

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

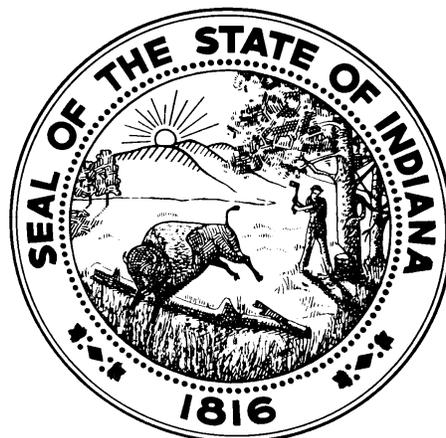
AUDIT REPORT

OF

PIKE COUNTY SCHOOL CORPORATION

PIKE COUNTY, INDIANA

July 1, 2005 to June 30, 2007



**FILED**

03/31/2008



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Martha Pipes	07-01-05 to 6-30-08
Superintendent of Schools	D. John Thomas	07-01-05 to 06-30-08
President of the School Board	Gary Horrall Dale E. McKinney Gary Horrall	07-01-05 to 06-30-06 07-01-06 to 06-30-07 07-01-07 to 06-30-08



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

TO: THE OFFICIALS OF THE PIKE COUNTY SCHOOL CORPORATION, PIKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pike County School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated March 11, 2008, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

March 11, 2008



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

TO: THE OFFICIALS OF THE PIKE COUNTY SCHOOL CORPORATION, PIKE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pike County School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated March 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

March 11, 2008

PIKE COUNTY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net Disbursement and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,970,080	\$ -	\$ 66,671	\$ (6,903,409)
Support services	11,880,958	574,046	313,123	(10,993,789)
Community services	131,260	-	-	(131,260)
Nonprogrammed charges	465,937	-	-	(465,937)
Debt service	1,243,408	-	-	(1,243,408)
Total governmental activities	<u>\$ 20,691,643</u>	<u>\$ 574,046</u>	<u>\$ 379,794</u>	<u>(19,737,803)</u>
General receipts:				
Property taxes				10,376,437
Other local sources				1,318,451
State aid				7,681,433
Grants and contributions not restricted to specific programs				706,410
Sale of property, adjustments, and refunds				317,558
Investment earnings				<u>336,555</u>
Total general receipts				<u>20,736,844</u>
Change in net assets				999,041
Net assets - beginning				<u>8,447,663</u>
Net assets - ending				<u>\$ 9,446,704</u>
<u>Assets</u>				
Cash and investments				\$ 8,417,575
Restricted assets:				
Cash and investments				<u>1,029,129</u>
Total assets				<u>\$ 9,446,704</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,029,129
Unrestricted				<u>8,417,575</u>
Total net assets				<u>\$ 9,446,704</u>

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

PIKE COUNTY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net Disbursement and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,993,903	\$ -	\$ 65,098	\$ (6,928,805)
Support services	10,597,600	619,401	322,957	(9,655,242)
Community services	200,090	-	-	(200,090)
Nonprogrammed charges	368,499	-	-	(368,499)
Debt service	2,050,002	-	-	(2,050,002)
Total governmental activities	<u>\$ 20,210,094</u>	<u>\$ 619,401</u>	<u>\$ 388,055</u>	<u>(19,202,638)</u>
General receipts:				
Property taxes				6,653,300
Other local sources				696,980
State aid				6,744,182
Grants and contributions not restricted to specific programs				488,789
Sale of property, adjustments, and refunds				226,586
Investment earnings				251,487
Total general receipts				<u>15,061,324</u>
Change in net assets				(4,141,314)
Net assets - beginning				<u>9,446,704</u>
Net assets - ending				<u>\$ 5,305,390</u>
<u>Assets</u>				
Cash and investments				<u>\$ 5,305,390</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 5,305,390</u>

