

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

EXAMINATION REPORT

OF

LANESVILLE COMMUNITY SCHOOL CORPORATION

HARRISON COUNTY, INDIANA

July 1, 2007 to June 30, 2009



**FILED**

06/01/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Penny J. Schmelz	07-01-07 to 06-30-10
Superintendent of Schools	Vacant Samuel J. Gardner (Interim)	07-01-07 to 07-16-07 07-17-07 to 06-30-10
President of the School Board	Donald Hussung	07-01-07 to 06-30-10



**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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LANESVILLE COMMUNITY  
SCHOOL CORPORATION, HARRISON COUNTY, INDIANA

We have examined the financial information presented herein of the Lanesville Community School Corporation (School Corporation), for the period of July 1, 2007 to June 30, 2009. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Combining Schedules, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. The Combining Schedules have been subjected to the examination procedures applied to the basic financial information, and in our opinion, are fairly stated in all material respects in relation to the basic financial information taken as a whole.

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

STATE BOARD OF ACCOUNTS

March 1, 2010

LANESVILLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 2,628,389	\$ -	\$ 85,205	\$ (2,543,184)
Support services	1,589,944	276,595	62,185	(1,251,164)
Noninstructional services	317,958	-	-	(317,958)
Facilities acquisition and construction	71,442	-	-	(71,442)
Debt service	2,133,813	-	-	(2,133,813)
Nonprogrammed charges	79,140	-	-	(79,140)
<b>Total governmental activities</b>	<b>\$ 6,820,686</b>	<b>\$ 276,595</b>	<b>\$ 147,390</b>	<b>(6,396,701)</b>
General receipts:				
Property taxes				1,926,536
Other local sources				779,202
State aid				2,275,482
Bonds and loans				1,500,000
Grants and contributions not restricted to specific programs				31,492
Sale of property				9,067
Investment earnings				52,561
Other				47,289
<b>Total general receipts</b>				<b>6,621,629</b>
Change in net assets				224,928
Net assets - beginning				1,436,682
Net assets - ending				\$ 1,661,610
<u>Assets</u>				
Cash and investments				\$ 1,429,704
Restricted assets:				
Cash and investments				231,906
<b>Total assets</b>				<b>\$ 1,661,610</b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 231,906
Unrestricted				1,429,704
<b>Total net assets</b>				<b>\$ 1,661,610</b>

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

LANESVILLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 2,646,870	\$ -	\$ 86,401	\$ (2,560,469)
Support services	1,748,277	284,140	58,146	(1,405,991)
Noninstructional services	327,691	-	-	(327,691)
Facilities acquisition and construction	35,991	-	-	(35,991)
Debt service	2,110,867	-	-	(2,110,867)
Nonprogrammed charges	121,303	-	-	(121,303)
<b>Total governmental activities</b>	<b><u>\$ 6,990,999</u></b>	<b><u>\$ 284,140</u></b>	<b><u>\$ 144,547</u></b>	<b><u>(6,562,312)</u></b>
General receipts:				
Property taxes				2,359,916
Other local sources				692,810
State aid				2,803,136
Grants and contributions not restricted to specific programs				367,951
Sale of property				553
Investment earnings				29,727
Other				14,448
<b>Total general receipts</b>				<b><u>6,268,541</u></b>
Change in net assets				(293,771)
Net assets - beginning				<u>1,661,610</u>
Net assets - ending				<b><u>\$ 1,367,839</u></b>
<u>Assets</u>				
Cash and investments				\$ 915,455
Restricted assets:				
Cash and investments				<u>452,384</u>
<b>Total assets</b>				<b><u>\$ 1,367,839</u></b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 452,384
Unrestricted				<u>915,455</u>
<b>Total net assets</b>				<b><u>\$ 1,367,839</u></b>

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

LANESVILLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008

	General	Debt Service	Capital Projects	Other	Totals
<b>Receipts:</b>					
Local sources	\$ 1,203,328	\$ 632,853	\$ 588,658	\$ 609,981	\$ 3,034,820
Intermediate sources	-	-	-	74	74
State sources	2,332,797	-	-	52,861	2,385,658
Federal sources	-	-	-	68,706	68,706
Temporary loans	1,500,000	-	-	-	1,500,000
Other	19,454	-	1,321	26,514	47,289
<b>Total receipts</b>	<b>5,055,579</b>	<b>632,853</b>	<b>589,979</b>	<b>758,136</b>	<b>7,036,547</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	2,395,380	-	-	233,009	2,628,389
Support services	957,882	-	274,449	357,613	1,589,944
Noninstructional services	152	-	-	317,806	317,958
Facilities acquisition and construction	-	-	71,442	-	71,442
Debt services	1,500,000	633,813	-	-	2,133,813
Nonprogrammed charges	79,140	-	-	-	79,140
<b>Total disbursements</b>	<b>4,932,554</b>	<b>633,813</b>	<b>345,891</b>	<b>908,428</b>	<b>6,820,686</b>
Excess (deficiency) of receipts over disbursements	123,025	(960)	244,088	(150,292)	215,861
<b>Other financing sources (uses):</b>					
Sale of capital assets	7,480	-	811	776	9,067
Transfers in	502,055	-	182,243	220,970	905,268
Transfers out	(263,213)	-	(440,540)	(201,515)	(905,268)
<b>Total other financing sources (uses)</b>	<b>246,322</b>	<b>-</b>	<b>(257,486)</b>	<b>20,231</b>	<b>9,067</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	369,347	(960)	(13,398)	(130,061)	224,928
Cash and investments - beginning	785,566	232,866	13,399	404,851	1,436,682
Cash and investments - ending	<u>\$ 1,154,913</u>	<u>\$ 231,906</u>	<u>\$ 1</u>	<u>\$ 274,790</u>	<u>\$ 1,661,610</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 1,154,913	\$ -	\$ 1	\$ 274,790	\$ 1,429,704
Restricted assets:					
Cash and investments	-	231,906	-	-	231,906
<b>Total cash and investment assets - ending</b>	<b><u>\$ 1,154,913</u></b>	<b><u>\$ 231,906</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 274,790</u></b>	<b><u>\$ 1,661,610</u></b>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ 231,906	\$ -	\$ -	\$ 231,906
Unrestricted	1,154,913	-	1	274,790	1,429,704
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 1,154,913</u></b>	<b><u>\$ 231,906</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 274,790</u></b>	<b><u>\$ 1,661,610</u></b>

