B31843

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

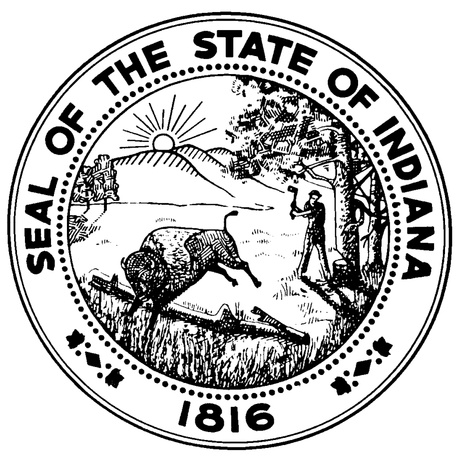
EXAMINATION REPORT

OF

SOUTH KNOX SCHOOL CORPORATION

KNOX COUNTY, INDIANA

July 1, 2005 to June 30, 2007



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OFFICIALS

Office	Official	Term
Treasurer	G. Darlene Small	07-01-05 to 06-30-08
Superintendent of Schools	Bradley D. Case	07-01-05 to 06-30-08
President of the School Board	James E. Beard	07-01-05 to 06-30-06
	Michael A. Anson	07-01-06 to 06-30-07
	Larry F. Holscher	07-01-07 to 06-30-08

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the South Knox School Corporation (School Corporation), for the period of July 1, 2005 to June 30, 2007. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 13, 2008

SOUTH KNOX SCHOOL CORPORATION
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts: Charges for Services	Program Receipts: Operating Grants and Contributions	Net (Disbursement) Receipts and Changes in Net Assets: Totals
Governmental activities:				
Instruction	$ 3,521,238	$ -	$ 119,568	$ (3,401,670)
Support services	5,317,094	316,479	150,626	(4,849,989)
Community services	99,871	-	-	(99,871)
Nonprogrammed charges	217,174	-	-	(217,174)
Debt service	5,248,187	-	-	(5,248,187)
Total governmental activities	$ 14,403,564	$ 316,479	$ 270,194	(13,816,891)
General receipts:				
Property taxes				8,334,791
Other local sources				965,824
State aid				3,063,542
Bonds and loans				2,000,000
Grants and contributions not restricted to specific programs				403,485
Sale of property, adjustments, and refunds				135,432
Investment earnings				88,591
Total general receipts				14,991,665
Change in net assets				1,174,774
Net assets - beginning				3,085,913
Net assets - ending				$ 4,260,687

Assets	
Cash and investments	$ 3,952,625
Restricted assets:	
Cash and investments	308,062
Total assets	$ 4,260,687

Net Assets	
Restricted for:	
Debt service	$ 160,667
Other purposes	147,395
Unrestricted	3,952,625
Total net assets	$ 4,260,687

The accompanying notes are an integral part of the financial information.

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

Functions/Programs	Disbursements	Program Receipts: Charges for Services	Program Receipts: Operating Grants and Contributions	Net (Disbursement) Receipts and Changes in Net Assets: Totals
Governmental activities:				
Instruction	$ 3,648,325	$ -	$ 93,690	$ (3,554,635)
Support services	5,793,513	336,163	138,004	(5,319,346)
Community services	101,238	-	-	(101,238)
Nonprogrammed charges	212,184	-	-	(212,184)
Debt service	3,233,708	-	-	(3,233,708)
Total governmental activities	$ 12,988,968	$ 336,163	$ 231,694	(12,421,111)
General receipts:				
Property taxes				3,336,629
Other local sources				522,502
State aid				2,957,365
Bonds and loans				3,000,000
Grants and contributions not restricted to specific programs				380,279
Sale of property, adjustments, and refunds				84,242
Investment earnings				117,034
Total general receipts				10,398,051
Change in net assets				(2,023,060)
Net assets - beginning				4,260,687
Net assets - ending				$ 2,237,627
Assets				
Cash and investments				$ 1,928,118
Restricted assets:				
Cash and investments				309,509
Total assets				$ 2,237,627
Net Assets				
Restricted for:				
Debt service				$ 24,144
Other purposes				285,365
Unrestricted				1,928,118
Total net assets				$ 2,237,627

The accompanying notes are an integral part of the financial information.