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

PIKE COUNTY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 5,400,335	\$ 2,066,169	\$ 1,329,720	\$ 2,312,906	\$ 96,096	\$ 1,099,637	\$ 12,304,863
Intermediate sources	665	-	-	-	-	-	665
State sources	7,737,615	-	-	-	-	140,944	7,878,559
Federal sources	15,020	-	-	-	-	874,019	889,039
Sale of property, adjustments and refunds	<u>92,694</u>	<u>342</u>	<u>-</u>	<u>216,042</u>	<u>-</u>	<u>8,480</u>	<u>317,558</u>
<b>Total receipts</b>	<u>13,246,329</u>	<u>2,066,511</u>	<u>1,329,720</u>	<u>2,528,948</u>	<u>96,096</u>	<u>2,123,080</u>	<u>21,390,684</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	6,564,812	-	-	-	-	405,268	6,970,080
Support services	5,929,752	1,527,091	-	3,283,248	61,115	1,079,752	11,880,958
Community services	130,229	-	-	-	-	1,031	131,260
Nonprogrammed charges	377,851	-	-	-	-	88,086	465,937
Debt services	<u>-</u>	<u>-</u>	<u>804,448</u>	<u>-</u>	<u>-</u>	<u>438,960</u>	<u>1,243,408</u>
<b>Total disbursements</b>	<u>13,002,644</u>	<u>1,527,091</u>	<u>804,448</u>	<u>3,283,248</u>	<u>61,115</u>	<u>2,013,097</u>	<u>20,691,643</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>243,685</u>	<u>539,420</u>	<u>525,272</u>	<u>(754,300)</u>	<u>34,981</u>	<u>109,983</u>	<u>699,041</u>
<b>Other financing sources (uses):</b>							
Transfers in	1,856	-	-	-	-	320,755	322,611
Transfers out	<u>(7,276)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,335)</u>	<u>(22,611)</u>
<b>Total other financing sources (uses)</b>	<u>(5,420)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,420</u>	<u>300,000</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	238,265	539,420	525,272	(754,300)	34,981	415,403	999,041
<b>Cash and investments - beginning</b>	<u>2,769,390</u>	<u>1,609,726</u>	<u>349,722</u>	<u>2,829,280</u>	<u>(24,644)</u>	<u>914,189</u>	<u>8,447,663</u>
<b>Cash and investments - ending</b>	<u>\$ 3,007,655</u>	<u>\$ 2,149,146</u>	<u>\$ 874,994</u>	<u>\$ 2,074,980</u>	<u>\$ 10,337</u>	<u>\$ 1,329,592</u>	<u>\$ 9,446,704</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 3,007,655	\$ 2,149,146	\$ -	\$ 2,074,980	\$ 10,337	\$ 1,175,457	\$ 8,417,575
Restricted assets:							
Cash and investments	-	-	874,994	-	-	154,135	1,029,129
<b>Total cash and investment assets - ending</b>	<u>\$ 3,007,655</u>	<u>\$ 2,149,146</u>	<u>\$ 874,994</u>	<u>\$ 2,074,980</u>	<u>\$ 10,337</u>	<u>\$ 1,329,592</u>	<u>\$ 9,446,704</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 874,994	\$ -	\$ -	\$ 154,135	\$ 1,029,129
Unrestricted	<u>3,007,655</u>	<u>2,149,146</u>	<u>-</u>	<u>2,074,980</u>	<u>10,337</u>	<u>1,175,457</u>	<u>8,417,575</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 3,007,655</u>	<u>\$ 2,149,146</u>	<u>\$ 874,994</u>	<u>\$ 2,074,980</u>	<u>\$ 10,337</u>	<u>\$ 1,329,592</u>	<u>\$ 9,446,704</u>

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

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

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 4,339,581	\$ 1,091,764	\$ 636,519	\$ 1,144,379	\$ 107,465	\$ 901,460	\$ 8,221,168
Intermediate sources	332	-	-	-	-	-	332
State sources	6,879,370	-	-	-	-	173,367	7,052,737
Federal sources	-	-	-	-	-	567,957	567,957
Sale of property, adjustments and refunds	<u>161,279</u>	<u>-</u>	<u>-</u>	<u>56,239</u>	<u>701</u>	<u>8,367</u>	<u>226,586</u>
<b>Total receipts</b>	<u>11,380,562</u>	<u>1,091,764</u>	<u>636,519</u>	<u>1,200,618</u>	<u>108,166</u>	<u>1,651,151</u>	<u>16,068,780</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	6,594,267	-	-	-	-	399,636	6,993,903
Support services	5,453,463	1,458,873	17,876	2,480,734	191,325	995,329	10,597,600
Community services	172,089	-	-	-	-	28,001	200,090
Nonprogrammed charges	290,811	-	-	-	-	77,688	368,499
Debt services	<u>-</u>	<u>-</u>	<u>1,468,862</u>	<u>-</u>	<u>-</u>	<u>581,140</u>	<u>2,050,002</u>
<b>Total disbursements</b>	<u>12,510,630</u>	<u>1,458,873</u>	<u>1,486,738</u>	<u>2,480,734</u>	<u>191,325</u>	<u>2,081,794</u>	<u>20,210,094</u>
Excess (deficiency) of receipts over disbursements	<u>(1,130,068)</u>	<u>(367,109)</u>	<u>(850,219)</u>	<u>(1,280,116)</u>	<u>(83,159)</u>	<u>(430,643)</u>	<u>(4,141,314)</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	13,280	13,280
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,280)</u>	<u>(13,280)</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,130,068)	(367,109)	(850,219)	(1,280,116)	(83,159)	(430,643)	(4,141,314)
Cash and investments - beginning	<u>3,007,655</u>	<u>2,149,146</u>	<u>874,994</u>	<u>2,074,980</u>	<u>10,337</u>	<u>1,329,592</u>	<u>9,446,704</u>
Cash and investments - ending	<u>\$ 1,877,587</u>	<u>\$ 1,782,037</u>	<u>\$ 24,775</u>	<u>\$ 794,864</u>	<u>\$ (72,822)</u>	<u>\$ 898,949</u>	<u>\$ 5,305,390</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 1,877,587	\$ 1,782,037	\$ -	\$ 794,864	\$ (72,822)	\$ 1,180,158	\$ 5,561,824
Restricted assets:							
Cash and investments	<u>-</u>	<u>-</u>	<u>24,775</u>	<u>-</u>	<u>-</u>	<u>(281,209)</u>	<u>(256,434)</u>
<b>Total cash and investment assets - ending</b>	<u>\$ 1,877,587</u>	<u>\$ 1,782,037</u>	<u>\$ 24,775</u>	<u>\$ 794,864</u>	<u>\$ (72,822)</u>	<u>\$ 898,949</u>	<u>\$ 5,305,390</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 24,775	\$ -	\$ -	\$ (281,209)	\$ (256,434)
Unrestricted	<u>1,877,587</u>	<u>1,782,037</u>	<u>-</u>	<u>794,864</u>	<u>(72,822)</u>	<u>1,180,158</u>	<u>5,561,824</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 1,877,587</u>	<u>\$ 1,782,037</u>	<u>\$ 24,775</u>	<u>\$ 794,864</u>	<u>\$ (72,822)</u>	<u>\$ 898,949</u>	<u>\$ 5,305,390</u>