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

LANESVILLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009

	General	Fiscal Stabilization (Stimulus)	Debt Service	Capital Projects	Other	Totals
<b>Receipts:</b>						
Local sources	\$ 1,256,560	\$ -	\$ 831,345	\$ 595,809	\$ 682,524	\$ 3,366,238
Intermediate sources	201	-	-	-	150	351
State sources	2,861,651	-	-	-	56,198	2,917,849
Federal sources	-	306,577	-	-	91,212	397,789
Other	11,377	-	-	529	2,542	14,448
<b>Total receipts</b>	<b>4,129,789</b>	<b>306,577</b>	<b>831,345</b>	<b>596,338</b>	<b>832,626</b>	<b>6,696,675</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	2,465,601	-	-	-	181,269	2,646,870
Support services	1,170,427	-	-	231,862	345,988	1,748,277
Noninstructional services	13,069	-	-	-	314,622	327,691
Facilities acquisition and construction	-	-	-	35,991	-	35,991
Debt services	1,500,000	-	610,867	-	-	2,110,867
Nonprogrammed charges	121,303	-	-	-	-	121,303
<b>Total disbursements</b>	<b>5,270,400</b>	<b>-</b>	<b>610,867</b>	<b>267,853</b>	<b>841,879</b>	<b>6,990,999</b>
Excess (deficiency) of receipts over disbursements	(1,140,611)	306,577	220,478	328,485	(9,253)	(294,324)
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	553	553
Transfers in	282,713	-	-	-	54,000	336,713
Transfers out	(54,000)	-	-	(182,243)	(100,470)	(336,713)
<b>Total other financing sources (uses)</b>	<b>228,713</b>	<b>-</b>	<b>-</b>	<b>(182,243)</b>	<b>(45,917)</b>	<b>553</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(911,898)	306,577	220,478	146,242	(55,170)	(293,771)
Cash and investments - beginning	1,154,913	-	231,906	1	274,790	1,661,610
Cash and investments - ending	<u>\$ 243,015</u>	<u>\$ 306,577</u>	<u>\$ 452,384</u>	<u>\$ 146,243</u>	<u>\$ 219,620</u>	<u>\$ 1,367,839</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 243,015	\$ 306,577	\$ -	\$ 146,243	\$ 219,620	\$ 915,455
Restricted assets:						
Cash and investments	-	-	452,384	-	-	452,384
<b>Total cash and investment assets - ending</b>	<b><u>\$ 243,015</u></b>	<b><u>\$ 306,577</u></b>	<b><u>\$ 452,384</u></b>	<b><u>\$ 146,243</u></b>	<b><u>\$ 219,620</u></b>	<b><u>\$ 1,367,839</u></b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 452,384	\$ -	\$ -	\$ 452,384
Unrestricted	243,015	306,577	-	146,243	219,620	915,455
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 243,015</u></b>	<b><u>\$ 306,577</u></b>	<b><u>\$ 452,384</u></b>	<b><u>\$ 146,243</u></b>	<b><u>\$ 219,620</u></b>	<b><u>\$ 1,367,839</u></b>

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

LANESVILLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 177,049
Investment earnings:		
Interest	-	4,200
Total additions	<u>-</u>	<u>181,249</u>
Deductions:		
Benefits	11,718	-
Administrative and general	<u>-</u>	<u>215,105</u>
Total deductions	<u>11,718</u>	<u>215,105</u>
Deficiency of total additions over total deductions	(11,718)	(33,856)
Cash and investment fund balance - beginning	<u>102,789</u>	<u>165,078</u>
Cash and investment fund balance - ending	<u>\$ 91,071</u>	<u>\$ 131,222</u>
Net assets:		
Cash and investments	<u>\$ 91,071</u>	<u>\$ 131,222</u>
Total net assets - cash and investment basis held in trust	<u>\$ 91,071</u>	<u>\$ 131,222</u>

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

LANESVILLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2009

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 368,938
Investment earnings:		
Interest	-	3,400
Total additions	<u>-</u>	<u>372,338</u>
Deductions:		
Benefits	26,610	-
Administrative and general	-	252,035
Total deductions	<u>26,610</u>	<u>252,035</u>
Excess (deficiency) of total additions over total deductions	(26,610)	120,303
Cash and investment fund balance - beginning	<u>91,071</u>	<u>131,222</u>
Cash and investment fund balance - ending	<u>\$ 64,461</u>	<u>\$ 251,525</u>
Net assets:		
Cash and investments	<u>\$ 64,461</u>	<u>\$ 251,525</u>
Total net assets - cash and investment basis held in trust	<u>\$ 64,461</u>	<u>\$ 251,525</u>

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

LANESVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

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

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Schedules

Government-Wide Financial Schedules

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

Fund Financial Schedules

Fund financial schedules of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial schedules are provided for governmental funds 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 schedules. 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 fiscal stabilization (stimulus) fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

LANESVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts 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 funds report trust arrangements under which principal and income benefit the students and employees.

