

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, 2007 to June 30, 2009



FILED
03/05/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Martha Pipes Krista J. Halbrader	07-01-07 to 07-06-08 07-07-08 to 06-30-10
Superintendent of Schools	D. John Thomas	07-01-07 to 06-30-10
President of the School Board	Gary Horrall Ryan Edrington	07-01-07 to 06-30-09 07-01-09 to 06-30-10



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, 2008 and 2009, 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, 2008 and 2009, 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 January 21, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

The 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

January 21, 2010



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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, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 21, 2010. 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.

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

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. We consider the deficiencies described in item 2009-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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.

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)

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. However, of the significant deficiencies described above, we consider item 2009-1 to be a material weakness.

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.

We noted certain matters that we reported to management in a separate letter dated January 21, 2010.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, 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

January 21, 2010

PIKE COUNTY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net Disbursements and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 9,948,296	\$ -	\$ 223,402	\$ (9,724,894)
Support services	7,137,989	556,951	421,403	(6,159,635)
Noninstructional services	1,069,972	-	-	(1,069,972)
Facilities acquisition and construction	1,279,790	-	-	(1,279,790)
Debt service	2,034,633	-	-	(2,034,633)
Nonprogrammed charges	513,466	-	-	(513,466)
Total governmental activities	<u>\$ 21,984,146</u>	<u>\$ 556,951</u>	<u>\$ 644,805</u>	<u>(20,782,390)</u>
General receipts:				
Property taxes				9,241,248
Other local sources				1,208,904
State aid				7,241,906
Grants and contributions not restricted to specific programs				441,648
Investment earnings				285,580
Other				83,286
Total general receipts				<u>18,502,572</u>
Change in net assets				(2,279,818)
Net assets - beginning				<u>5,277,505</u>
Net assets - ending				<u>\$ 2,997,687</u>
<u>Assets</u>				
Cash and investments				<u>\$ 2,997,687</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 2,997,687</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, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net Disbursements and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 8,451,666	\$ -	\$ 236,219	\$ (8,215,447)
Support services	9,164,838	583,084	393,857	(8,187,897)
Noninstructional services	1,163,288	-	-	(1,163,288)
Facilities acquisition and construction	1,423,907	-	-	(1,423,907)
Debt service	5,992,122	-	-	(5,992,122)
Nonprogrammed charges	764,798	-	-	(764,798)
Total governmental activities	\$ 26,960,619	\$ 583,084	\$ 630,076	(25,747,459)
General receipts:				
Property taxes				10,510,608
Other local sources				1,280,309
State aid				8,660,781
Bonds and loans				3,918,750
Grants and contributions not restricted to specific programs				1,782,277
Investment earnings				38,324
Other				72,001
Total general receipts				26,263,050
Change in net assets				515,591
Net assets - beginning				2,997,687
Net assets - ending				\$ 3,513,278
<u>Assets</u>				
Cash and investments				\$ 3,513,278
<u>Net Assets</u>				
Unrestricted				\$ 3,513,278

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, 2008

	General	Transportation Operating	Rainy Day	Capital Projects	Construction PCMS	Other	Totals
Receipts:							
Local sources	\$ 3,843,036	\$ 2,267,701	\$ -	\$ 2,151,570	\$ -	\$ 3,030,375	\$ 11,292,682
State sources	7,430,036	-	-	-	-	238,210	7,668,246
Federal sources	-	-	-	-	-	660,114	660,114
Other	53,840	1,753	-	12,866	-	14,827	83,286
Total receipts	11,326,912	2,269,454	-	2,164,436	-	3,943,526	19,704,328
Disbursements:							
Current:							
Instruction	9,187,167	-	353,380	-	-	407,749	9,948,296
Support services	3,580,436	1,671,325	649,395	756,744	-	480,089	7,137,989
Noninstructional services	200,791	-	-	-	-	869,181	1,069,972
Facilities acquisition and construction	-	-	-	1,215,572	-	64,218	1,279,790
Debt services	-	-	-	-	-	2,034,633	2,034,633
Nonprogrammed charges	413,779	-	-	-	-	99,687	513,466
Total disbursements	13,382,173	1,671,325	1,002,775	1,972,316	-	3,955,557	21,984,146
Excess (deficiency) of receipts over disbursements	(2,055,261)	598,129	(1,002,775)	192,120	-	(12,031)	(2,279,818)
Other financing sources (uses):							
Transfers in	282,339	-	2,468,834	-	-	13,054	2,764,227
Transfers out	-	(2,216,570)	(282,339)	(252,668)	-	(12,650)	(2,764,227)
Total other financing sources (uses)	282,339	(2,216,570)	2,186,495	(252,668)	-	404	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,772,922)	(1,618,441)	1,183,720	(60,548)	-	(11,627)	(2,279,818)
Cash and investments - beginning	1,877,587	1,782,037	-	794,864	422,696	400,321	5,277,505
Cash and investments - ending	\$ 104,665	\$ 163,596	\$ 1,183,720	\$ 734,316	\$ 422,696	\$ 388,694	\$ 2,997,687
Cash and Investment Assets - Ending							
Cash and investments	\$ 104,665	\$ 163,596	\$ 1,183,720	\$ 734,316	\$ 422,696	\$ 538,496	\$ 3,147,489
Restricted assets:							
Cash and investments	-	-	-	-	-	(149,802)	(149,802)
Total cash and investment assets - ending	\$ 104,665	\$ 163,596	\$ 1,183,720	\$ 734,316	\$ 422,696	\$ 388,694	\$ 2,997,687
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (149,802)	\$ (149,802)
Unrestricted	104,665	163,596	1,183,720	734,316	422,696	538,496	3,147,489
Total cash and investment fund balance - ending	\$ 104,665	\$ 163,596	\$ 1,183,720	\$ 734,316	\$ 422,696	\$ 388,694	\$ 2,997,687

