

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

PIONEER REGIONAL SCHOOL CORPORATION  
CASS COUNTY, INDIANA

July 1, 2009 to June 30, 2011



**FILED**

01/24/2012



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Melissa J. Hardy	07-01-09 to 06-30-12
Superintendent of Schools	Dr. David L. Bess	07-01-09 to 06-30-12
President of the School Board	Michael W. Englert	07-01-09 to 06-30-12



**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 AUDITOR'S REPORT ON THE FINANCIAL STATEMENT  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE PIONEER REGIONAL SCHOOL CORPORATION, CASS COUNTY, INDIANA

We have audited the accompanying financial statement of the Pioneer Regional School Corporation (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated December 6, 2011, 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 integral part of 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 THE FINANCIAL STATEMENT  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. 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 financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on it.

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

December 6, 2011



**STATE OF INDIANA**  
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Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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

TO: THE OFFICIALS OF THE PIONEER REGIONAL SCHOOL CORPORATION, CASS COUNTY, INDIANA

We have audited the financial statement of the Pioneer Regional School Corporation (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated December 6, 2011. 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 opinion on the financial statement, 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2011-01 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is 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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled 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, the School Board, others within the entity, 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

December 6, 2011

## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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PIONEER REGIONAL SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09		Other Financing Sources (Uses)		Cash and Investments 06-30-10		Other Financing Sources (Uses)		Cash and Investments 06-30-11	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 524,724	\$ 5,858,980	\$ 5,669,452	\$ (59,092)	\$ 655,160	\$ 5,829,330	\$ 6,111,005	\$ -	\$ 373,485	\$ -
Debt Service	72,467	892,796	603,710	15,792	377,345	554,063	532,908	-	398,500	-
Severance/Retirement Bond Debt Service	2,580	326,218	246,534	-	82,264	184,725	168,235	-	98,754	-
Capital Projects	607,615	1,323,604	753,281	22,507	1,200,445	890,021	677,178	-	1,413,288	-
Transportation Operating	257,640	954,551	872,127	13,335	353,399	810,580	574,238	11,058	600,799	-
School Bus Replacement	316	419,982	189,106	(59,276)	171,916	261,467	168,672	(125,000)	139,711	-
Special Education Preschool	44,550	19,250	30,313	(33,487)	-	-	-	-	-	-
Rainy Day	353,004	380,003	-	66,000	799,007	-	12,184	125,000	911,823	-
School Lunch	112,734	481,724	440,401	-	154,057	475,276	442,566	-	186,767	-
Textbook Rental	18,049	119,885	104,802	-	33,132	117,766	135,285	-	15,613	-
Levy Excess	-	11,058	-	-	11,058	-	-	(11,058)	-	-
Educational License Plates	955	-	-	-	955	-	-	-	955	-
School Library Printed Materials	103	-	-	-	103	-	-	-	103	-
Gifts, Donations	597	-	-	-	597	-	-	-	597	-
Gifts, Donations, Trust	5,000	-	-	-	5,000	-	-	-	5,000	-
Scholarships and Awards	24,727	-	-	-	24,727	-	-	-	24,727	-
Gates Foundation	43	-	-	-	43	-	-	-	43	-
Gifted-Talented	12,154	29,384	29,384	-	12,154	28,943	29,486	-	11,611	-
Prime Time Makeover	1,132	-	-	-	1,132	-	-	-	1,132	-
Non-English Speaking	640	1,533	640	-	1,533	454	1,923	-	64	-
Technology	161	-	-	-	161	1,234	158	-	1,237	-
Performance Based Awards	477	-	-	-	477	-	477	-	-	-
Indiana 2000	836	-	-	-	836	-	-	-	836	-
Access Indiana	1,788	-	1,663	-	125	-	125	-	-	-
Discover Institute	1,100	-	-	-	1,100	-	-	-	1,100	-
Next Day Grant	500	-	-	-	500	-	-	-	500	-
Title I 2008-2009 Grant	5,632	7,782	13,414	-	-	-	-	-	-	-
Title I 2009-2010 Grant	-	73,684	75,205	-	(1,521)	5,271	3,750	-	-	-
Title I 2010-2011 Grant	-	-	-	-	-	77,842	77,829	-	13	-
CH-1 Program Improvement	317	-	-	-	317	-	-	-	317	-
4220 Innovative Education Program Title V	6	-	-	-	6	-	-	-	6	-
4230 Innovative Education Program Title V	612	-	542	-	70	-	-	-	70	-
Serve-America P.L. 101-610	796	-	-	-	796	-	-	-	796	-
Drug Free P.L. 107-110	-	2,812	-	-	2,812	-	2,812	-	-	-
5870 Drug Free	2,314	-	2,314	-	-	-	-	-	-	-
5890 Drug Free	2,929	-	332	-	2,597	-	2,139	-	458	-
Title II P.L. 100-297 MSE	4,694	-	-	-	4,694	-	3,700	-	994	-
Medicaid Reimbursement Special Education	-	214	-	-	214	-	157	-	57	-
6840 Title II - Part A	29,681	-	27,350	-	2,331	-	-	-	2,331	-
Improving Teacher-Technology	1,637	-	-	-	1,637	-	1,637	-	-	-
6860 Title II - Part A	272	-	272	-	-	-	-	-	-	-
6870 Title II - Part A	17,595	439	16,152	-	1,882	-	1,882	-	-	-
Title II 2009-2010	-	32,619	-	-	32,619	-	24,424	-	8,195	-
Title III	3,527	-	-	-	3,527	-	-	-	3,527	-
Fiscal Stabilization	397,344	205,436	602,780	-	-	-	-	-	-	-
Title I - Grants to LEAs	-	33,175	10,398	-	22,777	9,369	32,094	-	52	-
Special Education - Part B	-	77,140	111,361	34,221	-	-	-	-	-	-
Special Education - Part B - Preschool	-	3,342	3,342	-	-	-	-	-	-	-
Education Jobs	-	-	-	-	-	8,426	8,426	-	-	-
<b>Totals</b>	<b>\$ 2,511,248</b>	<b>\$ 11,255,611</b>	<b>\$ 9,804,875</b>	<b>\$ -</b>	<b>\$ 3,961,984</b>	<b>\$ 9,254,767</b>	<b>\$ 9,013,290</b>	<b>\$ -</b>	<b>\$ 4,203,461</b>	<b>\$ -</b>