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

PIKE COUNTY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2006

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ 302	\$ 63,421	
Deductions:			
Benefits	127,966	-	
Administrative and general	-	113,477	
Transfers Out	<u>300,000</u>	<u>-</u>	
Total deductions	<u>427,966</u>	<u>113,477</u>	
Excess (deficiency) of total additions over total deductions	(427,664)	(50,056)	
Cash and investment fund balance - beginning	<u>980,400</u>	<u>78,063</u>	
Cash and investment fund balance - ending	<u>\$ 552,736</u>	<u>\$ 28,007</u>	
Net assets:			
Cash and investments	\$ 552,736	\$ 28,007	\$ 60,806
Total net assets - cash and investment basis held in trust	<u>\$ 552,736</u>	<u>\$ 28,007</u>	<u>\$ 60,806</u>

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ -	\$ 57,392	
Deductions:			
Benefits	552,736	-	
Administrative and general	-	51,670	
Total deductions	552,736	51,670	
Excess (deficiency) of total additions over total deductions	(552,736)	5,722	
Cash and investment fund balance - beginning	552,736	28,007	
Cash and investment fund balance - ending	\$ -	\$ 33,729	
Net assets:			
Cash and investments	\$ -	\$ 33,729	\$ 55,371
Total net assets - cash and investment basis held in trust	\$ -	\$ 33,729	\$ 55,371

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

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Pike County School Corporation

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

Joint Venture

The School Corporation is a participant with the Warrick County School Corporation, North Gibson School Corporation, South Gibson School Corporation, and East Gibson School Corporation in a joint venture to operate Pike-Warrick-Gibson Special Education Co-op which was created to educate children with special needs. The Co-op's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Co-op can be obtained from the administration office at 618 Main Street, Petersburg, Indiana.

The School Corporation is a participant with six other school corporations in a joint venture to operate Patoka Valley Vocational Co-op which was created to provide for vocational educational needs of students. The Co-op's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Co-op can be obtained from Greater Jasper Consolidated Schools, Jasper, Indiana.

The School Corporation is a participant with 36 school corporations in a joint venture to operate the Southern Indiana Education Center (SIEC). The SIEC was created to operate and maintain an educational service center in order to allow participating schools to cooperate and share certain programs and services. The School Corporation is obligated by contract to remit annually a fee for membership in an amount determined by the governing board of the SIEC. The SIEC's continued existence depends on continued funding by the School Corporation. The School Corporation is obligated for the debts of the SIEC. Complete financial statements for the SIEC can be obtained from the Southwest Dubois County School Corporation, Huntingburg, Indiana.

Related Organizations

The School Corporation's officials are also responsible for appointing the members of the boards of other organizations, but the School Corporation's accountability for these organizations does not extend beyond making the appointments. The School Corporation appoints a board member of the Pike County Public Library Board.

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets - Cash and Investment Basis 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 Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

The 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.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay post retirement or severance benefits held by the School Corporation in a trustee capacity.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the local adult community.

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

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true 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.

3. Compensated Absences

a. Sick Leave

Certified employees earn sick leave at the rate of 15 days per year. Unused sick leave may be accumulated to a maximum of 225 days. Noncertified personnel who work less than a full year are authorized nine days per school year and full year personnel are authorized 12 days per school year. Unused sick leave for noncertified personnel may be accumulated to a maximum of 75 days. Accumulated sick leave is paid to employees through cash payments upon termination.

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates of 10 days per year. Vacation leave may be accumulated indefinitely. Accumulated vacation leave is paid to employees through cash payments or paid time off upon termination.

c. Personal Leave

Certified School Corporation employees earn personal leave at the rate of 3 days per year. Noncertified employees earn personal days at a rate of 2 days per year. Unused personal leave accumulates to sick leave.

4. Capital Assets

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

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

PIKE COUNTY SCHOOL CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

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

B. Cash and Investment Balance Deficits

At June 30, 2006 and 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2006	2007
Retirement Severance Bond	\$ -	\$ 281,209
School Bus Replacement	-	72,822
Alternative Ed FY 2007	-	338
Indiana Child Care	-	2,780
Tech Prep	10,000	404

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006</u>	<u>2007</u>
General Fund	Other governmental funds	\$ 7,276	\$ -
Pension Trust Fund	Other governmental funds	300,000	-
Other governmental funds	General Fund	1,856	-
Other governmental funds	Other governmental funds	<u>13,479</u>	<u>13,280</u>
Totals		<u>\$ 322,611</u>	<u>\$ 13,280</u>

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

IV. Other Information

A. Risk Management

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

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

B. Holding Corporations

The School Corporation has entered into a capital lease with Pike County Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the government. Lease payments during the years ended June 30, 2006, and June 30, 2007, totaled \$1,459,000 and \$1,457,500 respectively.