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, 2009

	General	Transportation Operating	Rainy Day	Capital Projects	Construction PCMS	Other	Totals
Receipts:							
Local sources	\$ 4,870,848	\$ 2,332,060	\$ -	\$ 2,073,059	\$ -	\$ 3,136,359	\$ 12,412,326
State sources	8,861,188	-	-	-	-	276,022	9,137,210
Federal sources	-	-	-	-	-	1,935,923	1,935,923
Temporary loans	1,575,500	818,000	-	500,000	-	1,025,250	3,918,750
Other	47,087	5,580	-	6,595	-	12,739	72,001
Total receipts	15,354,623	3,155,640	-	2,579,654	-	6,386,293	27,476,210
Disbursements:							
Current:							
Instruction	7,120,840	-	-	10,000	-	1,320,826	8,451,666
Support services	3,228,715	1,817,189	2,096,735	1,538,724	-	483,475	9,164,838
Noninstructional services	242,414	-	-	-	-	920,874	1,163,288
Facilities acquisition and construction	-	-	-	1,289,546	-	134,361	1,423,907
Debt services	1,575,500	818,000	-	500,000	-	3,098,622	5,992,122
Nonprogrammed charges	508,538	-	-	-	-	256,260	764,798
Total disbursements	12,676,007	2,635,189	2,096,735	3,338,270	-	6,214,418	26,960,619
Excess (deficiency) of receipts over disbursements	2,678,616	520,451	(2,096,735)	(758,616)	-	171,875	515,591
Other financing sources (uses):							
Transfers in	-	-	2,000,000	-	-	2,057	2,002,057
Transfers out	(2,057)	(1,500,000)	-	(500,000)	-	-	(2,002,057)
Total other financing sources (uses)	(2,057)	(1,500,000)	2,000,000	(500,000)	-	2,057	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,676,559	(979,549)	(96,735)	(1,258,616)	-	173,932	515,591
Cash and investments - beginning	104,665	163,596	1,183,720	734,316	422,696	388,694	2,997,687
Cash and investments - ending	\$ 2,781,224	\$ (815,953)	\$ 1,086,985	\$ (524,300)	\$ 422,696	\$ 562,626	\$ 3,513,278
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,781,224	\$ (815,953)	\$ 1,086,985	\$ (524,300)	\$ 422,696	\$ 660,370	\$ 3,611,022
Restricted assets:							
Cash and investments	-	-	-	-	-	(97,744)	(97,744)
Total cash and investment assets - ending	\$ 2,781,224	\$ (815,953)	\$ 1,086,985	\$ (524,300)	\$ 422,696	\$ 562,626	\$ 3,513,278
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (97,744)	\$ (97,744)
Unrestricted	2,781,224	(815,953)	1,086,985	(524,300)	422,696	660,370	3,611,022
Total cash and investment fund balance - ending	\$ 2,781,224	\$ (815,953)	\$ 1,086,985	\$ (524,300)	\$ 422,696	\$ 562,626	\$ 3,513,278

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, 2008

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ 1,281	\$ 97,843	
Deductions:			
Benefits	605	-	
Administrative and general	-	76,310	
Total deductions	605	76,310	
Excess of total additions over total deductions	676	21,533	
Cash and investment fund balance - beginning	-	33,729	
Cash and investment fund balance - ending	\$ 676	\$ 55,262	\$ 24,578
Net assets:			
Cash and investments	\$ 676	\$ 55,262	
Total net assets - cash and investment basis held in trust	\$ 676	\$ 55,262	

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, 2009

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 16,987	
Deductions:			
Administrative and general	-	53,677	
Total deductions	-	53,677	
Deficiency of total additions over total deductions	-	(36,690)	
Cash and investment fund balance - beginning	676	55,262	
Cash and investment fund balance - ending	<u>\$ 676</u>	<u>\$ 18,572</u>	<u>\$ 26,053</u>
Net assets:			
Cash and investments	<u>\$ 676</u>	<u>\$ 18,572</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 676</u>	<u>\$ 18,572</u>	

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 38 other schools in a joint venture to operate Southern Indiana Education Center (SIEC) which 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 SIEC based on each school's Average Daily Membership to supplement SIEC. The SIEC's continued existence depends on continued funding by the School Corporation. Complete financial statements for SIEC can be obtained from Southwest Dubois County School Corporation, P.O. Box 396, Huntingburg, IN 47542.

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, IN 47546.

The School Corporation is a participant with 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 East Main Street, Petersburg, IN 47567.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities.

PIKE COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial 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 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 rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

The construction PCMS fund accounts for the disbursements for capital outlay for the middle/high school building project from receipts derived from the sale of general obligation bonds or other outside sources.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for 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 and students of the school corporation.

Agency funds account for assets held by the School Corporation as an agent for payroll of the School Corporation and serves 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, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

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

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. Capital Assets

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

PIKE COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary 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.

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

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 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.

PIKE COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 not reported as reimbursements but as adjustments to disbursements in the respective funds.
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. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

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.

PIKE COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Cash and Investment Balance Deficits

At June 30, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2008	2009
Retirement Severance Bond	\$ (204,504)	\$ (146,503)
Transportation School Bus Replacement	(181,533)	(58,498)
Capital Projects	-	(524,300)
Transportation Operating	-	(815,953)
Special Ed Preschool	-	(35,380)
BioMedical Grant	(4,380)	(4,896)
Safe Haven 2008-09	-	(125)
Super Study Grant WES 2008-09	-	(1,313)
Cafeteria Clearing	(18,949)	(14,550)

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.

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 School Corporation does not have a deposit policy for custodial credit risk. 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, 2008 and 2009, were as follows:

Transfer From	Transfer To	2008	2009
General Fund	Other governmental funds	\$ -	\$ 2,057
Rainy Day Fund	General Fund	282,339	-
Transportation Operating	Rainy Day Fund	2,216,570	1,500,000
Capital Projects	Rainy Day Fund	252,264	500,000
Capital Projects	Other governmental funds	404	-
Other governmental funds	Other governmental funds	12,650	-
Totals		<u>\$ 2,764,227</u>	<u>\$ 2,002,057</u>

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

PIKE COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Restatements and Reclassifications

For the year ended June 30, 2009, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 30, 2007	Fund Reclassification	New Funds	Prior Period Adjustments	Balance as Restated July 1, 2007
Other governmental funds	\$ 898,949	\$ (27,885)	\$ -	\$ -	\$ 871,064
Fiduciary Funds - Agency	55,371	27,885	-	-	83,256

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 three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporation

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 School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2008 and June 30, 2009 totaled \$1,383,000 and \$1,389,000, respectively.

C. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

Pike County School Corporation Healthcare Plan is a single-employer defined benefit healthcare plan administered by School Board. The plan provides medical and life insurance benefits to eligible retirees. IC 5-10-08 assigns the authority to establish and amend benefit provisions to the School Corporation. The financial activity of this plan is included in these financial statements.

PIKE COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy

The contribution requirements of plan members for the Pike County School Healthcare Plan are established by the School Corporation's School Board. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended June 30, 2009, the School Corporation contributed \$135,199 to the plan for current premiums. The school corporation contributed 100% of these postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

a. Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in 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.