SOUTH KNOX SCHOOL CORPORATION
SCHEDULE 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, 2006

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	$ 4,502,883	$ 1,583,671	$ -	$ 1,282,013	$ 1,474,664	$ 19,806	$ 713,257	$ 9,576,294
Intermediate sources	1,344	-	-	-	-	-	4,155	5,499
State sources	3,171,461	-	-	-	-	-	69,888	3,241,349
Federal sources	16,096	-	-	-	-	-	479,774	495,870
Bonds and loans	2,000,000	-	-	-	-	-	-	2,000,000
Sale of property, adjustments and refunds	7,734	525	-	-	125,164	-	2,008	135,431
Total receipts	9,699,518	1,584,196	-	1,282,013	1,599,828	19,806	1,269,082	15,454,443
Disbursements:								
Current:								
Instruction	3,244,902	-	-	-	-	-	276,336	3,521,238
Support services	2,508,865	887,278	413,997	-	900,945	-	606,009	5,317,094
Community services	99,371	-	-	-	-	-	500	99,871
Nonprogrammed charges	205,346	-	-	-	-	-	11,827	217,173
Debt services	3,050,000	300,000	-	1,369,475	300,000	-	228,712	5,248,187
Total disbursements	9,108,484	1,187,278	413,997	1,369,475	1,200,945	-	1,123,384	14,403,563
Excess (deficiency) of receipts over disbursements	591,034	396,918	(413,997)	(87,462)	398,883	19,806	145,698	1,050,880
Other financing sources (uses):								
Transfers in	356,218	-	600,000	-	-	-	41,326	997,544
Transfers out	-	(350,000)	(131,677)	-	(250,000)	-	(265,867)	(997,544)
Total other financing sources (uses)	356,218	(350,000)	468,323	-	(250,000)	-	(224,541)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	947,252	46,918	54,326	(87,462)	148,883	19,806	(78,843)	1,050,880
Cash and investments - beginning	1,696,527	415,527	306,119	233,391	73,645	35,045	302,158	3,062,412
Cash and investments - ending	$ 2,643,779	$ 462,445	$ 360,445	$ 145,929	$ 222,528	$ 54,851	$ 223,315	4,113,292
Amounts reported for governmental activities in the Schedule of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Schedule of Activities and Net Assets - Cash and Investment Basis.								147,395
Net assets of governmental activities								$ 4,260,687
Cash and Investment Assets - Ending								
Cash and investments	$ 2,643,779	$ 462,445	$ 360,445	$ -	$ 222,528	$ 54,851	$ 208,577	$ 3,952,625
Restricted assets:								
Cash and investments	-	-	-	145,929	-	-	14,738	160,667
Total cash and investment assets - ending	$ 2,643,779	$ 462,445	$ 360,445	$ 145,929	$ 222,528	$ 54,851	$ 223,315	$ 4,113,292
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	$ -	$ -	$ -	$ 145,929	$ -	$ -	$ 14,738	$ 160,667
Unrestricted	2,643,779	462,445	360,445	-	222,528	54,851	208,577	3,952,625
Total cash and investment fund balance - ending	$ 2,643,779	$ 462,445	$ 360,445	$ 145,929	$ 222,528	$ 54,851	$ 223,315	$ 4,113,292

The accompanying notes are an integral part of the financial information.