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 56,369
Interest on net pension obligation	(20,352)
Adjustment to annual required contribution	23,193
Annual pension cost	59,210
Contributions made	50,701
Increase in net pension obligation	8,509
Net pension obligation, beginning of year	(280,722)
Net pension obligation, end of year	\$ (272,213)

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF
Contribution rates:	
School Corporation	3.75%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 31,376	180%	\$ (275,714)
	06-30-05	41,980	112%	(280,722)
	06-30-06	59,210	121%	(272,213)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

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

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$232,721, \$223,036, and \$385,792, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

PIKE COUNTY SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,045,347	\$ 864,717	\$ 180,630	121%	\$ 1,085,716	17%
07-01-05	1,082,479	1,032,415	50,064	105%	1,158,543	4%
07-01-06	1,868,482	1,049,830	818,652	178%	1,526,788	54%

PIKE COUNTY 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	Cafeteria	Textbook Rental	Alternative Ed	G/T Budget	Indiana Child Care	Non-English Speaking Grant
<b>Receipts:</b>							
Local sources	\$ 20,091	\$ 422,850	\$ 218,819	\$ -	\$ -	\$ -	\$ -
State sources	96,479	8,159	-	11,865	14,135	2,975	131
Federal sources	-	301,187	-	-	-	-	-
Sale of property, adjustments and refunds	-	8,480	-	-	-	-	-
<b>Total receipts</b>	<b>116,570</b>	<b>740,676</b>	<b>218,819</b>	<b>11,865</b>	<b>14,135</b>	<b>2,975</b>	<b>131</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	14,943	3,961	5,091	-
Support services	-	719,371	243,232	-	9,300	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	88,086	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>88,086</b>	<b>719,371</b>	<b>243,232</b>	<b>14,943</b>	<b>13,261</b>	<b>5,091</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>28,484</b>	<b>21,305</b>	<b>(24,413)</b>	<b>(3,078)</b>	<b>874</b>	<b>(2,116)</b>	<b>131</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	7,276	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,276</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>28,484</b>	<b>21,305</b>	<b>(24,413)</b>	<b>(3,078)</b>	<b>874</b>	<b>5,160</b>	<b>131</b>
<b>Cash and investments - beginning</b>	<b>4,123</b>	<b>185,302</b>	<b>131,854</b>	<b>19,031</b>	<b>4,663</b>	<b>(5,160)</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ 32,607</b>	<b>\$ 206,607</b>	<b>\$ 107,441</b>	<b>\$ 15,953</b>	<b>\$ 5,537</b>	<b>\$ -</b>	<b>\$ 131</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 32,607	\$ 206,607	\$ 107,441	\$ 15,953	\$ 5,537	\$ -	\$ 131
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 32,607</b>	<b>\$ 206,607</b>	<b>\$ 107,441</b>	<b>\$ 15,953</b>	<b>\$ 5,537</b>	<b>\$ -</b>	<b>\$ 131</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	32,607	206,607	107,441	15,953	5,537	-	131
<b>Total cash and investment fund balance - ending</b>	<b>\$ 32,607</b>	<b>\$ 206,607</b>	<b>\$ 107,441</b>	<b>\$ 15,953</b>	<b>\$ 5,537</b>	<b>\$ -</b>	<b>\$ 131</b>

PIKE COUNTY 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)

	Intellenet Connect Grant	Afternoon Rock Program Grant	SINE Library Grant	Title I 2006	Title I 2005	Title V 2004-2005	Title V 2002-2004
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	7,200	-	-	-	-	-
Federal sources	-	-	-	261,529	26,533	6,884	10,796
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>7,200</b>	<b>-</b>	<b>261,529</b>	<b>26,533</b>	<b>6,884</b>	<b>10,796</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	3,729	-	199,987	64,791	-	-
Support services	-	-	187	32,838	9,831	10,555	4,280
Community services	-	-	-	1,031	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>3,729</b>	<b>187</b>	<b>233,856</b>	<b>74,622</b>	<b>10,555</b>	<b>4,280</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>3,471</b>	<b>(187)</b>	<b>27,673</b>	<b>(48,089)</b>	<b>(3,671)</b>	<b>6,516</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	13,479	-	-	-
Transfers out	-	-	-	-	(13,479)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,479</b>	<b>(13,479)</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>-</b>	<b>3,471</b>	<b>(187)</b>	<b>41,152</b>	<b>(61,568)</b>	<b>(3,671)</b>	<b>6,516</b>
<b>Cash and investments - beginning</b>	<b>13,191</b>	<b>3,825</b>	<b>2,288</b>	<b>-</b>	<b>61,568</b>	<b>10,555</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ 13,191</b>	<b>\$ 7,296</b>	<b>\$ 2,101</b>	<b>\$ 41,152</b>	<b>\$ -</b>	<b>\$ 6,884</b>	<b>\$ 6,516</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 13,191	\$ 7,296	\$ 2,101	\$ 41,152	\$ -	\$ 6,884	\$ 6,516
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 13,191</b>	<b>\$ 7,296</b>	<b>\$ 2,101</b>	<b>\$ 41,152</b>	<b>\$ -</b>	<b>\$ 6,884</b>	<b>\$ 6,516</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	13,191	7,296	2,101	41,152	-	6,884	6,516
<b>Total cash and investment fund balance - ending</b>	<b>\$ 13,191</b>	<b>\$ 7,296</b>	<b>\$ 2,101</b>	<b>\$ 41,152</b>	<b>\$ -</b>	<b>\$ 6,884</b>	<b>\$ 6,516</b>

PIKE COUNTY 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)