PIKE COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 39,423
Interest on net pension obligation	(21,863)
Adjustment to annual required contribution	24,915
Annual pension cost	42,475
Contributions made	83,395
Decrease in net pension obligation	(40,920)
Net pension obligation, beginning of year	(301,563)
Net pension obligation, end of year	\$ (342,483)

	PERF
Contribution rates:	
School Corporation	4.5%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	PERF
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	06-30-06	\$ 59,210	86%	\$ (272,213)
	06-30-07	36,871	180%	(301,563)
	06-30-08	42,475	196%	(342,483)

PIKE COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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, 2009, 2008, and 2007, were \$300,558, \$266,332, and \$232,721, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

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)
07-01-06	\$ 1,868,482	\$ 1,049,830	\$ 818,652	178%	\$ 1,526,788	54%
07-01-07	2,103,724	1,248,475	855,249	169%	1,630,084	52%
07-01-08	2,350,664	1,471,731	878,933	160%	1,527,821	58%

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, 2008

	Special Ed Preschool	School Lunch	Textbook Rental	Pampered Chargers	Alternative Ed 2007-08	Alternative Ed 2008-09
Receipts:						
Local sources	\$ 18,036	\$ 546,404	\$ 169,446	\$ 32,570	\$ -	\$ -
State sources	87,013	8,556	75,889	-	9,258	-
Federal sources	-	336,958	-	-	-	-
Other	-	12,336	-	2,491	-	-
Total receipts	105,049	904,254	245,335	35,061	9,258	-
Disbursements:						
Current:						
Instruction	-	-	-	-	14,023	-
Support services	-	7,507	192,056	-	-	-
Noninstructional services	-	834,456	-	33,894	-	-
Facilities acquisition and construction	-	59,636	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	99,687	-	-	-	-	-
Total disbursements	99,687	901,599	192,056	33,894	14,023	-
Excess (deficiency) of receipts over disbursements	5,362	2,655	53,279	1,167	(4,765)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,362	2,655	53,279	1,167	(4,765)	-
Cash and investments - beginning	62,239	190,822	175,364	(338)	19,823	-
Cash and investments - ending	\$ 67,601	\$ 193,477	\$ 228,643	\$ 829	\$ 15,058	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 67,601	\$ 193,477	\$ 228,643	\$ 829	\$ 15,058	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 67,601	\$ 193,477	\$ 228,643	\$ 829	\$ 15,058	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	67,601	193,477	228,643	829	15,058	-
Total cash and investment fund balance - ending	\$ 67,601	\$ 193,477	\$ 228,643	\$ 829	\$ 15,058	\$ -

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, 2008
 (Continued)

	High Ability	Non-English Speaking	Intelenet/ Connect Grant	BioMedical Grant	Afternoon Rock Program	SINE Library Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	34,462	811	-	22,221	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>34,462</u>	<u>811</u>	<u>-</u>	<u>22,221</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	34,287	408	-	-	-	-
Support services	711	-	-	23,821	-	657
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>34,998</u>	<u>408</u>	<u>-</u>	<u>23,821</u>	<u>-</u>	<u>657</u>
Excess (deficiency) of receipts over disbursements	<u>(536)</u>	<u>403</u>	<u>-</u>	<u>(1,600)</u>	<u>-</u>	<u>(657)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<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	<u>(536)</u>	<u>403</u>	<u>-</u>	<u>(1,600)</u>	<u>-</u>	<u>(657)</u>
Cash and investments - beginning	<u>2,345</u>	<u>30</u>	<u>13,191</u>	<u>(2,780)</u>	<u>6,068</u>	<u>981</u>
Cash and investments - ending	<u>\$ 1,809</u>	<u>\$ 433</u>	<u>\$ 13,191</u>	<u>\$ (4,380)</u>	<u>\$ 6,068</u>	<u>\$ 324</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,809	\$ 433	\$ 13,191	\$ (4,380)	\$ 6,068	\$ 324
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,809</u>	<u>\$ 433</u>	<u>\$ 13,191</u>	<u>\$ (4,380)</u>	<u>\$ 6,068</u>	<u>\$ 324</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,809	433	13,191	(4,380)	6,068	324
Total cash and investment fund balance - ending	<u>\$ 1,809</u>	<u>\$ 433</u>	<u>\$ 13,191</u>	<u>\$ (4,380)</u>	<u>\$ 6,068</u>	<u>\$ 324</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, 2008
 (Continued)

	Title I 2007-08	Title I 2007	Title V 2006-07	Title V, Part A	Drug Free 2007-08
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	240,921	28,200	-	3,355	-
Other	-	-	-	-	-
Total receipts	<u>240,921</u>	<u>28,200</u>	<u>-</u>	<u>3,355</u>	<u>-</u>
Disbursements:					
Current:					
Instruction	226,292	46,593	-	-	144
Support services	4,262	69	3,005	1,115	-
Noninstructional services	794	37	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	<u>231,348</u>	<u>46,699</u>	<u>3,005</u>	<u>1,115</u>	<u>144</u>
Excess (deficiency) of receipts over disbursements	<u>9,573</u>	<u>(18,499)</u>	<u>(3,005)</u>	<u>2,240</u>	<u>(144)</u>
Other financing sources (uses):					
Transfers in	7,916	-	2,240	-	2,494
Transfers out	-	(7,916)	-	(2,240)	-
Total other financing sources (uses)	<u>7,916</u>	<u>(7,916)</u>	<u>2,240</u>	<u>(2,240)</u>	<u>2,494</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>17,489</u>	<u>(26,415)</u>	<u>(765)</u>	<u>-</u>	<u>2,350</u>
Cash and investments - beginning	<u>-</u>	<u>26,415</u>	<u>1,332</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 17,489</u>	<u>\$ -</u>	<u>\$ 567</u>	<u>\$ -</u>	<u>\$ 2,350</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 17,489	\$ -	\$ 567	\$ -	\$ 2,350
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 17,489</u>	<u>\$ -</u>	<u>\$ 567</u>	<u>\$ -</u>	<u>\$ 2,350</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	17,489	-	567	-	2,350
Total cash and investment fund balance - ending	<u>\$ 17,489</u>	<u>\$ -</u>	<u>\$ 567</u>	<u>\$ -</u>	<u>\$ 2,350</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, 2008
 (Continued)

	Drug Free 2005-07	Drug Free 2006-07	Project Lead the Way	Title II, Part A 2006-08	Title II, Part D Enhancement
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	-	50,680	-
Other	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,680</u>	<u>-</u>
Disbursements:					
Current:					
Instruction	2,386	756	-	82,860	-
Support services	-	-	-	14,446	1,075
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	4,582
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	<u>2,386</u>	<u>756</u>	<u>-</u>	<u>97,306</u>	<u>5,657</u>
Excess (deficiency) of receipts over disbursements	<u>(2,386)</u>	<u>(756)</u>	<u>-</u>	<u>(46,626)</u>	<u>(5,657)</u>
Other financing sources (uses):					
Transfers in	-	-	404	-	-
Transfers out	-	(2,494)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(2,494)</u>	<u>404</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,386)</u>	<u>(3,250)</u>	<u>404</u>	<u>(46,626)</u>	<u>(5,657)</u>
Cash and investments - beginning	<u>2,386</u>	<u>3,250</u>	<u>(404)</u>	<u>47,180</u>	<u>5,657</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 554</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ 554	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 554</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	554	-
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 554</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, 2008
 (Continued)