**B. Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

**Note 3. Budgets**

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

LANESVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

Note 5. Deposits

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

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2008</u>	<u>2009</u>
General Fund	Capital Projects	\$ 182,243	\$ -
	Other governmental funds	80,970	54,000
Capital Projects	General Fund	300,540	182,243
	Other governmental funds	140,000	-
Other governmental funds	General Fund	<u>201,515</u>	<u>100,470</u>
Totals		<u>\$ 905,268</u>	<u>\$ 336,713</u>

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

LANESVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 7. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

LANESVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

LANESVILLE COMMUNITY SCHOOL CORPORATION  
 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	\$ 349,585	\$ 338,660	\$ 10,925	103%	\$ 480,374	2%
07-01-07	418,631	397,103	21,528	105%	520,716	4%
07-01-08	491,091	454,280	36,811	108%	504,085	7%

LANESVILLE COMMUNITY 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

	Transportation	Preschool Special Education	Rainy Day	School Lunch	Textbook Rental	Excess Levy
<b>Receipts:</b>						
Local sources	\$ 218,402	\$ 3,680	\$ -	\$ 258,075	\$ 62,318	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	12,647	-	4,309	8,015	-
Federal sources	-	-	-	49,861	-	-
Other	1,774	24,640	-	-	100	-
<b>Total receipts</b>	<b>220,176</b>	<b>40,967</b>	<b>-</b>	<b>312,245</b>	<b>70,433</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	12,636	172,698	-	-	-
Support services	203,911	-	17,549	428	93,456	-
Noninstructional services	-	-	9,317	308,489	-	-
<b>Total disbursements</b>	<b>203,911</b>	<b>12,636</b>	<b>199,564</b>	<b>308,917</b>	<b>93,456</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>16,265</b>	<b>28,331</b>	<b>(199,564)</b>	<b>3,328</b>	<b>(23,023)</b>	<b>-</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	776	-	-	-	-	-
Transfers in	80,970	-	140,000	-	-	-
Transfers out	(98,195)	-	-	-	-	(103,320)
<b>Total other financing sources (uses)</b>	<b>(16,449)</b>	<b>-</b>	<b>140,000</b>	<b>-</b>	<b>-</b>	<b>(103,320)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(184)</b>	<b>28,331</b>	<b>(59,564)</b>	<b>3,328</b>	<b>(23,023)</b>	<b>(103,320)</b>
<b>Cash and investments - beginning</b>	<b>184</b>	<b>41,374</b>	<b>223,303</b>	<b>(8,244)</b>	<b>6,723</b>	<b>103,320</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 69,705</b>	<b>\$ 163,739</b>	<b>\$ (4,916)</b>	<b>\$ (16,300)</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>						
<b>Cash and investments</b>	<b>\$ -</b>	<b>\$ 69,705</b>	<b>\$ 163,739</b>	<b>\$ (4,916)</b>	<b>\$ (16,300)</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Unrestricted</b>	<b>\$ -</b>	<b>\$ 69,705</b>	<b>\$ 163,739</b>	<b>\$ (4,916)</b>	<b>\$ (16,300)</b>	<b>\$ -</b>

LANESVILLE COMMUNITY 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)

	Education License Plates	Gifted/ Talented 2006/07	Gifted/ Talented 2007/08	Non-English Speaking Program	Beginning Teacher Internship	AAE/Lumina Grant
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Intermediate sources	74	-	-	-	-	-
State sources	-	-	27,890	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>74</b>	<b>-</b>	<b>27,890</b>	<b>-</b>	<b>-</b>	<b>10,000</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	559	24,707	-	660	7,839
Support services	-	-	-	-	-	662
Noninstructional services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>559</b>	<b>24,707</b>	<b>-</b>	<b>660</b>	<b>8,501</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>74</b>	<b>(559)</b>	<b>3,183</b>	<b>-</b>	<b>(660)</b>	<b>1,499</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>74</b>	<b>(559)</b>	<b>3,183</b>	<b>-</b>	<b>(660)</b>	<b>1,499</b>
Cash and investments - beginning	3,582	559	-	242	660	-
Cash and investments - ending	\$ 3,656	\$ -	\$ 3,183	\$ 242	\$ -	\$ 1,499
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 3,656	\$ -	\$ 3,183	\$ 242	\$ -	\$ 1,499
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ 3,656	\$ -	\$ 3,183	\$ 242	\$ -	\$ 1,499

LANESVILLE COMMUNITY 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)

	Recycling Grant	Title V, Part A- Innovative	Title V, Part A SY 2006/07	Title V, Part A Innovative	Drug-Free Schools 02/03
<b>Receipts:</b>					
Local sources	\$ 480	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	916	-	-	-
Other	-	-	-	-	-
	<u>480</u>	<u>916</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total receipts</b>					
	<u>480</u>	<u>916</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	-
Support services	390	-	152	264	-
Noninstructional services	-	-	-	-	-
	<u>390</u>	<u>-</u>	<u>152</u>	<u>264</u>	<u>-</u>
<b>Total disbursements</b>					
	<u>390</u>	<u>-</u>	<u>152</u>	<u>264</u>	<u>-</u>
<b>Excess (deficiency) of receipts over disbursements</b>					
	<u>90</u>	<u>916</u>	<u>(152)</u>	<u>(264)</u>	<u>-</u>
<b>Other financing sources (uses):</b>					
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>					
	<u>90</u>	<u>916</u>	<u>(152)</u>	<u>(264)</u>	<u>-</u>
<b>Cash and investments - beginning</b>					
	<u>(90)</u>	<u>-</u>	<u>152</u>	<u>264</u>	<u>60</u>
<b>Cash and investments - ending</b>					
	<u>\$ -</u>	<u>\$ 916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	<u>\$ -</u>	<u>\$ 916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Unrestricted	<u>\$ -</u>	<u>\$ 916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60</u>

LANESVILLE COMMUNITY 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 Schools 05/06	Drug-Free Schools 06/07	Title II, Part A Improving Teacher Quality	School Bus Replacement	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ 57,026	\$ 609,981
Intermediate sources	-	-	-	-	74
State sources	-	-	-	-	52,861
Federal sources	-	1,018	16,911	-	68,706
Other	-	-	-	-	26,514
<b>Total receipts</b>	<b>-</b>	<b>1,018</b>	<b>16,911</b>	<b>57,026</b>	<b>758,136</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	13,910	-	233,009
Support services	888	989	3,924	35,000	357,613
Noninstructional services	-	-	-	-	317,806
<b>Total disbursements</b>	<b>888</b>	<b>989</b>	<b>17,834</b>	<b>35,000</b>	<b>908,428</b>
Excess (deficiency) of receipts over disbursements	(888)	29	(923)	22,026	(150,292)
<b>Other financing sources (uses):</b>					
Sale of capital assets	-	-	-	-	776
Transfers in	-	-	-	-	220,970
Transfers out	-	-	-	-	(201,515)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,231</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(888)	29	(923)	22,026	(130,061)
Cash and investments - beginning	888	-	2,607	29,267	404,851
Cash and investments - ending	\$ -	\$ 29	\$ 1,684	\$ 51,293	\$ 274,790
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ 29	\$ 1,684	\$ 51,293	\$ 274,790
<b>Cash and Investment Fund Balance - Ending</b>					
Unrestricted	\$ -	\$ 29	\$ 1,684	\$ 51,293	\$ 274,790