	Drug Free 2005	Drug Free 2003	Title II Enhancement	Tech Prep	Title II	Title II 2005-2006
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 40	\$ -
State sources	-	-	-	-	-	-
Federal sources	14,017	1,856	2,000	38,977	103,324	101,916
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<u>14,017</u>	<u>1,856</u>	<u>2,000</u>	<u>38,977</u>	<u>103,364</u>	<u>101,916</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	7,902	1,856	-	-	76,366	-
Support services	-	-	3,850	35,045	5,095	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>7,902</u>	<u>1,856</u>	<u>3,850</u>	<u>35,045</u>	<u>81,461</u>	<u>-</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>6,115</u>	<u>-</u>	<u>(1,850)</u>	<u>3,932</u>	<u>21,903</u>	<u>101,916</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	(1,856)	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(1,856)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>6,115</u>	<u>(1,856)</u>	<u>(1,850)</u>	<u>3,932</u>	<u>21,903</u>	<u>101,916</u>
<b>Cash and investments - beginning</b>	<u>-</u>	<u>1,856</u>	<u>4,245</u>	<u>(4,932)</u>	<u>-</u>	<u>-</u>
<b>Cash and investments - ending</b>	<u>\$ 6,115</u>	<u>\$ -</u>	<u>\$ 2,395</u>	<u>\$ (1,000)</u>	<u>\$ 21,903</u>	<u>\$ 101,916</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 6,115	\$ -	\$ 2,395	\$ (1,000)	\$ 21,903	\$ 101,916
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 6,115</u>	<u>\$ -</u>	<u>\$ 2,395</u>	<u>\$ (1,000)</u>	<u>\$ 21,903</u>	<u>\$ 101,916</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	6,115	-	2,395	(1,000)	21,903	101,916
<b>Total cash and investment fund balance - ending</b>	<u>\$ 6,115</u>	<u>\$ -</u>	<u>\$ 2,395</u>	<u>\$ (1,000)</u>	<u>\$ 21,903</u>	<u>\$ 101,916</u>

PIKE COUNTY 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)

	Title II Part D	Title II 2003-2004	Retirement Severance Bond	PE/OE Construction	Construction PCMS	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 437,837	\$ -	\$ -	\$ 1,099,637
State sources	-	-	-	-	-	140,944
Federal sources	-	5,000	-	-	-	874,019
Sale of property, adjustments and refunds	-	-	-	-	-	8,480
<b>Total receipts</b>	<b>-</b>	<b>5,000</b>	<b>437,837</b>	<b>-</b>	<b>-</b>	<b>2,123,080</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,375	25,267	-	-	-	405,268
Support services	1,538	4,630	-	-	-	1,079,752
Community services	-	-	-	-	-	1,031
Nonprogrammed charges	-	-	-	-	-	88,086
Debt services	-	-	438,960	-	-	438,960
<b>Total disbursements</b>	<b>2,913</b>	<b>29,897</b>	<b>438,960</b>	<b>-</b>	<b>-</b>	<b>2,013,097</b>
Excess (deficiency) of receipts over disbursements	(2,913)	(24,897)	(1,123)	-	-	109,983
<b>Other financing sources (uses):</b>						
Transfers in	-	-	300,000	-	-	320,755
Transfers out	-	-	-	-	-	(15,335)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>305,420</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,913)	(24,897)	298,877	-	-	415,403
Cash and investments - beginning	2,913	24,897	(144,742)	176,016	422,696	914,189
Cash and investments - ending	\$ -	\$ -	\$ 154,135	\$ 176,016	\$ 422,696	\$ 1,329,592
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ 176,016	\$ 422,696	\$ 1,175,457
Restricted assets:						
Cash and investments	-	-	154,135	-	-	154,135
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 154,135</b>	<b>\$ 176,016</b>	<b>\$ 422,696</b>	<b>\$ 1,329,592</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 154,135	\$ -	\$ -	\$ 154,135
Unrestricted	-	-	-	176,016	422,696	1,175,457
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 154,135</b>	<b>\$ 176,016</b>	<b>\$ 422,696</b>	<b>\$ 1,329,592</b>

PIKE COUNTY 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	Cafeteria	Textbook Rental	Alternative Ed FY 2007	Alternative Ed FY 2006	G/T Ed FY 2006
<b>Receipts:</b>						
Local sources	\$ 10,781	\$ 519,352	\$ 199,467	\$ 26,064	\$ -	\$ -
State sources	96,539	8,930	36,880	-	15,174	-
Federal sources	-	192,531	-	-	-	-
Sale of property, adjustments and refunds	-	7,551	-	816	-	-
<b>Total receipts</b>	<u>107,320</u>	<u>728,364</u>	<u>236,347</u>	<u>26,880</u>	<u>15,174</u>	<u>-</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	11,304	3,877
Support services	-	716,264	168,424	-	-	1,660
Community services	-	-	-	27,218	-	-
Nonprogrammed charges	77,688	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>77,688</u>	<u>716,264</u>	<u>168,424</u>	<u>27,218</u>	<u>11,304</u>	<u>5,537</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>29,632</u>	<u>12,100</u>	<u>67,923</u>	<u>(338)</u>	<u>3,870</u>	<u>(5,537)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>29,632</u>	<u>12,100</u>	<u>67,923</u>	<u>(338)</u>	<u>3,870</u>	<u>(5,537)</u>
<b>Cash and investments - beginning</b>	<u>32,607</u>	<u>206,607</u>	<u>107,441</u>	<u>-</u>	<u>15,953</u>	<u>5,537</u>
<b>Cash and investments - ending</b>	<u>\$ 62,239</u>	<u>\$ 218,707</u>	<u>\$ 175,364</u>	<u>\$ (338)</u>	<u>\$ 19,823</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 62,239	\$ 218,707	\$ 175,364	\$ (338)	\$ 19,823	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 62,239</u>	<u>\$ 218,707</u>	<u>\$ 175,364</u>	<u>\$ (338)</u>	<u>\$ 19,823</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	62,239	218,707	175,364	(338)	19,823	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ 62,239</u>	<u>\$ 218,707</u>	<u>\$ 175,364</u>	<u>\$ (338)</u>	<u>\$ 19,823</u>	<u>\$ -</u>

PIKE COUNTY 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)