	Debt Service	Retirement Severance Bond	Transportation School Bus Replacement	Construction PE/OE	Totals
Receipts:					
Local sources	\$ 1,510,975	\$ 655,345	\$ 97,599	\$ -	\$ 3,030,375
State sources	-	-	-	-	238,210
Federal sources	-	-	-	-	660,114
Other	-	-	-	-	14,827
Total receipts	1,510,975	655,345	97,599	-	3,943,526
Disbursements:					
Current:					
Instruction	-	-	-	-	407,749
Support services	25,055	-	206,310	-	480,089
Noninstructional services	-	-	-	-	869,181
Facilities acquisition and construction	-	-	-	-	64,218
Debt services	1,455,993	578,640	-	-	2,034,633
Nonprogrammed charges	-	-	-	-	99,687
Total disbursements	1,481,048	578,640	206,310	-	3,955,557
Excess (deficiency) of receipts over disbursements	29,927	76,705	(108,711)	-	(12,031)
Other financing sources (uses):					
Transfers in	-	-	-	-	13,054
Transfers out	-	-	-	-	(12,650)
Total other financing sources (uses)	-	-	-	-	404
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	29,927	76,705	(108,711)	-	(11,627)
Cash and investments - beginning	24,775	(281,209)	(72,822)	176,016	400,321
Cash and investments - ending	<u>\$ 54,702</u>	<u>\$ (204,504)</u>	<u>\$ (181,533)</u>	<u>\$ 176,016</u>	<u>\$ 388,694</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ -	\$ (181,533)	\$ 176,016	\$ 538,496
Restricted assets:					
Cash and investments	54,702	(204,504)	-	-	(149,802)
Total cash and investment assets - ending	<u>\$ 54,702</u>	<u>\$ (204,504)</u>	<u>\$ (181,533)</u>	<u>\$ 176,016</u>	<u>\$ 388,694</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ 54,702	\$ (204,504)	\$ -	\$ -	\$ (149,802)
Unrestricted	-	-	(181,533)	176,016	538,496
Total cash and investment fund balance - ending	<u>\$ 54,702</u>	<u>\$ (204,504)</u>	<u>\$ (181,533)</u>	<u>\$ 176,016</u>	<u>\$ 388,694</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, 2009

	Special Ed Preschool	School Lunch	Textbook Rental	Pampered Chargers	Alternative Ed 2007-08	Alternative Ed 2008-09
Receipts:						
Local sources	\$ 17,191	\$ 574,475	\$ 190,762	\$ 26,092	\$ -	\$ -
State sources	110,828	9,275	57,867	-	-	9,467
Federal sources	-	326,715	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	10,890	-	1,849	-	-
Total receipts	<u>128,019</u>	<u>921,355</u>	<u>248,629</u>	<u>27,941</u>	<u>-</u>	<u>9,467</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	12,508	-
Support services	-	-	252,510	-	-	-
Noninstructional services	-	892,963	-	26,662	-	-
Facilities acquisition and construction	-	5,033	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	231,000	-	-	-	-	-
Total disbursements	<u>231,000</u>	<u>897,996</u>	<u>252,510</u>	<u>26,662</u>	<u>12,508</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(102,981)</u>	<u>23,359</u>	<u>(3,881)</u>	<u>1,279</u>	<u>(12,508)</u>	<u>9,467</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(102,981)</u>	<u>23,359</u>	<u>(3,881)</u>	<u>1,279</u>	<u>(12,508)</u>	<u>9,467</u>
Cash and investments - beginning	<u>67,601</u>	<u>193,477</u>	<u>228,643</u>	<u>829</u>	<u>15,058</u>	<u>-</u>
Cash and investments - ending	<u>\$ (35,380)</u>	<u>\$ 216,836</u>	<u>\$ 224,762</u>	<u>\$ 2,108</u>	<u>\$ 2,550</u>	<u>\$ 9,467</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (35,380)	\$ 216,836	\$ 224,762	\$ 2,108	\$ 2,550	\$ 9,467
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (35,380)</u>	<u>\$ 216,836</u>	<u>\$ 224,762</u>	<u>\$ 2,108</u>	<u>\$ 2,550</u>	<u>\$ 9,467</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>(35,380)</u>	<u>216,836</u>	<u>224,762</u>	<u>2,108</u>	<u>2,550</u>	<u>9,467</u>
Total cash and investment fund balance - ending	<u>\$ (35,380)</u>	<u>\$ 216,836</u>	<u>\$ 224,762</u>	<u>\$ 2,108</u>	<u>\$ 2,550</u>	<u>\$ 9,467</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, 2009
 (Continued)

	<u>High Ability</u>	<u>Non-English Speaking</u>	<u>Intelenet/ Connect Grant</u>	<u>Access Indiana</u>	<u>BioMedical Grant</u>
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	34,462	1,349	-	2,500	23,392
Federal sources	-	-	-	-	-
Temporary loans	-	-	-	-	-
Other	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total receipts	34,462	1,349	-	2,500	23,392
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Disbursements:					
Current:					
Instruction	31,534	896	-	-	-
Support services	-	-	-	-	23,908
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total disbursements	31,534	896	-	-	23,908
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of receipts over disbursements	2,928	453	-	2,500	(516)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,928	453	-	2,500	(516)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Cash and investments - beginning	1,809	433	13,191	-	(4,380)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Cash and investments - ending	\$ 4,737	\$ 886	\$ 13,191	\$ 2,500	\$ (4,896)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 4,737	\$ 886	\$ 13,191	\$ 2,500	\$ (4,896)
Restricted assets:					
Cash and investments	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and investment assets - ending	\$ 4,737	\$ 886	\$ 13,191	\$ 2,500	\$ (4,896)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,737	886	13,191	2,500	(4,896)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and investment fund balance - ending	\$ 4,737	\$ 886	\$ 13,191	\$ 2,500	\$ (4,896)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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, 2009
 (Continued)

