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June 30, 2009

Board of Directors
Switzerland County Public Schools
Endowment Corporation
P.O. Box 79, 305 Seminary Street
Vevay, IN 47043

We have reviewed the audit report prepared by Sherman, Barber & Mullikin, Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Switzerland County Public Schools Endowment Corporation, as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

We call your attention to the findings in the report. The management letter contains two comments.

STATE BOARD OF ACCOUNTS

SWITZERLAND COUNTY PUBLIC SCHOOLS
ENDOWMENT CORPORATION

AUDITED FINANCIAL STATEMENTS

December 31, 2007 and 2006

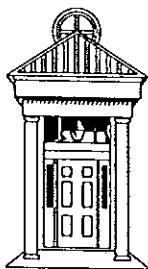
SHERMAN, BARBER & MULLIKIN
CERTIFIED PUBLIC ACCOUNTANTS
210 West Third Street
Madison, Indiana 47250

SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

December 31, 2007 and 2006

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Sherman, Barber & Mullikin

A PROFESSIONAL CORPORATION

Certified Public Accountants

Julia R. Barber, CPA
Kevin W. Mullikin, CPA
Christine D. Dattilo, CPA
Benjamin M. Foley, CPA
Heather M. Duvall, CPA

Member:
American Institute of
Certified Public Accountants
Indiana CPA Society
Kentucky Society of CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Switzerland County Public Schools Endowment Corporation
Vevay, Indiana

We have audited the accompanying Statements of Cash Receipts and Disbursements of Switzerland County Public Schools Endowment Corporation (a nonprofit corporation) for the years ended December 31, 2007 and December 31, 2006. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the financial statements based on our audits.

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

As described in Note 1, these financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of Switzerland County Public Schools Endowment Corporation for the years ended December 31, 2007 and 2006 on the basis of accounting described in Note 1.

Our audits were conducted for the purpose of forming an opinion on the Statements of Cash Receipts and Disbursements. The Schedule of State and Local Financial Assistance on page 7 is presented for purposes of additional analysis and is not a required part of these financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Statements of Cash Receipts and Disbursements and, in our opinion, is fairly stated in all material respects in relation to these financial statements.

SHERMAN, BARBER & MULLIKIN
Certified Public Accountants

May 30, 2008

SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

**Statements of Cash Receipts and Disbursements
For the Years Ended December 31,**

	<u>2007</u>	<u>2006</u>
Cash Receipts		
County Financial Assistance	\$ 1,751,394	\$ 1,932,493
Interest Income	<u>54,192</u>	<u>42,925</u>
Total Cash Receipts	1,805,586	1,975,418
Cash Disbursements		
Insurance	550	200
Professional Fees	5,435	5,385
Licenses and Fees	-	10
Administrative	283	360
Board Fees	5,900	6,000
Grants	<u>1,734,834</u>	<u>1,867,026</u>
Total Cash Disbursements	<u>1,747,002</u>	<u>1,878,981</u>
Increase (Decrease) in Cash	58,584	96,437
Cash Balance, Beginning of Year	<u>1,058,666</u>	<u>962,229</u>
Cash Balance, End of Year	<u>\$ 1,117,250</u>	<u>\$ 1,058,666</u>

See Notes to Financial Statements.

SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

Notes to Financial Statements
December 31, 2007 and 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Switzerland County Public Schools Endowment Corporation is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Board of Directors, who are responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

The significant accounting policies of the Corporation are as follows:

Organization

Switzerland County Public Schools Endowment Corporation was incorporated in August of 2000. It is a nonprofit organization managed by an appointed board of directors. No capital stock exists.

The main purpose of the Corporation is to provide educational resources to the public schools located in Switzerland County, Indiana. The Corporation is substantially supported by revenue sharing amounts received from Switzerland County from the taxes collected from riverboat gaming.

Income Taxes

The Corporation is an exempt organization under Internal Revenue Code Section 501(c) (3) and therefore no tax has been provided for in these statements. The Corporation is also exempt from Indiana Gross Receipts Tax.