	G/T Ed FY 2007	Non-English Speaking Grant	Intellenet Connect Grant	Indiana Child Care	Afternoon Rock Grant Program	SINE Library Grant
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	14,135	59	-	-	1,650	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<u>14,135</u>	<u>59</u>	<u>-</u>	<u>-</u>	<u>1,650</u>	<u>-</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	2,247	160	-	-	2,878	-
Support services	9,543	-	-	2,780	-	1,120
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>11,790</u>	<u>160</u>	<u>-</u>	<u>2,780</u>	<u>2,878</u>	<u>1,120</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>2,345</u>	<u>(101)</u>	<u>-</u>	<u>(2,780)</u>	<u>(1,228)</u>	<u>(1,120)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>2,345</u>	<u>(101)</u>	<u>-</u>	<u>(2,780)</u>	<u>(1,228)</u>	<u>(1,120)</u>
<b>Cash and investments - beginning</b>	<u>-</u>	<u>131</u>	<u>13,191</u>	<u>-</u>	<u>7,296</u>	<u>2,101</u>
<b>Cash and investments - ending</b>	<u>\$ 2,345</u>	<u>\$ 30</u>	<u>\$ 13,191</u>	<u>\$ (2,780)</u>	<u>\$ 6,068</u>	<u>\$ 981</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 2,345	\$ 30	\$ 13,191	\$ (2,780)	\$ 6,068	\$ 981
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 2,345</u>	<u>\$ 30</u>	<u>\$ 13,191</u>	<u>\$ (2,780)</u>	<u>\$ 6,068</u>	<u>\$ 981</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>2,345</u>	<u>30</u>	<u>13,191</u>	<u>(2,780)</u>	<u>6,068</u>	<u>981</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 2,345</u>	<u>\$ 30</u>	<u>\$ 13,191</u>	<u>\$ (2,780)</u>	<u>\$ 6,068</u>	<u>\$ 981</u>

PIKE COUNTY 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)

	Title I 2006	Title I 2007	Title V 2004-2005	Drug Free 2006	Drug Free 2005	Title II Part D FY 2006
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	26,600	260,381	-	-	-	10,966
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<u>26,600</u>	<u>260,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,966</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	43,382	215,843	-	-	6,115	8,580
Support services	11,090	30,620	5,552	6,516	-	-
Community services	-	783	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>54,472</u>	<u>247,246</u>	<u>5,552</u>	<u>6,516</u>	<u>6,115</u>	<u>8,580</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>(27,872)</u>	<u>13,135</u>	<u>(5,552)</u>	<u>(6,516)</u>	<u>(6,115)</u>	<u>2,386</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	13,280	-	-	-	-
Transfers out	(13,280)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(13,280)</u>	<u>13,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>(41,152)</u>	<u>26,415</u>	<u>(5,552)</u>	<u>(6,516)</u>	<u>(6,115)</u>	<u>2,386</u>
<b>Cash and investments - beginning</b>	<u>41,152</u>	<u>-</u>	<u>6,884</u>	<u>6,516</u>	<u>6,115</u>	<u>-</u>
<b>Cash and investments - ending</b>	<u>\$ -</u>	<u>\$ 26,415</u>	<u>\$ 1,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,386</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 26,415	\$ 1,332	\$ -	\$ -	\$ 2,386
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 26,415</u>	<u>\$ 1,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,386</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	26,415	1,332	-	-	2,386
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 26,415</u>	<u>\$ 1,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,386</u>

PIKE COUNTY 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)

	Title II Part D FY 2007	Title II Enhancement	Tech Prep	Title II 2006-2007	Tech Prep
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	7,951	-	12,644	-	6,204
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<u>7,951</u>	<u>-</u>	<u>12,644</u>	<u>-</u>	<u>6,204</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	4,701	-	-	17,473	-
Support services	-	2,395	12,048	4,430	547
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>4,701</u>	<u>2,395</u>	<u>12,048</u>	<u>21,903</u>	<u>547</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>3,250</u>	<u>(2,395)</u>	<u>596</u>	<u>(21,903)</u>	<u>5,657</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>3,250</u>	<u>(2,395)</u>	<u>596</u>	<u>(21,903)</u>	<u>5,657</u>
<b>Cash and investments - beginning</b>	<u>-</u>	<u>2,395</u>	<u>(1,000)</u>	<u>21,903</u>	<u>-</u>
<b>Cash and investments - ending</b>	<u>\$ 3,250</u>	<u>\$ -</u>	<u>\$ (404)</u>	<u>\$ -</u>	<u>\$ 5,657</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 3,250	\$ -	\$ (404)	\$ -	\$ 5,657
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 3,250</u>	<u>\$ -</u>	<u>\$ (404)</u>	<u>\$ -</u>	<u>\$ 5,657</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>3,250</u>	<u>-</u>	<u>(404)</u>	<u>-</u>	<u>5,657</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 3,250</u>	<u>\$ -</u>	<u>\$ (404)</u>	<u>\$ -</u>	<u>\$ 5,657</u>

PIKE COUNTY 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)