	<u>Afternoon Rock Program</u>	<u>SINE Library Grant</u>	<u>Title I 2007-08</u>	<u>Title V 2006-07</u>	<u>Drug Free 2007-08</u>
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	316,673	3,214	7,870
Temporary loans	-	-	-	-	-
Other	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total receipts	-	-	316,673	3,214	7,870
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Disbursements:					
Current:					
Instruction	2,008	-	278,987	-	7,061
Support services	-	-	21,716	567	-
Noninstructional services	-	-	1,249	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total disbursements	2,008	-	301,952	567	7,061
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of receipts over disbursements	(2,008)	-	14,721	2,647	809
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):					
Transfers in	-	-	2,057	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,008)	-	16,778	2,647	809
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Cash and investments - beginning	6,068	324	17,489	567	2,350
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Cash and investments - ending	\$ 4,060	\$ 324	\$ 34,267	\$ 3,214	\$ 3,159
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 4,060	\$ 324	\$ 34,267	\$ 3,214	\$ 3,159
Restricted assets:					
Cash and investments	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and investment assets - ending	\$ 4,060	\$ 324	\$ 34,267	\$ 3,214	\$ 3,159
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,060	324	34,267	3,214	3,159
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and investment fund balance - ending	\$ 4,060	\$ 324	\$ 34,267	\$ 3,214	\$ 3,159
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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, 2009
 (Continued)

	Drug Free 2008-09	SIEC Grant	Title II, Part A 2006-08	Title II, Part D Enhancement	Fiscal Stabilization
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	26,882	-	-	-
Federal sources	5,478	-	101,771	157,570	1,016,632
Temporary loans	-	-	-	-	-
Other	-	-	-	-	-
	<u>5,478</u>	<u>26,882</u>	<u>101,771</u>	<u>157,570</u>	<u>1,016,632</u>
Total receipts					
Disbursements:					
Current:					
Instruction	2,799	-	52,057	-	932,976
Support services	-	-	22,534	24,470	58,396
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	129,328	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	25,260
	<u>2,799</u>	<u>-</u>	<u>74,591</u>	<u>153,798</u>	<u>1,016,632</u>
Total disbursements					
Excess (deficiency) of receipts over disbursements	<u>2,679</u>	<u>26,882</u>	<u>27,180</u>	<u>3,772</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,679	26,882	27,180	3,772	-
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>554</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,679</u>	<u>\$ 26,882</u>	<u>\$ 27,734</u>	<u>\$ 3,772</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 2,679	\$ 26,882	\$ 27,734	\$ 3,772	\$ -
Restricted assets:					
Cash and investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment assets - ending	<u>\$ 2,679</u>	<u>\$ 26,882</u>	<u>\$ 27,734</u>	<u>\$ 3,772</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>2,679</u>	<u>26,882</u>	<u>27,734</u>	<u>3,772</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ 2,679</u>	<u>\$ 26,882</u>	<u>\$ 27,734</u>	<u>\$ 3,772</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, 2009
 (Continued)

	Debt Service	Retirement Severance Bond	Transportation School Bus Replacement	Construction PE/OE	Totals
Receipts:					
Local sources	\$ 1,486,792	\$ 638,638	\$ 202,409	\$ -	\$ 3,136,359
State sources	-	-	-	-	276,022
Federal sources	-	-	-	-	1,935,923
Temporary loans	694,500	230,000	100,750	-	1,025,250
Other	-	-	-	-	12,739
Total receipts	<u>2,181,292</u>	<u>868,638</u>	<u>303,159</u>	<u>-</u>	<u>6,386,293</u>
Disbursements:					
Current:					
Instruction	-	-	-	-	1,320,826
Support services	-	-	79,374	-	483,475
Noninstructional services	-	-	-	-	920,874
Facilities acquisition and construction	-	-	-	-	134,361
Debt services	2,187,235	810,637	100,750	-	3,098,622
Nonprogrammed charges	-	-	-	-	256,260
Total disbursements	<u>2,187,235</u>	<u>810,637</u>	<u>180,124</u>	<u>-</u>	<u>6,214,418</u>
Excess (deficiency) of receipts over disbursements	<u>(5,943)</u>	<u>58,001</u>	<u>123,035</u>	<u>-</u>	<u>171,875</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	2,057
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(5,943)</u>	<u>58,001</u>	<u>123,035</u>	<u>-</u>	<u>173,932</u>
Cash and investments - beginning	<u>54,702</u>	<u>(204,504)</u>	<u>(181,533)</u>	<u>176,016</u>	<u>388,694</u>
Cash and investments - ending	<u>\$ 48,759</u>	<u>\$ (146,503)</u>	<u>\$ (58,498)</u>	<u>\$ 176,016</u>	<u>\$ 562,626</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ -	\$ (58,498)	\$ 176,016	\$ 660,370
Restricted assets:					
Cash and investments	<u>48,759</u>	<u>(146,503)</u>	<u>-</u>	<u>-</u>	<u>(97,744)</u>
Total cash and investment assets - ending	<u>\$ 48,759</u>	<u>\$ (146,503)</u>	<u>\$ (58,498)</u>	<u>\$ 176,016</u>	<u>\$ 562,626</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ 48,759	\$ (146,503)	\$ -	\$ -	\$ (97,744)
Unrestricted	<u>-</u>	<u>-</u>	<u>(58,498)</u>	<u>176,016</u>	<u>660,370</u>
Total cash and investment fund balance - ending	<u>\$ 48,759</u>	<u>\$ (146,503)</u>	<u>\$ (58,498)</u>	<u>\$ 176,016</u>	<u>\$ 562,626</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, 2008

	Sine Model School/ 9th Academy	Sine Model School	Sine Adult Literacy	Safe Haven 2007	Community Donation	Adult GED	Sine Senior Donation	Totals
Additions:								
Contributions:								
Other	\$ 11,029	\$ 4,000	\$ 53,149	\$ -	\$ 25,300	\$ 4,365	\$ -	\$ 97,843
Deductions:								
Administrative and general	4,734	13,917	29,553	1,381	26,590	-	135	76,310
Excess (deficiency) of total additions over total deductions	6,295	(9,917)	23,596	(1,381)	(1,290)	4,365	(135)	21,533
Cash and investment fund balance - beginning	-	9,917	8,742	1,381	7,349	6,063	277	33,729
Cash and investments - June 30	<u>\$ 6,295</u>	<u>\$ -</u>	<u>\$ 32,338</u>	<u>\$ -</u>	<u>\$ 6,059</u>	<u>\$ 10,428</u>	<u>\$ 142</u>	<u>\$ 55,262</u>
Net assets:								
Cash and investments	\$ 6,295	\$ -	\$ 32,338	\$ -	\$ 6,059	\$ 10,428	\$ 142	\$ 55,262
Total net assets - cash and investment basis held in trust	<u>\$ 6,295</u>	<u>\$ -</u>	<u>\$ 32,338</u>	<u>\$ -</u>	<u>\$ 6,059</u>	<u>\$ 10,428</u>	<u>\$ 142</u>	<u>\$ 55,262</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, 2009