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

PIONEER REGIONAL SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

**Note 1. 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 accompanying financial statement presents the financial information for the School Corporation (primary government).

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory 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.

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

PIONEER REGIONAL SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

PIONEER REGIONAL SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*F. Other financing sources and uses*

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

PIONEER REGIONAL SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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 5. Risk Management**

The School Corporation may be 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; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement any replacement items purchased.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

PIONEER REGIONAL SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

*B. Teachers' Retirement Fund*

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) 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 percent 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.

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

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*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.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

PIONEER REGIONAL SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010

	General	Debt Service	Severance/ Retirement Bond Debt Service	Capital Projects	Transportation Operating	School Bus Replacement	Special Education Preschool	Rainy Day
Cash and investments - beginning	\$ 524,724	\$ 72,467	\$ 2,580	\$ 607,615	\$ 257,640	\$ 316	\$ 44,550	\$ 353,004
Receipts:								
Local sources	234,809	892,796	326,218	1,223,604	954,551	419,982	-	-
Intermediate sources	55	-	-	-	-	-	-	-
State sources	5,624,116	-	-	-	-	-	19,250	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	100,000	-	-	-	380,003
Other	-	-	-	-	-	-	-	-
Total receipts	<u>5,858,980</u>	<u>892,796</u>	<u>326,218</u>	<u>1,323,604</u>	<u>954,551</u>	<u>419,982</u>	<u>19,250</u>	<u>380,003</u>
Disbursements:								
Current:								
Instruction	3,435,346	-	-	-	-	-	-	-
Support services	1,524,091	-	-	399,896	471,127	189,106	-	-
Noninstructional services	102,229	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	247,385	-	-	-	-
Debt services	129	603,710	166,531	106,000	301,000	-	-	-
Nonprogrammed charges	307,657	-	-	-	-	-	30,313	-
Interfund loans	300,000	-	80,003	-	100,000	-	-	-
Total disbursements	<u>5,669,452</u>	<u>603,710</u>	<u>246,534</u>	<u>753,281</u>	<u>872,127</u>	<u>189,106</u>	<u>30,313</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>189,528</u>	<u>289,086</u>	<u>79,684</u>	<u>570,323</u>	<u>82,424</u>	<u>230,876</u>	<u>(11,063)</u>	<u>380,003</u>
Other financing sources (uses):								
Transfers in	34,917	16,092	-	23,008	13,793	6,896	-	66,000
Transfers out	(94,009)	(300)	-	(501)	(458)	(66,172)	(33,487)	-
Total other financing sources (uses)	<u>(59,092)</u>	<u>15,792</u>	<u>-</u>	<u>22,507</u>	<u>13,335</u>	<u>(59,276)</u>	<u>(33,487)</u>	<u>66,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>130,436</u>	<u>304,878</u>	<u>79,684</u>	<u>592,830</u>	<u>95,759</u>	<u>171,600</u>	<u>(44,550)</u>	<u>446,003</u>
Cash and investments - ending	<u>\$ 655,160</u>	<u>\$ 377,345</u>	<u>\$ 82,264</u>	<u>\$ 1,200,445</u>	<u>\$ 353,399</u>	<u>\$ 171,916</u>	<u>\$ -</u>	<u>\$ 799,007</u>