	Title II 2005-2006	Retirement Severance Bond	PE/OE Construction	Construction PCMS	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ 145,796	\$ -	\$ -	\$ 901,460
State sources	-	-	-	-	173,367
Federal sources	50,680	-	-	-	567,957
Sale of property, adjustments and refunds	-	-	-	-	8,367
<b>Total receipts</b>	<u>50,680</u>	<u>145,796</u>	<u>-</u>	<u>-</u>	<u>1,651,151</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	83,076	-	-	-	399,636
Support services	22,340	-	-	-	995,329
Community services	-	-	-	-	28,001
Nonprogrammed charges	-	-	-	-	77,688
Debt services	-	581,140	-	-	581,140
<b>Total disbursements</b>	<u>105,416</u>	<u>581,140</u>	<u>-</u>	<u>-</u>	<u>2,081,794</u>
Excess (deficiency) of receipts over disbursements	<u>(54,736)</u>	<u>(435,344)</u>	<u>-</u>	<u>-</u>	<u>(430,643)</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	13,280
Transfers out	-	-	-	-	(13,280)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(54,736)</u>	<u>(435,344)</u>	<u>-</u>	<u>-</u>	<u>(430,643)</u>
Cash and investments - beginning	<u>101,916</u>	<u>154,135</u>	<u>176,016</u>	<u>422,696</u>	<u>1,329,592</u>
Cash and investments - ending	<u>\$ 47,180</u>	<u>\$ (281,209)</u>	<u>\$ 176,016</u>	<u>\$ 422,696</u>	<u>\$ 898,949</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 47,180	\$ -	\$ 176,016	\$ 422,696	\$ 1,180,158
Restricted assets:					
Cash and investments	-	(281,209)	-	-	(281,209)
<b>Total cash and investment assets - ending</b>	<u>\$ 47,180</u>	<u>\$ (281,209)</u>	<u>\$ 176,016</u>	<u>\$ 422,696</u>	<u>\$ 898,949</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ (281,209)	\$ -	\$ -	\$ (281,209)
Unrestricted	<u>47,180</u>	<u>-</u>	<u>176,016</u>	<u>422,696</u>	<u>1,180,158</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 47,180</u>	<u>\$ (281,209)</u>	<u>\$ 176,016</u>	<u>\$ 422,696</u>	<u>\$ 898,949</u>

PIKE COUNTY 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

	<u>Sine Model School Grant</u>	<u>Sine Literacy Grant</u>	<u>Sine Adult Literacy</u>	<u>Sine Adult Literacy II</u>	<u>Safe haven 2003-2004</u>
Additions:					
Contributions:					
Other	\$ 13,495	\$ -	\$ 4,685	\$ 18,438	\$ 4,251
Deductions:					
Administrative and general	15,815	659	4,685	14,040	3,813
Excess (deficiency) of total additions over total deductions	(2,320)	(659)	-	4,398	438
Cash and investment fund balance - beginning	16,114	659	-	-	-
Cash and Investments - June 30	<u>\$ 13,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,398</u>	<u>\$ 438</u>
Net assets:					
Cash and investments	\$ 13,794	\$ -	\$ -	\$ 4,398	\$ 438
Total net assets - cash and investment basis held in trust	<u>\$ 13,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,398</u>	<u>\$ 438</u>

PIKE COUNTY 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  
 (Continued)

	<u>Safe Haven 2004-2005</u>	<u>Kiefer Science Childcare</u>	<u>Community Donation</u>	<u>Sine Pike Literacy</u>	<u>Sine Learn Exchange</u>
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ 15,249	\$ 4,117	\$ 2,500
Deductions:					
Administrative and general	384	5,203	28,249	34,552	2,940
Excess (deficiency) of total additions over total deductions	(384)	(5,203)	(13,000)	(30,435)	(440)
Cash and investment fund balance - beginning	624	8,093	16,051	32,810	469
Cash and Investments - June 30	<u>\$ 240</u>	<u>\$ 2,890</u>	<u>\$ 3,051</u>	<u>\$ 2,375</u>	<u>\$ 29</u>
Net assets:					
Cash and investments	<u>\$ 240</u>	<u>\$ 2,890</u>	<u>\$ 3,051</u>	<u>\$ 2,375</u>	<u>\$ 29</u>
Total net assets - cash and investment basis held in trust	<u>\$ 240</u>	<u>\$ 2,890</u>	<u>\$ 3,051</u>	<u>\$ 2,375</u>	<u>\$ 29</u>

PIKE COUNTY 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  
 (Continued)

	Sine Teac Title II	Sine Coaching Academy	Sine Senior Donation	Indiana Next Leader	Totals
Additions:					
Contributions:					
Other	\$ 686	\$ -	\$ -	\$ -	\$ 63,421
Deductions:					
Administrative and general	844	1,557	100	636	113,477
Excess (deficiency) of total additions over total deductions	(158)	(1,557)	(100)	(636)	(50,056)
Cash and investment fund balance - beginning	158	1,612	433	1,040	78,063
Cash and Investments - June 30	<u>\$ -</u>	<u>\$ 55</u>	<u>\$ 333</u>	<u>\$ 404</u>	<u>\$ 28,007</u>
Net assets:					
Cash and investments	\$ -	\$ 55	\$ 333	\$ 404	\$ 28,007
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 55</u>	<u>\$ 333</u>	<u>\$ 404</u>	<u>\$ 28,007</u>

PIKE COUNTY 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

	Sine Model School Grant	Sine Adult Literacy	Sine Adult Literacy II	Safe haven 2003-2004	Safe Haven 2004-2005	Kiefer Science Childcare	Community Donation
Additions:							
Contributions:							
Other	\$ -	\$ 37,720	\$ -	\$ 3,984	\$ 44	\$ -	\$ 9,629
Deductions:							
Administrative and general	3,877	28,978	4,398	3,041	284	2,890	5,331
Excess (deficiency) of total additions over total deductions	(3,877)	8,742	(4,398)	943	(240)	(2,890)	4,298
Cash and investment fund balance - beginning	13,794	-	4,398	438	240	2,890	3,051
Cash and Investments - June 30	<u>\$ 9,917</u>	<u>\$ 8,742</u>	<u>\$ -</u>	<u>\$ 1,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,349</u>
Net assets:							
Cash and investments	\$ 9,917	\$ 8,742	\$ -	\$ 1,381	\$ -	\$ -	\$ 7,349
Total net assets - cash and investment basis held in trust	<u>\$ 9,917</u>	<u>\$ 8,742</u>	<u>\$ -</u>	<u>\$ 1,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,349</u>