	Sine Model School/ 9th Academy	Sine Adult Literacy	Safe Haven 2008-09	Community Donation	Adult GED	Super Study Grant WES 2008-09	Sine Senior Donation	Sine, Gateway to Technology	Totals
Additions:									
Contributions:									
Other	\$ -	\$ -	\$ 1,053	\$ 10,000	\$ 4,465	\$ 469	\$ -	\$ 1,000	\$ 16,987
Deductions:									
Administrative and general	2,883	26,460	1,178	12,156	8,165	1,782	121	932	53,677
Excess (deficiency) of total additions over total deductions	(2,883)	(26,460)	(125)	(2,156)	(3,700)	(1,313)	(121)	68	(36,690)
Cash and investment fund balance - beginning	6,295	32,338	-	6,059	10,428	-	142	-	55,262
Cash and investments - June 30	<u>\$ 3,412</u>	<u>\$ 5,878</u>	<u>\$ (125)</u>	<u>\$ 3,903</u>	<u>\$ 6,728</u>	<u>\$ (1,313)</u>	<u>\$ 21</u>	<u>\$ 68</u>	<u>\$ 18,572</u>
Net assets:									
Cash and investments	\$ 3,412	\$ 5,878	\$ (125)	\$ 3,903	\$ 6,728	\$ (1,313)	\$ 21	\$ 68	\$ 18,572
Total net assets - cash and investment basis held in trust	<u>\$ 3,412</u>	<u>\$ 5,878</u>	<u>\$ (125)</u>	<u>\$ 3,903</u>	<u>\$ 6,728</u>	<u>\$ (1,313)</u>	<u>\$ 21</u>	<u>\$ 68</u>	<u>\$ 18,572</u>

PIKE COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2008

	<u>Cafeteria Clearing</u>	<u>Payroll</u>	<u>Totals</u>
Additions:			
Agency fund additions	\$ 658,294	\$ 4,161,960	\$ 4,820,254
Deductions:			
Agency fund deductions	<u>705,128</u>	<u>4,173,804</u>	<u>4,878,932</u>
Deficiency of total additions over total deductions	(46,834)	(11,844)	(58,678)
Cash and investment fund balance - beginning	<u>27,885</u>	<u>55,371</u>	<u>83,256</u>
Cash and investment fund balance - ending	<u>\$ (18,949)</u>	<u>\$ 43,527</u>	<u>\$ 24,578</u>

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

	Cafeteria Clearing	Payroll	Totals
Additions:			
Agency fund additions	\$ 736,903	\$ 4,077,248	\$ 4,814,151
Deductions:			
Agency fund deductions	732,504	4,080,172	4,812,676
Excess (deficiency) of total additions over total deductions	4,399	(2,924)	1,475
Cash and investment fund balance - beginning	(18,949)	43,527	24,578
Cash and investment fund balance - ending	\$ (14,550)	\$ 40,603	\$ 26,053



Pike County School Corporation

907 Walnut Street Petersburg, Indiana 47567

Telephone: 812-354-8731 Fax: 812-354-8733 Web Site: www.pcsc.k12.in.us

Board Of Education

Ryan Edrington, President
 Chris Satterfield, Vice-President
 Gary Horrall, Secretary
 Jerrell Grubb, Member
 Debbie LeMond, Member

D. John Thomas, Superintendent
 Michael L. Harding, Assistant Superintendent

PIKE COUNTY SCHOOL CORPORATION SUPPLEMENTARY INFORMATION SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2009

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	1,004,651
Machinery and equipment	3,873,981
Transportation equipment	<u>971,984</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 46,042,839</u></u>



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PIKE COUNTY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2009

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal Due Within One Year
Governmental Activities:		
Capital leases:		
School Buildings	\$ 15,815,000	\$ 675,000
Notes and loans payable	180,446	75,671
Bonds payable:		
General obligation bonds:		
Retirement/Severance	4,940,000	345,000
Total governmental activities debt	\$ 20,935,446	\$ 1,095,671

PIKE COUNTY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

SCHOOL BOARD MINUTES

Minutes of all School Board meetings were not readily available for audit. Some meetings had two sets of signed minutes that did not contain the exact same information. One set of minutes had two different dates but contained the same information. Minutes were not always approved at the next scheduled School Board meeting and were often not filed in date order.

All business transacted by the governing body must be recorded in the minutes of the meetings. It is the duty of the secretary of the governing body to keep the minutes and the minutes of each meeting should be approved by the governing body and signed by the members attending.

The minutes must be accurate and complete since the governing body speaks from its minutes. Not all documents acted upon, such as bids and contracts, must be copied in the minutes but reference thereto and the action taken thereon should be recorded in the minutes and the documents carefully preserved. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

OVERDRAWN CASH BALANCES

The cash balance of the Retirement Severance Bond Fund, Capital Projects Fund, Transportation Operating Fund, Transportation School Bus Replacement Fund, Special Ed Preschool Fund and the Cafeteria Clearing were overdrawn at June 30, 2008 and June 30, 2009.

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)

APPROPRIATION ENCUMBRANCES

Appropriations were encumbered for several budgeted funds for 2007 and 2008 without evidence of a purchase order or contract to support the amount of the encumbrance.

Any such encumbrances carried forward must be for the exact amount of the purchase orders or contracts outstanding and shall be carried to the same program and expenditure account in the ledger for the new budget year as that in which they appeared for the year ending December 31.

Liquidations of the amounts carried forward must be made individually for each purchase order encumbered when payment of the claim is entered on the record following receipt of the items purchased. The balance of an encumbrance for a vendor's claim for payment of specific purchases found to be less than the amount of the encumbrance carried forward, may not be used to authorize payment of any other claim. Such balance must be liquidated at the time of liquidating the purchase order or contract or permitted to expire at the close of the budget year. Any amount of claim for payment that is greater than the encumbered amount carried forward must be charged against the available appropriation for the same purpose from the current budget or an additional appropriation obtained for that specific purpose. (The School Administrator and Uniform Compliance Guidelines, Volume 164)

PIKE COUNTY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the audit period:

- (1) All claims were not adequately itemized.
- (2) All claims were not certified by the fiscal officer.
- (3) All claims did not have board approval.
- (4) All required purchase orders were not completed or approved by the Superintendent.

IC 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

FUND SOURCES AND USES

Funds were disbursed from the Transportation Fund to pay for the entire amount of cell phone service for personnel either not related to transportation at all or not entirely assigned transportation duties such as technology and administrative personnel.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PIKE COUNTY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

PAYROLL DEFICIENCIES

The following deficiencies were noted during the review of payroll:

- (1) A substitute cafeteria worker was overpaid 9.5 hours at \$7.25 per hour for a total overpayment of \$68.88 during 2008-2009. The overpayment has not been recouped as of December 21, 2009.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

- (2) Cafeteria payroll was paid out of the Cafeteria Clearing Fund #800 and then was reimbursed out of the Extra-Curricular Cafeteria Fund. However, several of the reimbursements from the Extra-Curricular cafeteria account for the employer's share of FICA and PERF were erroneously receipted into the General Fund #100 instead of the Cafeteria Clearing Fund #800.