LANESVILLE COMMUNITY 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

	Transportation	Preschool Special Education	Rainy Day	School Lunch	Textbook Rental	Education License Plates
<b>Receipts:</b>						
Local sources	\$ 229,128	\$ 3,573	\$ -	\$ 266,538	\$ 65,319	\$ -
Intermediate sources	-	-	-	-	-	150
State sources	-	15,856	-	4,616	7,836	-
Federal sources	-	-	-	45,694	-	-
Other	2,542	-	-	-	-	-
<b>Total receipts</b>	<b>231,670</b>	<b>19,429</b>	<b>-</b>	<b>316,848</b>	<b>73,155</b>	<b>150</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	10,274	107,898	-	-	-
Support services	185,438	-	40,217	173	74,407	-
Noninstructional services	-	-	15,624	298,998	-	-
<b>Total disbursements</b>	<b>185,438</b>	<b>10,274</b>	<b>163,739</b>	<b>299,171</b>	<b>74,407</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	46,232	9,155	(163,739)	17,677	(1,252)	150
<b>Other financing sources (uses):</b>						
Sale of capital assets	553	-	-	-	-	-
Transfers in	54,000	-	-	-	-	-
Transfers out	(100,470)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(45,917)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	315	9,155	(163,739)	17,677	(1,252)	150
Cash and investments - beginning	-	69,705	163,739	(4,916)	(16,300)	3,656
Cash and investments - ending	\$ 315	\$ 78,860	\$ -	\$ 12,761	\$ (17,552)	\$ 3,806
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 315	\$ 78,860	\$ -	\$ 12,761	\$ (17,552)	\$ 3,806
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ 315	\$ 78,860	\$ -	\$ 12,761	\$ (17,552)	\$ 3,806

LANESVILLE COMMUNITY 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)

	Gifted/ Talented 2007/08	High Ability Grant	Non-English Speaking Program	AAE/Lumina Grant	Title I 2008/09	Title V, Part A- Innovative
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	27,890	-	-	-	-
Federal sources	-	-	-	-	20,391	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>27,890</b>	<b>-</b>	<b>-</b>	<b>20,391</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	3,183	24,414	-	934	18,543	830
Support services	-	-	-	565	50	-
Noninstructional services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>3,183</b>	<b>24,414</b>	<b>-</b>	<b>1,499</b>	<b>18,593</b>	<b>830</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(3,183)</b>	<b>3,476</b>	<b>-</b>	<b>(1,499)</b>	<b>1,798</b>	<b>(830)</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(3,183)</b>	<b>3,476</b>	<b>-</b>	<b>(1,499)</b>	<b>1,798</b>	<b>(830)</b>
<b>Cash and investments - beginning</b>	<b>3,183</b>	<b>-</b>	<b>242</b>	<b>1,499</b>	<b>-</b>	<b>916</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 3,476</b>	<b>\$ 242</b>	<b>\$ -</b>	<b>\$ 1,798</b>	<b>\$ 86</b>
<b>Cash and Investment Assets - Ending</b>						
<b>Cash and investments</b>	<b>\$ -</b>	<b>\$ 3,476</b>	<b>\$ 242</b>	<b>\$ -</b>	<b>\$ 1,798</b>	<b>\$ 86</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Unrestricted</b>	<b>\$ -</b>	<b>\$ 3,476</b>	<b>\$ 242</b>	<b>\$ -</b>	<b>\$ 1,798</b>	<b>\$ 86</b>

LANESVILLE COMMUNITY 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 Schools 02/03	Drug-Free Schools 06/07	Drug-Free Schools 07/08	Title II, Part A Improving Teacher Quality	School Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 117,966	\$ 682,524
Intermediate sources	-	-	-	-	-	150
State sources	-	-	-	-	-	56,198
Federal sources	-	186	1,147	23,794	-	91,212
Other	-	-	-	-	-	2,542
<b>Total receipts</b>	<b>-</b>	<b>186</b>	<b>1,147</b>	<b>23,794</b>	<b>117,966</b>	<b>832,626</b>
Disbursements:						
Current:						
Instruction	-	-	-	15,193	-	181,269
Support services	60	215	473	5,954	38,436	345,988
Noninstructional services	-	-	-	-	-	314,622
<b>Total disbursements</b>	<b>60</b>	<b>215</b>	<b>473</b>	<b>21,147</b>	<b>38,436</b>	<b>841,879</b>
Excess (deficiency) of receipts over disbursements	(60)	(29)	674	2,647	79,530	(9,253)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	553
Transfers in	-	-	-	-	-	54,000
Transfers out	-	-	-	-	-	(100,470)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(45,917)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(60)	(29)	674	2,647	79,530	(55,170)
Cash and investments - beginning	60	29	-	1,684	51,293	274,790
Cash and investments - ending	\$ -	\$ -	\$ 674	\$ 4,331	\$ 130,823	\$ 219,620
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ 674	\$ 4,331	\$ 130,823	\$ 219,620
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ -	\$ -	\$ 674	\$ 4,331	\$ 130,823	\$ 219,620