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

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	$ 1,899,075	$ 652,974	$ -	$ 536,851	$ 583,809	$ 24,006	$ 483,985	$ 4,180,700
Intermediate sources	1,344	-	-	-	-	-	9,706	11,050
State sources	3,039,262	-	-	-	-	-	75,901	3,115,163
Federal sources	6,620	-	-	-	-	-	447,556	454,176
Bonds and loans	1,500,000	500,000	-	350,000	575,000	-	75,000	3,000,000
Sale of property, adjustments and refunds	3,913	12,395	-	-	43,891	-	6,650	66,849
Total receipts	6,450,214	1,165,369	-	886,851	1,202,700	24,006	1,098,798	10,827,938
Disbursements:								
Current:								
Instruction	3,348,922	-	-	-	-	-	299,403	3,648,325
Support services	2,682,726	941,692	279,443	-	1,362,313	-	527,339	5,793,513
Community services	100,562	-	-	-	-	-	676	101,238
Nonprogrammed charges	203,479	-	-	-	-	-	8,705	212,184
Debt services	2,000,000	-	-	1,011,964	-	-	221,744	3,233,708
Total disbursements	8,335,689	941,692	279,443	1,011,964	1,362,313	-	1,057,867	12,988,968
Excess (deficiency) of receipts over disbursements	(1,885,475)	223,677	(279,443)	(125,113)	(159,613)	24,006	40,931	(2,161,030)
Other financing sources (uses):								
Transfers in	-	-	450,000	-	-	-	4,327	454,327
Transfers out	-	(450,000)	-	-	-	-	(4,327)	(454,327)
Total other financing sources (uses)	-	(450,000)	450,000	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,885,475)	(226,323)	170,557	(125,113)	(159,613)	24,006	40,931	(2,161,030)
Cash and investments - beginning	2,643,779	462,445	360,445	145,929	222,528	54,851	223,315	4,113,292
Cash and investments - ending	$ 758,304	$ 236,122	$ 531,002	$ 20,816	$ 62,915	$ 78,857	$ 264,246	1,952,262
Amounts reported for governmental activities in the Schedule of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Schedule of Activities and Net Assets - Cash and Investment Basis.								285,365
Net assets of governmental activities								$ 2,237,627
Cash and Investment Assets - Ending								
Cash and investments	$ 758,304	$ 236,122	$ 531,002	$ -	$ 62,915	$ 78,857	$ 260,918	$ 1,928,118
Restricted assets:								
Cash and investments	-	-	-	20,816	-	-	3,328	24,144
Total cash and investment assets - ending	$ 758,304	$ 236,122	$ 531,002	$ 20,816	$ 62,915	$ 78,857	$ 264,246	$ 1,952,262
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	$ -	$ -	$ -	$ 20,816	$ -	$ -	$ 3,328	$ 24,144
Other purposes	-	-	-	-	-	-		-
Unrestricted	758,304	236,122	531,002	-	62,915	78,857	260,918	1,928,118
Total cash and investment fund balance - ending	$ 758,304	$ 236,122	$ 531,002	$ 20,816	$ 62,915	$ 78,857	$ 264,246	$ 1,952,262

The accompanying notes are an integral part of the financial information.

SOUTH KNOX SCHOOL CORPORATION
SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2006

	Internal Service Fund
Operating disbursements:	
Insurance claims and expense	$ 3,802
Deficiency of operating receipts over operating disbursements	(3,802)
Transfers in	127,696
Change in net assets	123,894
Cash and investment fund balance - beginning	23,501
Cash and investment fund balance - ending	$ 147,395
Cash and Investment Assets - Ending	
Restricted assets:	
Cash and investments	$ 147,395
Total cash and investment assets - ending	$ 147,395
Cash and Investment Fund Balance - Ending	
Restricted for:	
Other purposes	$ 147,395
Total cash and investment fund balance - ending	$ 147,395

The accompanying notes are an integral part of the financial information.

SOUTH KNOX SCHOOL CORPORATION
SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2007

	Internal Service Fund
Operating receipts:	
Miscellaneous	$ 17,394
Operating disbursements:	
Insurance claims and expense	17,191
Excess of operating receipts over operating disbursements	203
Transfers in	137,767
Change in net assets	137,970
Cash and investment fund balance - beginning	147,395
Cash and investment fund balance - ending	$ 285,365
Cash and Investment Assets - Ending	
Restricted assets:	
Cash and investments	$ 285,365
Total cash and investment assets - ending	$ 285,365
Cash and Investment Fund Balance - Ending	
Restricted for:	
Other purposes	$ 285,365
Total cash and investment fund balance - ending	$ 285,365

The accompanying notes are an integral part of the financial information.

SOUTH KNOX SCHOOL CORPORATION
SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2006

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	$ 38,793	
Deductions:		
Administrative and general	28,209	
Excess of total additions over total deductions	10,584	
Cash and investment fund balance - beginning	8,055	
Cash and investment fund balance - ending	$ 18,639	
Net assets:		
Cash and investments	$ 18,639	$ 42,208
Total net assets - cash and investment basis held in trust	$ 18,639	$ 42,208

The accompanying notes are an integral part of the financial information.

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

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	$ 19,540	
Deductions:		
Administrative and general	26,465	
Deficiency of total additions over total deductions	(6,925)	
Cash and investment fund balance - beginning	18,639	
Cash and investment fund balance - ending	$ 11,714	
Net assets:		
Cash and investments	$ 11,714	$ 61,923
Total net assets - cash and investment basis held in trust	$ 11,714	$ 61,923

The accompanying notes are an integral part of the financial information.