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

- (3) Due to distribution coding errors, a few employees were erroneously paid out of incorrect funds.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

- (4) Duties related to payroll were not adequately segregated.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

- (5) All Extra-curricular accounts (except Otwell Elementary) were paying employees for working for the Extra-curricular (i.e. referees, etc) but are not paying them through the payroll process. Otwell Elementary turned in school employees who worked for the Extra-Curricular Account into the School Corporation Deputy Treasurer for inclusion in the payroll; however, the ECA did not reimburse the School Corporation for the employer's share of FICA.

PIKE COUNTY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 11)

- (6) One part-time teacher was also being paid on a claim for "teacher training" and receiving a 1099.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

- (7) The Deputy Treasurer's salary was paid entirely from the Transportation Fund. Her job duties included tasks not entirely transportation related such as processing claims and payroll. A record of hours worked by the Deputy Treasurer was not presented for audit.

IC 5-11-9-4 requires in part:

". . . records be maintained showing which hours were worked each day by officers and employees . . . employed . . . in more than one (1) position by the same public agency . . ." Some positions have been formally established by boards of school trustees, through job description, duties assigned, title, salary schedules, etc., as transportation related (for example, Assistant Superintendent-Transportation Director). We will not take audit exception, in these situations (other than positions excluded by statute), to direct transportation related employees having direct transportation related expenses being paid from the transportation fund if a cost allocation system based upon auditable statistics is established tracking costs attributable to the transportation program and therefore payable from the transportation fund. The use of time cards, time logs, or other means of accumulating auditable statistics upon which to base costs would have to be maintained. The time spent on such programs by persons serving in more than one program area must be specific if costs are to be separated. These costs cannot be accurately maintained on a percentage basis and requires the use of one of the methods mentioned above to provide auditable statistics and should cover all program areas in which a person serves or for which the service, materials, supplies, etc., are provided. (The School Administrator and Uniform Compliance Guidelines, Volume 157)

- (8) Some of the Elementary athletic games were played during the school day. Employees who were also referees were paid for refereeing during a time that they were scheduled to work their normal school corporation job.

IC 5-11-9-4 requires in part:

". . . records be maintained showing which hours were worked each day by officers and employees . . . employed . . . in more than one (1) position by the same public agency . . ." Some positions have been formally established by boards of school trustees, through job description, duties assigned, title, salary schedules, etc., as transportation related (for

PIKE COUNTY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

example, Assistant Superintendent-Transportation Director). We will not take audit exception, in these situations (other than positions excluded by statute), to direct transportation related employees having direct transportation related expenses being paid from the transportation fund if a cost allocation system based upon auditable statistics is established tracking costs attributable to the transportation program and therefore payable from the transportation fund. The use of time cards, time logs, or other means of accumulating auditable statistics upon which to base costs would have to be maintained. The time spent on such programs by persons serving in more than one program area must be specific if costs are to be separated. These costs cannot be accurately maintained on a percentage basis and requires the use of one of the methods mentioned above to provide auditable statistics and should cover all program areas in which a person serves or for which the service, materials, supplies, etc., are provided. (The School Administrator and Uniform Compliance Guidelines, Volume 157)

IC 35-44-2-4 states in part:

- (a) A public servant who knowingly or intentionally:
 - (1) hires an employee for the governmental entity that he serves; and
 - (2) fails to assign to the employee any duties, or assigns to the employee any duties not related to the operation of the governmental entity; commits ghost employment, a Class D felony.
 - (3) A public servant who knowingly or intentionally assigns to an employee under his supervision any duties not related to the operation of the governmental entity that he serves commits ghost employment, a Class D felony.
- (b) A person employed by a governmental entity who, knowing that he has not been assigned any duties to perform for the entity, accepts property from the entity commits ghost employment, a Class D felony.
- (c) A person employed by a governmental entity who knowingly or intentionally accepts property from the entity for the performance of duties not related to the operation of the entity commits ghost employment, a Class D felony.
- (d) Any person who accepts property from a governmental entity in violation of this section and any public servant who permits the payment of property in violation of this section are jointly and severally liable to the governmental entity for that property. The attorney general may bring a civil action to recover that property in the county where the governmental entity is located or the person or public servant resides.

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

The information presented for audit indicated enrollment figures on Form Number 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school years ending June 30, 2008 and 2009.

The enrollment count dates for 2007-2008 and 2008-2009 were September 14, 2007 and September 12, 2008, respectively. The difference between the count reported on the ADM and the verified figures are shown below:

PIKE COUNTY SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

School Year	Grade	Count as Reported on Form Number 30A	Actual Enrollment Figures	Difference
2007-2008	Kindergarten	81.00	81.00	-
	1 Through 12	1,899.00	1,898.00	1.00
2008-2009	Kindergarten	63.00	63.00	-
	1 Through 12	1,856.27	1,857.27	(1.00)

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

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

- (1) Lack of Segregation of Duties: Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances.
- (2) Preparing Financial Statements: The School Corporation has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
- (3) Monitoring of Controls: The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. Additionally, the School Board has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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

PIKE COUNTY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

LOCAL TAX DISTRIBUTIONS POSTED INCORRECTLY

There were several posting errors regarding receipts of Education License Plate distributions and Financial Institutions Tax distributions that were not recorded in the proper accounts.

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

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE 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, 2008 and 2009. 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, 2008 and 2009.

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

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

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. We consider the deficiencies in internal control over compliance described in item 2009-2 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2009-2, to be material weaknesses.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, 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

January 21, 2010

PIKE COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2008 and 2009

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 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
FY 07-08			\$ 76,582	\$ -
FY 08-09			-	81,521
National School Lunch Program	10.555			
FY 07-08			269,163	-
FY 08-09			-	292,321
Total for cluster			<u>345,745</u>	<u>373,842</u>
Total for federal grantor agency			<u>345,745</u>	<u>373,842</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title 1, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
07-6445			46,699	-
08-6445			231,348	42,489
09-6445			-	257,405
Total for cluster			<u>278,047</u>	<u>299,894</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act			-	1,016,632
Career and Technical Education - Basic Grants to States	84.048			
SPL-BIO-6-221			<u>23,821</u>	<u>18,009</u>
Safe and Drug Free Schools and Communities - State Grants	84.186			
05-287			2,386	-
6445-06			756	-
07-6445			144	7,061
08-6445			-	2,799
Total for program			<u>3,286</u>	<u>9,860</u>
State Grants for Innovative Programs	84.298			
05-251			3,005	567
06-6445			1,115	-
Total for program			<u>4,120</u>	<u>567</u>
Education Technology State Grants	84.318			
S318X030014			5,657	-
S318X070014			-	153,798
Total for program			<u>5,657</u>	<u>153,798</u>
Improving Teacher Quality State Grants	84.367			
06-6445			100,806	554
07-6445			-	74,037
Total for program			<u>100,806</u>	<u>74,591</u>
Total for federal grantor agency			<u>415,737</u>	<u>1,573,351</u>
Total federal awards expended			<u>\$ 761,482</u>	<u>\$ 1,947,193</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, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2008	2009
School Breakfast Program	10.553	\$ 8,026	\$ 10,277
National School Lunch Program	10.555	28,169	36,851

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?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes
--	-----

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	ARRA-State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee?	yes
--	-----

Section II – Financial Statement Findings

FINDING 2009-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

- (1) Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.