LANESVILLE COMMUNITY 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

	WHAS Crusade Grant	HCCF 2007 Healthy Kids Grant	HCCF School Library Endowment	Youth Philanthropy	Renaissance	Harrison County Community Foundation 2003	HCCF Playground Renovation 2007
Additions:							
Contributions:							
Other	\$ 5,600	\$ 1,400	\$ -	\$ 2,000	\$ 4,307	\$ -	\$ 25,000
Investment earnings:							
Interest	-	-	4,200	-	-	-	-
Total additions	<u>5,600</u>	<u>1,400</u>	<u>4,200</u>	<u>2,000</u>	<u>4,307</u>	<u>-</u>	<u>25,000</u>
Deductions:							
Administrative and general	<u>5,600</u>	<u>1,641</u>	<u>3,495</u>	<u>1,454</u>	<u>4,190</u>	<u>-</u>	<u>25,000</u>
Excess (deficiency) of total additions over total deductions	-	(241)	705	546	117	-	-
Cash and investment fund balance - beginning	-	<u>241</u>	-	-	<u>(57)</u>	<u>133</u>	-
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 705</u>	<u>\$ 546</u>	<u>\$ 60</u>	<u>\$ 133</u>	<u>\$ -</u>
Net assets:							
Cash and investments	\$ -	\$ -	\$ 705	\$ 546	\$ 60	\$ 133	\$ -
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 705</u>	<u>\$ 546</u>	<u>\$ 60</u>	<u>\$ 133</u>	<u>\$ -</u>

LANESVILLE COMMUNITY 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  
 (Continued)

	HCCF Classroom 2007	HCCF/AAE Grant	AAE Donations	Pete and Joan Schickel Fund	Lanesville Community Endowment 2004	Lanesville Community Endowment 2005
Additions:						
Contributions:						
Other	\$ 15,495	\$ 1,073	\$ 3,000	\$ 4,000	\$ -	\$ -
Investment earnings:						
Interest	-	-	-	-	-	-
Total additions	<u>15,495</u>	<u>1,073</u>	<u>3,000</u>	<u>4,000</u>	<u>-</u>	<u>-</u>
Deductions:						
Administrative and general	<u>15,495</u>	<u>1,073</u>	<u>3,000</u>	<u>3,425</u>	<u>53,878</u>	<u>19,927</u>
Excess (deficiency) of total additions over total deductions	-	-	-	575	(53,878)	(19,927)
Cash and investment fund balance - beginning	-	-	-	<u>3,706</u>	<u>53,878</u>	<u>33,607</u>
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,281</u>	<u>\$ -</u>	<u>\$ 13,680</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,281</u>	<u>\$ -</u>	<u>\$ 13,680</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,281</u>	<u>\$ -</u>	<u>\$ 13,680</u>

LANESVILLE COMMUNITY 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  
 (Continued)

	Countrywide Electronic Field	Cinergy Educational Planning Grant	Lanesville Community Endowment 2006	Lanesville Community Endowment 2008	Lanesville Community Endowment 2007	Totals
Additions:						
Contributions:						
Other	\$ -	\$ -	\$ -	\$ 115,174	\$ -	\$ 177,049
Investment earnings:						
Interest	-	-	-	-	-	4,200
Total additions	-	-	-	115,174	-	181,249
Deductions:						
Administrative and general	60	2,000	11,632	50,620	12,615	215,105
Excess (deficiency) of total additions over total deductions	(60)	(2,000)	(11,632)	64,554	(12,615)	(33,856)
Cash and investment fund balance - beginning	60	2,000	26,791	-	44,719	165,078
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,159</u>	<u>\$ 64,554</u>	<u>\$ 32,104</u>	<u>\$ 131,222</u>
Net assets;						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,159</u>	<u>\$ 64,554</u>	<u>\$ 32,104</u>	<u>\$ 131,222</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,159</u>	<u>\$ 64,554</u>	<u>\$ 32,104</u>	<u>\$ 131,222</u>

LANESVILLE COMMUNITY 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

	HCCF School Library Endowment	HCCF Creative Writing	Youth Philanthropy	Renaissance	HCCF AAE #2 2008/09	Harrison County Community Foundation 2003
Additions:						
Contributions:						
Other	\$ -	\$ 8,842	\$ 2,000	\$ 6,600	\$ 5,902	\$ -
Investment earnings:						
Interest	3,400	-	-	-	-	-
Total additions	<u>3,400</u>	<u>8,842</u>	<u>2,000</u>	<u>6,600</u>	<u>5,902</u>	<u>-</u>
Deductions:						
Administrative and general	<u>3,389</u>	<u>8,842</u>	<u>1,517</u>	<u>6,242</u>	<u>6,497</u>	<u>133</u>
Excess (deficiency) of total additions over total deductions	11	-	483	358	(595)	(133)
Cash and investment fund balance - beginning	<u>705</u>	<u>-</u>	<u>546</u>	<u>60</u>	<u>-</u>	<u>133</u>
Cash and Investments - June 30	<u>\$ 716</u>	<u>\$ -</u>	<u>\$ 1,029</u>	<u>\$ 418</u>	<u>\$ (595)</u>	<u>\$ -</u>
Net assets:						
Cash and investments	<u>\$ 716</u>	<u>\$ -</u>	<u>\$ 1,029</u>	<u>\$ 418</u>	<u>\$ (595)</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ 716</u>	<u>\$ -</u>	<u>\$ 1,029</u>	<u>\$ 418</u>	<u>\$ (595)</u>	<u>\$ -</u>

LANESVILLE COMMUNITY 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  
 (Continued)

	HCCF Lighting Baseball Field	LCSC Athletic Fund	HCCF AAE Grant	Pete and Joan Schickel Fund	Lanesville Community Endowment 2005
Additions:					
Contributions:					
Other	\$ 56,497	\$ 100,560	\$ 14,805	\$ 4,000	\$ -
Investment earnings:					
Interest	-	-	-	-	-
Total additions	<u>56,497</u>	<u>100,560</u>	<u>14,805</u>	<u>4,000</u>	<u>-</u>
Deductions:					
Administrative and general	<u>56,497</u>	<u>75,560</u>	<u>14,692</u>	<u>3,218</u>	<u>13,680</u>
Excess (deficiency) of total additions over total deductions	-	25,000	113	782	(13,680)
Cash and investment fund balance - beginning	-	-	-	4,281	13,680
Cash and Investments - June 30	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 113</u>	<u>\$ 5,063</u>	<u>\$ -</u>
Net assets:					
Cash and investments	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 113</u>	<u>\$ 5,063</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 113</u>	<u>\$ 5,063</u>	<u>\$ -</u>

LANESVILLE COMMUNITY 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  
 (Continued)