Note 1. Introduction

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.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Schedules

Government-Wide Financial Schedules

The Schedules of Cash and Investments and the Schedules of Cash Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Schedules

Fund financial schedules 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, liabilities, fund equity, receipts, and disbursements. Separate financial schedules are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial schedules. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial schedules.

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

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

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

Additionally, the School Corporation reports the following fund types:

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

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the students and teachers.

Agency funds account for assets held by the School Corporation as an agent for payroll withholdings.

B. Measurement Focus and Basis of Accounting

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund schedules to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The School Corporation has elected not to follow subsequent private-sector guidance.

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

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

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

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

State statute (IC 5-13-9) authorizes 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 6. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

Transfer From	Transfer To	2006	2007
Rainy Day Fund	General Fund	$ 131,677	$ -
Other governmental funds	General Fund	224,541	-
Capital Projects Fund	Rainy Day Fund	350,000	-
Transportation Fund	Rainy Day Fund	250,000	450,000
Other governmental funds	Other governmental funds	41,326	-
Other governmental funds	Other governmental funds	-	4,327
Totals		$ 997,544	$ 454,327

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

Note 7. Pension Plan

A. 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 this 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 members' 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 Schedules and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

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

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' 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 Schedules and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

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

Funding Policy and Annual Pension 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.

SOUTH KNOX SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	Special ED Preschool	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Career Counseling
Receipts:						
Local sources	$ 15,992	$ 237,738	$ 79,093	$ -	$ -	$ -
Intermediate sources	-	-	-	-	1,050	-
State sources	25,704	7,215	12,357	-	-	-
Federal sources	-	119,035	-	-	-	-
Sale of property, adjustments and refunds	-	1,237	695	-	-	-
Total receipts	41,696	365,225	92,145	-	1,050	-
Disbursements:						
Current:						
Instruction	23,731	-	-	-	-	-
Support services	813	369,061	109,377	-	-	14,033
Community services	-	-	-	-	-	-
Nonprogrammed charges	11,827	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	36,371	369,061	109,377	-	-	14,033
Excess (deficiency) of receipts over disbursements	5,325	(3,836)	(17,232)	-	1,050	(14,033)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(224,541)	-	-
Total other financing sources (uses)	-	-	-	(224,541)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,325	(3,836)	(17,232)	(224,541)	1,050	(14,033)
Cash and investments - beginning	104,289	35,160	20,629	224,541	-	17,500
Cash and investments - ending	$ 109,614	$ 31,324	$ 3,397	$ -	$ 1,050	$ 3,467
Cash and Investment Assets - Ending						
Cash and investments	$ 109,614	$ 31,324	$ 3,397	$ -	$ 1,050	$ 3,467
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	$ 109,614	$ 31,324	$ 3,397	$ -	$ 1,050	$ 3,467
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	109,614	31,324	3,397	-	1,050	3,467
Total cash and investment fund balance - ending	$ 109,614	$ 31,324	$ 3,397	$ -	$ 1,050	$ 3,467

SOUTH KNOX SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006
(Continued)

	Gifted/ Talented	School Technology	Advanced Academic Excellence	Indiana Respect Grant	Title I Fy 2005	Title I Fy 2006
Receipts:						
Local sources	$ -	$ -	$ -	$ -	$ -	$ -
Intermediate sources	-	-	3,105	-	-	-
State sources	12,093	-	-	12,519	-	-
Federal sources	-	7,277	-	-	13,600	60,468
Sale of property, adjustments and refunds	-	76	-	-	-	-
Total receipts	12,093	7,353	3,105	12,519	13,600	60,468
Disbursements:						
Current:						
Instruction	10,854	-	-	-	13,547	46,211
Support services	910	5,022	-	1,207	4,946	13,219
Community services	-	-	-	500	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	11,764	5,022	-	1,707	18,493	59,430
Excess (deficiency) of receipts over disbursements	329	2,331	3,105	10,812	(4,893)	1,038
Other financing sources (uses):						
Transfers in	-	-	-	-	-	648
Transfers out	-	-	-	-	(648)	-
Total other financing sources (uses)	-	-	-	-	(648)	648
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	329	2,331	3,105	10,812	(5,541)	1,686
Cash and investments - beginning	2,873	25	-	(8,982)	5,541	-
Cash and investments - ending	$ 3,202	$ 2,356	$ 3,105	$ 1,830	$ -	$ 1,686
Cash and Investment Assets - Ending						
Cash and investments	$ 3,202	$ 2,356	$ 3,105	$ 1,830	$ -	$ 1,686
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	$ 3,202	$ 2,356	$ 3,105	$ 1,830	$ -	$ 1,686
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	3,202	2,356	3,105	1,830	-	1,686
Total cash and investment fund balance - ending	$ 3,202	$ 2,356	$ 3,105	$ 1,830	$ -	$ 1,686

