109</u>
State Grants for Innovative Programs	84.298		<u>1,438</u>	-
Improving Teacher Quality State Grants				
FY08-09			7,752	-
FY09-10			33,070	7,379
FY10-11			<u>-</u>	<u>31,260</u>
Total for program			<u>40,822</u>	<u>38,639</u>
ARRA-Education Jobs Fund	84.410		<u>-</u>	<u>191,994</u>
Total for federal grantor agency			<u>1,393,058</u>	<u>611,862</u>
Total federal awards expended			<u>\$ 1,583,236</u>	<u>\$ 799,036</u>

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the South Knox School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

Note 2. Noncash Assistance

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

Program Title	Federal CFDA Number	2010	2011
School Breakfast Program	10.553	\$ 4,346.19	\$ 3,431.00
National School Lunch Program	10.555	24,824.23	21,460.02

SOUTH KNOX SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

Name of Federal Program or Cluster
Special Education Cluster
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? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SOUTH KNOX SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SOUTH KNOX SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 1, 2012, with Bradley D. Case, Superintendent of Schools; G. Darlene Small, Treasurer; and Alicia D. Houchin, President of the School Board. The officials concurred with our audit finding.