Basis of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the outstanding obligations for grants unpaid at the date of the financial statements are not included in the financial statements.

NOTE 2. FUNDING SOURCE

The Corporation receives funding from Switzerland County. The County receives a portion of gaming revenue as part of a development agreement with a gaming development corporation. Switzerland County then shares a portion of that revenue with the Corporation.

SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

Notes to Financial Statements
December 31, 2007 and 2006

NOTE 3. COMMITMENTS

At December 31, 2007 and 2006, there were grants awarded but not yet disbursed of \$737,570 and \$722,815, respectively. The events requiring disbursement of the funds had not yet occurred. In accordance with the cash basis of accounting, these amounts will be reflected as grants when they are expended.

NOTE 4. CONCENTRATION OF CREDIT RISK

The Corporation maintains its cash at a federally insured financial institution. This institution insures the company's deposits up to \$100,000. At December 31, 2007, the Corporation maintained deposits in excess of the federally insured limit. The total amount at risk was \$1,030,642.

NOTE 5. ECONOMIC DEPENDENCY

The Corporation receives substantially all of its support through revenue sharing of gaming revenues in Switzerland County. The reduction or elimination of this support would substantially impact the activities of the Corporation.

SUPPLEMENTAL INFORMATION

SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

Schedule of State and Local Financial Assistance

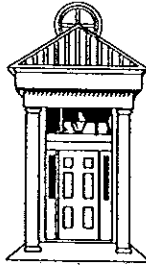
Switzerland County

For the Year Ended:

December 31, 2007	\$1,751,394
December 31, 2006	\$1,932,493

These amounts have been reflected in accordance with the cash basis of accounting.

See Auditor's Report and Notes to Financial Statements.



Sherman, Barber & Mullikin
A PROFESSIONAL CORPORATION
Certified Public Accountants

May 30, 2008

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To the Board of Directors
Switzerland County Public Schools Endowment Corporation
Vevay, Indiana

In planning and performing our audit of the financial statements of Switzerland County Public Schools Endowment Corporation as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness on the Corporation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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

Due to a limited number of staff persons, there exists a lack of segregation of duties for disbursements. All checks are written and signed by the same individual who reconciles the bank statement. We recommend that consideration be given to requiring dual signatures on check disbursements. We noted that the Board of Directors does provide some oversight by approving projects before disbursements are released. We also recommend that cash be reconciled on a monthly basis and a second individual review the reconciliation.


In addition, we noted other matters involving the internal control and its operation. Please note that this item is to improve your internal controls.

The entity's risk assessment process has not been formally documented. Our procedures indicate that the informal manner in which the entity has been approaching risk assessment has generally been effective; however, without formally documenting the process, the entity may unknowingly expose

To the Board of Directors
Switzerland County Public Schools Endowment Corporation
May 30, 2008
Page Two

itself to risks that would have otherwise been considered and addressed. A formalized risk assessment process should include consideration of financial reporting objectives and risks and the susceptibility of the entity to fraud.

This communication is intended solely for the information and use of management, the Board of Directors and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



SHERMAN, BARBER & MULLIKIN
Certified Public Accountants



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To the Board of Directors
Switzerland County Public Schools Endowment Corporation
Vevay, Indiana

We have audited the Statements of Cash Receipts and Disbursements of the Switzerland County Public Schools Endowment Corporation for the years ended December 31, 2007 and December 31, 2006 and have issued our report thereon dated May 30, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated September 11, 2007, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Switzerland County Public Schools Endowment Corporation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audits

We encountered no significant difficulties in dealing with management in performing and completing our audits.

To the Board of Directors
Switzerland County Public Schools Endowment Corporation
May 30, 2008
Page Two

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audits.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 30, 2008.

Management Consultations with Other Independent Accountants

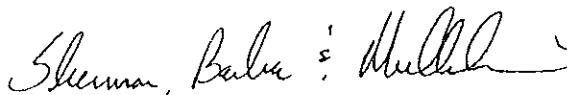
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statement or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the Switzerland County Public Schools Endowment Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



SHERMAN, BARBER & MULLIKIN
Certified Public Accountants