SOUTH KNOX SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006
(Continued)

	Innovative Education Grant I	Innovative Education Grant II	Title V-A Fy 2005-06	IDEA Part C Fy 2005	IDEA Part B Fy 2005	IDEA Part C Fy 2006
Receipts:						
Local sources	$ -	$ -	$ -	$ -	$ -	$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	2,900	1,762	-	-	32,560
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	2,900	1,762	-	-	32,560
Disbursements:						
Current:						
Instruction	-	2,290	-	4,436	-	29,256
Support services	830	2,854	31	4,679	-	25,752
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	830	5,144	31	9,115	-	55,008
Excess (deficiency) of receipts over disbursements	(830)	(2,244)	1,731	(9,115)	-	(22,448)
Other financing sources (uses):						
Transfers in	-	-	-	9,115	-	31,563
Transfers out	-	-	-	-	(31,563)	(9,115)
Total other financing sources (uses)	-	-	-	9,115	(31,563)	22,448
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(830)	(2,244)	1,731	-	(31,563)	-
Cash and investments - beginning	830	2,244	-	-	31,563	-
Cash and investments - ending	$ -	$ -	$ 1,731	$ -	$ -	$ -
Cash and Investment Assets - Ending						
Cash and investments	$ -	$ -	$ 1,731	$ -	$ -	$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	$ -	$ -	$ 1,731	$ -	$ -	$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	-	-	1,731	-	-	-
Total cash and investment fund balance - ending	$ -	$ -	$ 1,731	$ -	$ -	$ -

SOUTH KNOX SCHOOL CORPORATION
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006
(Continued)

	IDEA Part B Fy 2006	Drug Free Schools Fy 2005	Drug Free Schools Fy 2006	Class Size Reduction	Retirement Severance Bond	Totals
Receipts:						
Local sources	$ -	$ -	$ -	$ -	$ 380,434	$ 713,257
Intermediate sources	-	-	-	-	-	4,155
State sources	-	-	-	-	-	69,888
Federal sources	200,932	-	3,000	38,240	-	479,774
Sale of property, adjustments and refunds	-	-	-	-	-	2,008
Total receipts	200,932	-	3,000	38,240	380,434	1,269,082
Disbursements:						
Current:						
Instruction	113,933	-	-	32,078	-	276,336
Support services	43,303	808	2,874	6,290	-	606,009
Community services	-	-	-	-	-	500
Nonprogrammed charges	-	-	-	-	-	11,827
Debt services	-	-	-	-	228,712	228,712
Total disbursements	157,236	808	2,874	38,368	228,712	1,123,384
Excess (deficiency) of receipts over disbursements	43,696	(808)	126	(128)	151,722	145,698
Other financing sources (uses):						
Transfers in	-	-	-	-	-	41,326
Transfers out	-	-	-	-	-	(265,867)
Total other financing sources (uses)	-	-	-	-	-	(224,541)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	43,696	(808)	126	(128)	151,722	(78,843)
Cash and investments - beginning	-	808	226	1,895	(136,984)	302,158
Cash and investments - ending	$ 43,696	$ -	$ 352	$ 1,767	$ 14,738	$ 223,315
Cash and Investment Assets - Ending						
Cash and investments	$ 43,696	$ -	$ 352	$ 1,767	$ -	$ 208,577
Restricted assets:						
Cash and investments	-	-	-	-	14,738	14,738
Total cash and investment assets - ending	$ 43,696	$ -	$ 352	$ 1,767	$ 14,738	$ 223,315
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	$ -	$ -	$ -	$ -	$ 14,738	$ 14,738
Unrestricted	43,696	-	352	1,767	-	208,577
Total cash and investment fund balance - ending	$ 43,696	$ -	$ 352	$ 1,767	$ 14,738	$ 223,315