PIKE COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the School Corporation's audited financial statements and then determining how those identified risks should be managed. The School Corporation has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
- (3) Monitoring of Controls: Effective internal control over financial reporting requires the School Board to monitor and assess the quality of the School Corporation's system of internal control. The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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

We recommended that internal controls be implemented to ensure proper accounting of financial transactions and to ensure proper financial reporting.

Section III – Federal Award Findings and Questioned Costs

FINDING 2009-2, INTERNAL CONTROL DEFICIENCIES OVER CASH DISBURSEMENTS

Federal Agency: U.S. Department of Education
Pass-Through Agency: Indiana Department of Education
Federal Program: State Fiscal Stabilization Fund – Education State Grants, Recovery Act
CFDA Number: 84.394

OMB Circular A-133 __.300 states, "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs. "

Internal control procedures do not adequately segregate the duties related to cash disbursements and payroll. The claims are not reviewed by someone other than the person who prepares the claims. While claims are approved by the Treasurer and the School Board prior to payment, they only review the

PIKE COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

list of claims and not the actual claims with the supporting documentation attached. Upon review of claims paid using grant funds, sales tax of \$23.87 was paid on one claim and on another claim \$10 more than the total of attached supporting invoices/receipts was paid. These result in questioned costs of \$33.87. Regarding payroll, one employee performs almost the entire payroll process with the exception of tracking leave benefits, distributing checks or direct deposit remittances, and Federal and FICA tax transfers.

A lack of controls over cash disbursements and payroll could result in errors or fraudulent activities involving the payment of claims and payroll. The failure to establish adequate controls over cash disbursements and payroll could enable material misstatements or irregularities to go undetected.

We recommended controls be established that would separate the claim preparation process from the review and authorization of claims process. Claims should be thoroughly reviewed by the Treasurer to ensure that amounts paid are mathematically accurate, adequately itemized, and are appropriate disbursements for obligations of the School Corporation. Controls should be established that would provide a better system checks and balances to help prevent errors and fraudulent activity from occurring or going undetected.

PIKE COUNTY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



Pike County School Corporation

907 Walnut Street, Petersburg, Indiana 47567

Telephone: 812-354-8731 Fax: 812-354-8733 Web Site: www.pcsc.k12.in.us

Board of Education
Ryan Edrington, President
Superintendent
Chris Satterfield, Vice President
Gary Horrall, Secretary
Jerrell Grubb, Member

D. John Thomas, Superintendent
Michael L. Harding, Assistant

Debbie Lemond, Member

FINDING NO 2009-11, INTERNAL CONTROLS FINANCIAL TRANSACTIONS AND REPORTING

AUDITEE CONTACT PERSON: KRISTA J HALBRADER
TITLE OF CONTACT PERSON: TREASURER
PHONE NUMBER OF CONTACT PERSON; 812-354-8731 EXT 702

EXPECTED COMPLETION DATE: FEBRUARY 15, 2010

- (1) We have started implementing changes with our segregation of duties. With the payroll the treasurer will be reviewing the check distribution report and trial journal to ensure that individuals are being paid correctly and out of the correct account. This is reviewed after the payroll is processed but is corrected on the next payroll if it is a correction to an individual's payroll. While checks are being stuffed the treasurer is going to start looking at the checks making sure each person that is suppose to get a check is getting a check. This step is starting with the February 5, 2010 payroll. With disbursements, the treasurer now reviews all claims prior to the board meeting to ensure that all vouchers are correct and that they are hitting against the correct accounts. We are looking into changing that the treasurer reviews the claims before checks are printed in case there are any changes that need to be made. This will be tested before the February board meeting. All receipts are receipted in by the treasurer and the deputy treasurer takes them to the bank.
- (2) The treasurer is going to figure what the outstanding checks are and the deputy is going to verify that the deposits match against the bank statements for accuracy of deposits.
- (3) The school board relies upon the treasurer to be reviewing and monitoring the financial information. With the new steps, with the controls listed above, the board is relying on the treasurer to call them or bring to their attention anything that does not seem to be in accordance with the controls.

Krista J Halbrader
Treasurer
January 21, 2010



Debbie Lemond, Member

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FINDING NO 2009-2, INTERNAL CONTROL DEFICIENCIES OVER CASH DISBURSEMENTS

AUDITEE CONTACT PERSON: KRISTA J HALBRADER
TITLE OF CONTACT PERSON: TREASURER
PHONE NUMBER OF CONTACT PERSON; 812-354-8731 EXT 702

EXPECTED COMPLETION DATE: FEBRUARY 15, 2010

Federal Agency: US Department of Education
Pass-Through Agency: Indiana Department of Education
Federal Program: State Fiscal Stabilization Fund – Education State Grants, Recovery Act
CFDA Number: 84.394

The internal controls of the disbursements and payroll are being segregated more with the treasurer reviewing the payroll every pay. The treasurer is verifying that all changes in contracts and deductions are being made. Also verifying everyone is being paid according to contract and seeing why some peoples may have changed. The claims are now being reviewed by the treasurer prior to the board meeting for any discrepancies in the claims. The secretary tracks the leave days for the teachers and fills out the pay sheets for the substitute teachers that the deputy treasurer enters into the system. The treasurer tracks the sick days of support staff and tallies the hours of the bus drivers and cafeteria workers. The deputy treasurer enters these into the system. At this point the checks are stuffed and then the treasurer reviews the distribution and payroll register for any discrepancies. The treasurer is verifying that the claims lists check amounts match the voucher amounts. At this point any corrections are done and errors will be made up on the next bill.

Krista J Halbrader
Treasurer
January 21, 2010

PIKE COUNTY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on January 21, 2010, with Gary Horrall, School Board Secretary; Krista J. Halbrader, Treasurer; D. John Thomas, Superintendent of Schools; and Debbie Lemond, School Board member. The officials concurred with our audit findings.