	Lanesville Community Endowment 2009	Lanesville Community Endowment 2006	Lanesville Community Endowment 2008	Lanesville Community Endowment 2007	Totals
Additions:					
Contributions:					
Other	\$ 169,732	\$ -	\$ -	\$ -	\$ 368,938
Investment earnings:					
Interest	-	-	-	-	3,400
Total additions	<u>169,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372,338</u>
Deductions:					
Administrative and general	<u>14,592</u>	<u>10,394</u>	<u>16,670</u>	<u>20,112</u>	<u>252,035</u>
Excess (deficiency) of total additions over total deductions	155,140	(10,394)	(16,670)	(20,112)	120,303
Cash and investment fund balance - beginning	-	<u>15,159</u>	<u>64,554</u>	<u>32,104</u>	<u>131,222</u>
Cash and Investments - June 30	<u>\$ 155,140</u>	<u>\$ 4,765</u>	<u>\$ 47,884</u>	<u>\$ 11,992</u>	<u>\$ 251,525</u>
Net assets:					
Cash and investments	<u>\$ 155,140</u>	<u>\$ 4,765</u>	<u>\$ 47,884</u>	<u>\$ 11,992</u>	<u>\$ 251,525</u>
Total net assets - cash and investment basis held in trust	<u>\$ 155,140</u>	<u>\$ 4,765</u>	<u>\$ 47,884</u>	<u>\$ 11,992</u>	<u>\$ 251,525</u>

LANESVILLE COMMUNITY 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	\$ 110,000
Buildings	13,941,343
Machinery and equipment	<u>715,172</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 14,766,515</u>

LANESVILLE COMMUNITY 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 and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Elementary and Jr./Sr. High School Buildings	\$ 4,295,355	\$ 575,000

LANESVILLE COMMUNITY SCHOOL CORPORATION  
EXAMINATION RESULTS AND COMMENTS

PERSONAL USE OF SCHOOL RESOURCES

Donald Hussung, President of the School Board, addressed the Board during the regular public Board meeting on October 21, 2008, about the possibility of including a personal letter with the next weekly school newsletter that would be going out at the Elementary School and the Junior-Senior High School. Although the Board did not vote on the matter, no objections were made to the inclusion of the letter being made a part of the school newsletter that would go home with all of the students. The purpose of the letter was to inform parents of the importance of the County Council and Board of County Commissioners races coming up in the November election. Specifically, the letter would address how certain County Council Members voted on issues that pertained to Lanesville Community School Corporation and that two of these individuals were running against each other in the November County Commissioners race. The letter ended by encouraging support for the individuals that had voted in favor of the issues pertaining to Lanesville Community School Corporation.

The letter was distributed on the morning of October 22, 2008, to several School employees by way of school e-mail accounts and was proofed and approved to be included in both the Elementary School newsletter dated October 23, 2008, and the Junior-Senior High School newsletter dated October 24, 2008. The School newsletters were both just one page and the letter from Mr. Hussung was copied on the backside of each. Through discussions with the School Corporation employees involved in the development and distribution of the school newsletters, the following items were noted:

- (1) Final approval for inclusion of Mr. Hussung's letter in the newsletters was by the Superintendent and the building principals.
- (2) School supplies and equipment were used to develop and copy the newsletters.
- (3) The Junior-Senior High School Clerk made copies of the newsletter and a student helper distributed them to the various classrooms. Copies were made in about 30 minutes.
- (4) A parent volunteer at the Elementary School made the copies of the newsletter and distributed them in the teacher's mailboxes.
- (5) The teachers distributed the newsletters to the students at the end of the day.
- (6) The newsletter was also listed on the Junior-Senior High School's website, and Mr. Hussung's letter was also included.

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

"(b) 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."

"(d) A person employed by a governmental entity who knowingly or intentionally accepts property for the performance of duties not related to the operation of the entity commits ghost employment, a Class D felony."

LANESVILLE COMMUNITY SCHOOL CORPORATION  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Assets of the governmental unit may not be used in a manner unrelated to the functions and purpose of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We received a copy of a letter in response to a formal complaint, from the Indiana Secretary of State's Office that indicated that in their view the State laws governing required disclaimers on certain electioneering messages had been violated. The Indiana Secretary of State's Office stated that "IC 3-9-3-2.5(b) indicates that a disclaimer is required on communications expressly advocating the election or defeat of a clearly identified candidate."

IC 3-14-1-3 states:

"An individual, an organization, or a committee that circulates or publishes material in an election without the statement required under IC 3-9-3-2.5 commits a Class A misdemeanor."

ACADEMIC HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

The information presented for examination indicates academic honors diploma figures reported to the Indiana Department of Education (DOE) on Form Number DOE - GR, Graduation Report, were incorrect for the school year ending June 30, 2009.

The academic honors diploma figures for 2008-2009 school year as reported to DOE, were 17 and the actual number of academic honors diplomas awarded were 25.

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)

LANESVILLE COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on March 1, 2010, with Samuel J. Gardner, Interim Superintendent of Schools; Donald Hussung, President of the School Board; and Penny J. Schmelz, Treasurer. The official response has been made a part of this report and may be found on pages 34 and 35.

March 11, 2010

State Board of Accounts  
302 West Washington Street  
Room E 418  
Indianapolis, IN 46204-2765

**VIA: CERTIFIED MAIL**

## **OFFICIAL RESPONSE**

Dear Sirs:

I have been authorized by the Lanesville Community School Corporation's (hereafter "School") Interim Superintendent, Mr. Samuel Gardner, to officially respond to the report prepared by the State Board of Accounts (hereafter "SBA") and to the exit interview that occurred with Ms. Spaulding on March 1, 2010. Mr. Gardner has reviewed this response and concurs with it. First, it appears that the report does not state that anyone associated with the School (i.e., school administrator, school board trustee or school employee) violated any federal or state law.

The report does state, in essence, "here are the facts as we found them, and here is the law". The reader is left to draw his or her own conclusion. The report does cite a letter the SBA received from the Secretary of State's (hereafter "SOS") office that "in their view the State laws governing required disclaimers on the certain electioneering messages had been violated". I think it is insightful the SOS refused to take any action.