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

	Special ED Preschool	School Lunch	Textbook Rental	Educational License Plates	Career Counseling	Gifted/ Talented	School Technology
Receipts:							
Local sources	$ 6,331	$ 241,287	$ 101,033	$ -	$ -	$ -	$ -
Intermediate sources	-	-	-	1,125	-	-	-
State sources	26,185	7,099	13,024	-	17,500	12,093	-
Federal sources	-	117,881	-	-	-	-	6,775
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	2,039	4,600	-	1	-	10
Total receipts	32,516	368,306	118,657	1,125	17,501	12,093	6,785
Disbursements:							
Current:							
Instruction	27,523	-	-	-	-	12,895	-
Support services	1,396	360,259	82,429	-	17,312	914	9,131
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	6,605	-	-	2,100	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	35,524	360,259	82,429	2,100	17,312	13,809	9,131
Excess (deficiency) of receipts over disbursements	(3,008)	8,047	36,228	(975)	189	(1,716)	(2,346)
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	(3,008)	8,047	36,228	(975)	189	(1,716)	(2,346)
Cash and investments - beginning	109,614	31,324	3,397	1,050	3,467	3,202	2,356
Cash and investments - ending	$ 106,606	$ 39,371	$ 39,625	$ 75	$ 3,656	$ 1,486	$ 10
Cash and Investment Assets - Ending							
Cash and investments	$ 106,606	$ 39,371	$ 39,625	$ 75	$ 3,656	$ 1,486	$ 10
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ 106,606	$ 39,371	$ 39,625	$ 75	$ 3,656	$ 1,486	$ 10
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	106,606	39,371	39,625	75	3,656	1,486	10
Total cash and investment fund balance - ending	$ 106,606	$ 39,371	$ 39,625	$ 75	$ 3,656	$ 1,486	$ 10

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

	Advanced Academic Excellence	Indiana Respect Grant	Title I Fy 2006	Title I Fy 2007	Title V-A Fy 2005-06	Title V-A Fy 2006-07	IDEA Part B Fy 2007
Receipts:							
Local sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intermediate sources	8,581	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	13,500	63,128	1,700	1,748	201,231
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	8,581	-	13,500	63,128	1,700	1,748	201,231
Disbursements:							
Current:							
Instruction	8,536	-	10,395	49,409	-	-	126,062
Support services	10	1,830	3,667	8,019	3,431	256	18,154
Community services	-	-	-	676	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	8,546	1,830	14,062	58,104	3,431	256	144,216
Excess (deficiency) of receipts over disbursements	35	(1,830)	(562)	5,024	(1,731)	1,492	57,015
Other financing sources (uses):							
Transfers in	-	-	-	1,124	-	-	-
Transfers out	-	-	(1,124)	-	-	-	-
Total other financing sources (uses)	-	-	(1,124)	1,124	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	35	(1,830)	(1,686)	6,148	(1,731)	1,492	57,015
Cash and investments - beginning	3,105	1,830	1,686	-	1,731	-	-
Cash and investments - ending	$ 3,140	$ -	$ -	$ 6,148	$ -	$ 1,492	$ 57,015
Cash and Investment Assets - Ending							
Cash and investments	$ 3,140	$ -	$ -	$ 6,148	$ -	$ 1,492	$ 57,015
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ 3,140	$ -	$ -	$ 6,148	$ -	$ 1,492	$ 57,015
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	3,140	-	-	6,148	-	1,492	57,015
Total cash and investment fund balance - ending	$ 3,140	$ -	$ -	$ 6,148	$ -	$ 1,492	$ 57,015