PIKE COUNTY 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  
 (Continued)

	Sine Pike Literacy	Sine Learn Exchange	Sine Coaching Academy	Sine Senior Donation	Indiana Next Leader	Totals
Additions:						
Contributions:						
Other	\$ 5,015	\$ 1,000	\$ -	\$ -	\$ -	\$ 57,392
Deductions:						
Administrative and general	1,327	1,029	55	56	404	51,670
Excess (deficiency) of total additions over total deductions	3,688	(29)	(55)	(56)	(404)	5,722
Cash and investment fund balance - beginning	2,375	29	55	333	404	28,007
Cash and Investments - June 30	<u>\$ 6,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277</u>	<u>\$ -</u>	<u>\$ 33,729</u>
Net assets:						
Cash and investments	\$ 6,063	\$ -	\$ -	\$ 277	\$ -	\$ 33,729
Total net assets - cash and investment basis held in trust	<u>\$ 6,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277</u>	<u>\$ -</u>	<u>\$ 33,729</u>

PIKE COUNTY 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 139,000
Buildings	40,053,223
Improvements other than buildings	609,287
Machinery and equipment	5,538,172
Transportation	<u>777,237</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 47,116,919</u>

PIKE COUNTY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended June 30, 2007

The School Corporation has entered into the following debt:

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Petersburg Elem.	\$ 4,105,000	\$ 135,000
Building Middle School and High School	12,685,000	210,000
Energy Equipment (description of asset leased)	42,953	42,953
Claims and judgments		
Notes and loans payable	314,325	69,850
Bonds payable:		
Retirement Severance Bonds	<u>5,595,000</u>	<u>320,000</u>
Total governmental activities long-term debt	<u>\$ 22,742,278</u>	<u>\$ 777,803</u>

PIKE COUNTY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCES

The cash balance of the Retirement Severance Bond Fund, School Bus Replacement Fund and several other minor funds were overdrawn at June 30, 2006 and June 30, 2007.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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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 PIKE COUNTY SCHOOL CORPORATION, PIKE COUNTY, INDIANA

Compliance

We have audited the compliance of the Pike County 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, 2006 and 2007. 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, 2006 and 2007.

Internal Control Over Compliance

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

March 11, 2008

PIKE COUNTY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Years Ended June 30, 2006 and 2007

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 06-30-06	Total Federal Awards Expended 06-30-07
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 69,352	\$ 73,586
National School Lunch Program	10.555		248,751	277,261
Special Milk Program for Children	10.556		<u>3,596</u>	<u>3,383</u>
Total for cluster			<u>321,699</u>	<u>354,230</u>
Total for federal grantor agency			<u>321,699</u>	<u>354,230</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
FY 04-05	84.010	03-6445	74,622	-
FY 05-06		04-6445	233,856	54,472
FY 06-07		05-6445	<u>-</u>	<u>247,246</u>
Total for program			<u>308,478</u>	<u>301,718</u>
Safe and Drug Free Schools and Communities - State Grants				
FY 04-05	84.186	01-185	7,902	6,114
FY 05-06		02-289	1,856	8,580
FY 06-07		03-274	<u>-</u>	<u>4,701</u>
Total for program			<u>9,758</u>	<u>19,395</u>
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education				
FY 05-06	84.243		35,045	-
FY 06-07			<u>-</u>	<u>12,048</u>
Total for program			<u>35,045</u>	<u>12,048</u>
Pass-Through Indiana Department of Education				
State Grants For Innovative Programs				
FY 04-05	84.298	02-275	10,555	-
FY 05-06		02-278	4,280	6,516
FY 06-07		03-269	<u>-</u>	<u>5,552</u>
Total for program			<u>14,835</u>	<u>12,068</u>
Education Technology State Grants				
FY 04-05	84.318	S318X020014	3,850	2,395
FY 05-06		S318X030014	-	547
FY 06-07		S318X040014	<u>-</u>	<u>2,913</u>
Total for program			<u>3,850</u>	<u>5,855</u>
Improving Teacher Quality State Grants				
FY 04-05	84.367	02-299	29,987	-
FY 05-06		04-225	81,461	21,903
FY 06-07		03-281	<u>-</u>	<u>105,416</u>
Total for program			<u>111,448</u>	<u>127,319</u>
Total federal awards expended			<u>\$ 805,113</u>	<u>\$ 832,633</u>

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

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006	2007
School Breakfast Program	10.553	\$ 6,628	\$ 11,514
National School Lunch Program	10.555	23,473	41,717

PIKE COUNTY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified  
 Internal control over financial reporting:  
   Material weaknesses identified? no  
   Reportable conditions identified that are not considered to be material weaknesses? none reported  
 Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:  
   Material weaknesses identified? no  
   Reportable conditions identified that are not considered to be material weaknesses? none reported  
 Type of auditor's report issued on compliance for major programs: Unqualified  
 Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies

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.

PIKE COUNTY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

PIKE COUNTY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on March 4, 2008, with D. John Thomas, Superintendent of Schools; and Dale E. McKinney, School Board member; and on March 11, 2008, with Martha Pipes, Treasurer. The officials concurred with our audit findings.