The School strongly disagrees that the "personal letter" Mr. Donald Hussung submitted to the school newsletter was "electioneering". I believe this is the crux of this entire controversy and it is upon this premise, "the letter was electioneering", that the SBA felt it necessary to cite the facts and the law. The School believes the facts cited in the report are accurate. However, the School strongly disagrees with the SOS's conclusion that the letter violates I.C. 3-9-3-2.5(b)(1) by ***expressly advocating the election or defeat of a clearly identified candidate.***

The law in Indiana, as in most states, is that a statute must be strictly construed, and each word must be given its plain and simple meaning. The key word in that part of the statute is *expressly*. The pertinent part of that definition as stated by Merriam Webster Dictionary, is *particularly or specifically, or for an express purpose*. To determine that Mr. Hussung's intention was to ***expressly advocate the election or defeat of a clearly identified candidate***, you must have some evidence that was his intent.

March 11, 2010  
State Board of Accounts  
Official Response  
Page Two

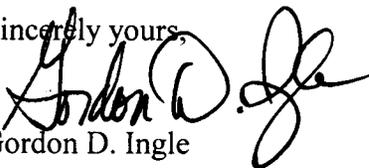
None of the written communication between the people, including Mr. Hussung, involved in placing his letter in the newsletter, in anyway state or imply that he was trying to advocate the election or defeat of a clearly identified candidate. In fact, Mr. Hussung expressly stated his intent was to inform the people of Franklin Township about the candidates' voting records on an issue *that directly effected Lanesville Community Schools*. The SOS's opinion that the letter was electioneering ignores the facts, and is based on conjecture and speculation.

The second observation in the SBA's report that discusses the ghost employment statute, and that Mr. Hussung's letter might be a violation of that statute, is even more incredible. First, to the best of my knowledge, none of the other agencies that investigated the matter, the Harrison County Prosecutor's Office, the SOS and the Attorney General's office discussed that the ghost employment statute might have been violated.

Secondly, the purpose of the newsletter is to provide the parents, students and Franklin Township residents with items of importance and interest to them. The only way one can conclude that Mr. Hussung, or some other person(s) committed ghost employment, is if the letter was outside the scope and purpose of the newsletter, i.e., electioneering. The fallacy of that conclusion has already been discussed. Mr. Hussung's intent was to inform the people of Franklin Township, and particularly the student's parents, of an issue important to their school. Putting it in the newsletter was consistent with the purpose and history of the newsletter. To conclude otherwise, one would also have to conclude that articles or announcements about the Boy Scouts, Girl Scouts, St. Mary's Catholic Church, St. John's Luthern School, Big Brothers and Big Sisters, YMCA (and the list goes on) were outside the scope of the newsletter and also ghost employment.

The School thanks you for the opportunity to respond to the report. The School Board, Administration, teachers and staff would also like to commend Dottie Spaulding for her professionalism and courtesy in conducting her audit. She is a great asset to your agency.

Sincerely yours,



Gordon D. Ingle  
Attorney, Lanesville Community School Corporation

SECRETARY OF STATE  
STATE OF INDIANA



Todd Rokita  
Secretary of State

November 26, 2008

Rhonda J. Rhoads  
525 N. Capitol Ave. NE  
Corydon, IN 47112

Dear Rhonda,

Secretary Rokita has forwarded your November 6, 2008 letter to me for a response. In your letter you indicate that on October 23, 2008 Lanesville school officials published and distributed the 2008 Lanesville Elementary newsletter "containing an endorsement" for Carl "Buck" Mathes, candidate for County Commissioner, District 2. You indicate that you were Mr. Mathes' opponent in the election for that County Commissioner seat. In addition, you indicate that the school newsletter was printed on school paper using a school printer and that the newsletter was sent home with school children so that the newsletter could be delivered to the children's parents. You also indicate that the school newsletter appeared on the school's website.

The school newsletter, a copy of which is enclosed with your letter, contains a message from Donnie Hussung, president of Lanesville Elementary School Board. The message opens by mentioning the November 4<sup>th</sup> election and, specifically, the election for the District 2 County Commissioner seat.

Mr. Hussung describes an effort by the school to change the repayment terms of a loan given to the school corporation by the county. He states that two current candidates for County Commission District Two, Carl "Buck" Mathes and Rhonda Rhoads, were members of the County Council at the time the school requested changes to the repayment terms of this loan.

Specifically, Mr. Hussung's message states that "Carl Buck Mathes voted to support us in each of our THREE attempts to modify the agreement" while Rhonda Rhodes "voted NO to every proposal presented to the Council regarding modifying the terms of the agreement. She did not support our efforts and did not support freeing up additional dollars for your kids." The message concludes by stating that "When it comes time for you to decide whom you will support for Harrison County Commissioner...remember who voted for your kids when it counted."

Your letter is in the form of a complaint and a request for "possible legal action" with respect to Mr. Hussung's letter in the school newsletter. Specifically, you refer to potential violations of the campaign finance laws, ghost employment and misappropriation of school funds. In response to your letter, I will attempt to address the law as it relates to you complaint.

Of course, first you as a candidate for County Commissioner, District 2, have a right to file an election recount under IC 3-12-6 or an election contest under IC 3-12-8 if you (or your county chairman) feel that there are appropriate grounds to do so. However, I will not address these remedies in any detail since I assume you are aware of these remedies and have consulted with an attorney since you mention in your letter that you are considering filing a recount.

Other than the recount and contest statutes, let me mention several other statutes relevant to the facts as you have described them. On the face of the facts you describe it appears that school officials have used taxpayer-funded school resources to publish and distribute a message to certain voters that was intended to influence the election for County Commissioner.

If true, it is my view that there are several criminal statutes that may apply. First, the crime of ghost employment occurs when a public servant "knowingly or intentionally **assigns to an employee under his supervision any duties not related to the operation of the governmental entity** that he serves..." IC 35-44-2-4(b). In addition, IC 35-44-2-4(d) states that "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." In this case, if it is proven that a school employee devoted work hours toward the publication and distribution of Mr. Hussung's message then, in my view, a violation of the ghost employment has occurred. Surely no one could argue that school employees have a duty to publish and distribute material intended to influence an election.