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

	IDEA Part B Fy 2005	IDEA Part B Fy 2006	Drug Free Schools Fy 2007	Drug Free Schools Fy 2006	Class Size Reduction	Retirement Severance Bond	Totals
Receipts:							
Local sources	$ -	$ -	$ -	$ -	$ -	$ 135,334	$ 483,985
Intermediate sources	-	-	-	-	-	-	9,706
State sources	-	-	-	-	-	-	75,901
Federal sources	-	-	4,087	-	37,506	-	447,556
Bonds and loans	-	-	-	-	-	75,000	75,000
Sale of property, adjustments and refunds	-	-	-	-	-	-	6,650
Total receipts	-	-	4,087	-	37,506	210,334	1,098,798
Disbursements:							
Current:							
Instruction	-	33,879	-	-	30,704	-	299,403
Support services	3,203	6,614	3,615	1,158	5,941	-	527,339
Community services	-	-	-	-	-	-	676
Nonprogrammed charges	-	-	-	-	-	-	8,705
Debt services	-	-	-	-	-	221,744	221,744
Total disbursements	3,203	40,493	3,615	1,158	36,645	221,744	1,057,867
Excess (deficiency) of receipts over disbursements	(3,203)	(40,493)	472	(1,158)	861	(11,410)	40,931
Other financing sources (uses):							
Transfers in	3,203	-	-	-	-	-	4,327
Transfers out	-	(3,203)	-	-	-	-	(4,327)
Total other financing sources (uses)	3,203	(3,203)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(43,696)	472	(1,158)	861	(11,410)	40,931
Cash and investments - beginning	-	43,696	-	352	1,767	14,738	223,315
Cash and investments - ending	$ -	$ -	$ 472	$ (806)	$ 2,628	$ 3,328	$ 264,246
Cash and Investment Assets - Ending							
Cash and investments	$ -	$ -	$ 472	$ (806)	$ 2,628	$ -	$ 260,918
Restricted assets:							
Cash and investments	-	-	-	-	-	3,328	3,328
Total cash and investment assets - ending	$ -	$ -	$ 472	$ (806)	$ 2,628	$ 3,328	$ 264,246
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ 3,328	$ 3,328
Unrestricted	-	-	472	(806)	2,628	-	260,918
Total cash and investment fund balance - ending	$ -	$ -	$ 472	$ (806)	$ 2,628	$ 3,328	$ 264,246

SOUTH KNOX SCHOOL CORPORATION
COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
PRIVATE-PURPOSE TRUST FUNDS
For the Year Ended June 30, 2006

	Educational Foundation Donations	Toyota Learning Environment Grant	Extra-Curricular Activities	SINE Learning Exchange Grant	SINE Model School Grant	Totals
Additions:						
Contributions:						
Other	$ 22,708	$ 700	$ -	$ 3,000	$ 12,385	$ 38,793
Deductions:						
Administrative and general	15,302	-	-	6,780	6,127	28,209
Excess (deficiency) of total additions over total deductions	7,406	700	-	(3,780)	6,258	10,584
Cash and investment fund balance - beginning	-	-	2,919	4,361	775	8,055
Cash and investments - June 30	$ 7,406	$ 700	$ 2,919	$ 581	$ 7,033	$ 18,639
Net assets:						
Cash and investments	$ 7,406	$ 700	$ 2,919	$ 581	$ 7,033	$ 18,639
Total net assets - cash and investment basis held in trust	$ 7,406	$ 700	$ 2,919	$ 581	$ 7,033	$ 18,639

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

	Educational Foundation Donations	Toyota Learning Environment Grant	Extra-Curricular Activities	SINE Learning Exchange Grant	SINE Model School Grant	Totals
Additions:						
Contributions:						
Other	$ 17,540	$ -	$ 1,000	$ 1,000	$ -	$ 19,540
Deductions:						
Administrative and general	17,771	80	-	1,581	7,033	26,465
Excess (deficiency) of total additions over total deductions	(231)	(80)	1,000	(581)	(7,033)	(6,925)
Cash and investment fund balance - beginning	7,406	700	2,919	581	7,033	18,639
Cash and investments - June 30	$ 7,175	$ 620	$ 3,919	$ -	$ -	$ 11,714
Net assets:						
Cash and investments	$ 7,175	$ 620	$ 3,919	$ -	$ -	$ 11,714
Total net assets - cash and investment basis held in trust	$ 7,175	$ 620	$ 3,919	$ -	$ -	$ 11,714

SOUTH KNOX SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2007

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.

General infrastructure assets completed in the current years have been reported. Infrastructure assets will not be reported retroactively.

Primary Government	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	$ 50,000
Buildings	15,130,057
Machinery and equipment	3,066,916
Total governmental activities, capital assets not being depreciated	$ 18,246,973

SOUTH KNOX SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
June 30, 2007

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Elementary School	$ 7,815,000	$ 468,431
General obligation bonds:		
Pension Refunding Bonds	1,390,000	219,593
Total governmental activities debt	$ 9,205,000	$ 688,024

SOUTH KNOX SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 13, 2008, with Bradley D. Case, Superintendent of Schools; G. Darlene Small, Treasurer; and Larry F. Holscher, President of the School Board. Our examination disclosed no material items that warrant comment at this time.