Of course, criminal charges based upon state criminal laws are typically brought by county prosecutors. However, the ghost employment statute, specifically IC 35-44-2-4(e), also provides that "~~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."

I think it is interesting to note that certain activities are specifically exempt from the ghost employment statute. To qualify for this exemption, however, the activity must at least be one that does not "attempt to influence elections to public office." IC 35-44-2-4(f). This obviously reflects a strong public policy preference that public employees refrain from attempting to influence elections while being paid by the taxpayers. Obviously, this exemption would not apply in this case since the message in the school newsletter clearly attempts to influence the election for County Commissioner.

Second, the crimes of theft and conversion may also apply in this situation if the school's resources were used in the publication and distribution of Mr. Hussung's electioneering message. Theft is defined as follows: "A person who knowingly or intentionally exerts unauthorized control over property of another person, with intent to deprive the other person of any part of its value or use, commits theft..." IC 35-43-4-2. Conversion is defined as follows: "A person who knowingly or intentionally exerts unauthorized control over property of another person commits criminal conversion." IC 35-43-4-3. For purposes of these statutes the word "person" is deemed to include a "governmental entity," including specifically a "school corporation." See IC 35-41-1-22 and IC 35-41-1-22. I have found nothing in the law that authorizes the expenditure of school funds to publish and distribute communications intended to influence the election of County Commissioner

The state board of accounts may also have a role to play with respect to unauthorized expenditures of public monies. Specifically, if any examination or investigation performed by a state examiner, deputy examiner or field examiner discloses that any public money has been "**unlawfully...expended for a purpose not authorized by law**" a duly verified copy of the report shall be submitted by the state examiner to the attorney general, who shall institute and prosecute civil proceedings for the recovery of the money. See IC 5-11-6-3 and IC 5-11-6-1(g). In addition, if a report is filed with the attorney general that discloses a criminal offense then "the state examiner shall present a certified copy of the report...to the grand jury of the county in which the offense is alleged to have been committed at its first convenient session" and the "attorney general shall direct, supervise, and assist in the prosecution of the offense before the grand jury and in the courts." IC 5-11-6-4

Finally, as you note in your letter, Mr. Hussung's message appears to be the type of electioneering message that requires a disclaimer to be placed on the message informing the reader of the person or entity who paid for the message. IC 3-9-3-2.5(b) indicates that a disclaimer is required on "communications expressly advocating the election or defeat of a clearly identified candidate." For purposes of this statute, a candidate is "clearly identified" if the name of the candidate appears in the communication. IC 3-9-3-2.5(c). This is clearly the case here where the County Commissioner candidates Carl Buck Mathes and Rhonda Rhoads are mentioned by name.

In addition, though Mr. Hussung's message does not contain the specific words "vote for" or "vote against" his message contains words that are equivalent. Mr. Hussung's message mentions the November 4<sup>th</sup> election, characterizes the voting history of the respective candidates as favorable or unfavorable, and requests that the reader consider this voting history when casting their vote for County Commissioner ("When it comes time for you to decide whom you will support for Harrison County Commissioner...remember who voted for your kids when it counted."). Therefore, in my view, Mr. Hussung's message is the type of electioneering message that requires that a disclaimer be included with the message.

There are certain exceptions to the requirement that a disclaimer be placed on electioneering messages. For example, certain media, like the internet, are exempt from this disclaimer requirement. *See* IC 3-9-3-2.5(a)(3). Therefore, a disclaimer would not be required any electioneering message published on the school's website. Nor is a disclaimer required on certain small items. *See* IC 3-9-3-2.5(a)(4)). However, on the face of the paper version of the school newsletter you have enclosed with your letter it appears that state law required a disclaimer to be placed on the message.

As indicated, a disclaimer is a statement that identifies the person or entity that paid for the communication. In addition, if the communication is paid for by someone other than the candidate or candidate's campaign finance committee, the disclaimer must indicate whether or not the communication was authorized by the candidate identified in the communication. (For example, "Paid for by X and not authorized by candidate Y.") *See* IC 3-9-3-2.5(g). It is clear on the face of the school newsletter that Mr. Hussung's message does not contain the disclaimer required by law.

As with the other statutes described above, violation of Indiana's disclaimer statute is also a crime, namely:

**IC 3-14-1-3**

**Circulation or publication of anonymous campaign material**

Sec. 3. An individual, an organization, or a committee that circulates or publishes material in an election without the statement required under IC 3-9-3-2.5 commits a Class A misdemeanor.

And, as previously indicated, criminal charges based upon state criminal laws are typically brought by county prosecutors. While IC 3-6-5-31 would authorize a county election board to investigate a "violation of a provision of this title" (Title 3, the election code includes IC 3-14-1-3), the board would have no authority to prosecute a violation of the disclaimer law. At most, if after conducting proceedings under this section the county election board determined that a violation of IC 3-9-3-2.5 and IC 3-14-1-3 occurred, the most that the board could do with respect to enforcing this criminal statute would be to refer the case to "the appropriate prosecuting attorney."

Of course, a county prosecutor does not need a referral from the county election board in order to file criminal charges. A prosecutor county may bring criminal charges under IC 3-14-1-3 without a referral from the county election board.

Finally, the school corporation may have its own local ethics ordinance. For example, state employees are subject to state ethics regulations. Specifically, 42 IAC 1-5-12 states that a state officer or employee "shall not make use of state materials, funds, property, personnel, facilities or equipment for any purpose other than for official state business unless the use is expressly permitted by a general written agency, departmental or institutional policy or regulation." School corporations are not subject to this state ethics regulation, however, a school corporation may (and should) have a similar local ethics regulation.

Let me know if you have any follow-up questions or if you believe I can be of any further assistance.

Very Truly Yours,

A handwritten signature in black ink, appearing to read 'JB' with a stylized flourish extending to the right.

Jerry Bonnet

Deputy Secretary of State

Indiana Secretary of State, Todd Rokita

cc:

Indiana Attorney General

State Board of Accounts