PIONEER REGIONAL SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	<u>School Lunch</u>	<u>Textbook Rental</u>	<u>Levy Excess</u>	<u>Educational License Plates</u>	<u>School Library Printed Materials</u>	<u>Gifts, Donations</u>	<u>Gifts, Donations, Trusts</u>
Cash and investments - beginning	\$ 112,734	\$ 18,049	\$ -	\$ 955	\$ 103	\$ 597	\$ 5,000
Receipts:							
Local sources	256,033	-	11,058	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	6,445	119,885	-	-	-	-	-
Federal sources	219,231	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	15	-	-	-	-	-	-
Total receipts	<u>481,724</u>	<u>119,885</u>	<u>11,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	-	104,802	-	-	-	-	-
Noninstructional services	440,401	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>440,401</u>	<u>104,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>41,323</u>	<u>15,083</u>	<u>11,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>41,323</u>	<u>15,083</u>	<u>11,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 154,057</u>	<u>\$ 33,132</u>	<u>\$ 11,058</u>	<u>\$ 955</u>	<u>\$ 103</u>	<u>\$ 597</u>	<u>\$ 5,000</u>

PIONEER REGIONAL SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Scholarships and Awards	Gates Foundation	Gifted- Talented	Prime Time Makeover	Non-English Speaking	Technology	Performance Based Awards	Indiana 2000
Cash and investments - beginning	\$ 24,727	\$ 43	\$ 12,154	\$ 1,132	\$ 640	\$ 161	\$ 477	\$ 836
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	29,384	-	1,533	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	29,384	-	1,533	-	-	-
Disbursements:								
Current:								
Instruction	-	-	29,384	-	640	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	29,384	-	640	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	893	-	-	-
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	-	-	-	-	893	-	-	-
Cash and investments - ending	\$ 24,727	\$ 43	\$ 12,154	\$ 1,132	\$ 1,533	\$ 161	\$ 477	\$ 836

PIONEER REGIONAL SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Access Indiana	Discover Institute	Next Day Grant	Title I 2008-2009 Grant	Title I 2009-2010 Grant	Title I 2010-2011 Grant	CH-1 Program Improvement	4220 Innovative Education Program Title V
Cash and investments - beginning	\$ 1,788	\$ 1,100	\$ 500	\$ 5,632	\$ -	\$ -	\$ 317	\$ 6
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	7,782	73,684	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	7,782	73,684	-	-	-
Disbursements:								
Current:								
Instruction	-	-	-	13,414	75,205	-	-	-
Support services	1,663	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	1,663	-	-	13,414	75,205	-	-	-
Excess (deficiency) of receipts over disbursements	(1,663)	-	-	(5,632)	(1,521)	-	-	-
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	(1,663)	-	-	(5,632)	(1,521)	-	-	-
Cash and investments - ending	\$ 125	\$ 1,100	\$ 500	\$ -	\$ (1,521)	\$ -	\$ 317	\$ 6

PIONEER REGIONAL SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	4230 Innovative Education Program Title V	Serve- America P.L. 101-610	Drug Free P.L. 107-110	5870 Drug Free	5890 Drug Free	Title II P.L. 100-297 MSE	Medicaid Reimbursement Special Education
Cash and investments - beginning	\$ 612	\$ 796	\$ -	\$ 2,314	\$ 2,929	\$ 4,694	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	214
Federal sources	-	-	2,812	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>2,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214</u>
Disbursements:							
Current:							
Instruction	-	-	-	2,314	332	-	-
Support services	542	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>542</u>	<u>-</u>	<u>-</u>	<u>2,314</u>	<u>332</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(542)</u>	<u>-</u>	<u>2,812</u>	<u>(2,314)</u>	<u>(332)</u>	<u>-</u>	<u>214</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>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(542)</u>	<u>-</u>	<u>2,812</u>	<u>(2,314)</u>	<u>(332)</u>	<u>-</u>	<u>214</u>
Cash and investments - ending	<u>\$ 70</u>	<u>\$ 796</u>	<u>\$ 2,812</u>	<u>\$ -</u>	<u>\$ 2,597</u>	<u>\$ 4,694</u>	<u>\$ 214</u>

PIONEER REGIONAL SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	6840 Title II - Part A	Improving Teacher- Technology	6860 Title II - Part A	6870 Title II - Part A	Title II 2009-2010	Title III
Cash and investments - beginning	\$ 29,681	\$ 1,637	\$ 272	\$ 17,595	\$ -	\$ 3,527
Receipts:						
Local sources	-	-	-	439	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	32,619	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>439</u>	<u>32,619</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	27,350	-	272	16,152	-	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>27,350</u>	<u>-</u>	<u>272</u>	<u>16,152</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(27,350)</u>	<u>-</u>	<u>(272)</u>	<u>(15,713)</u>	<u>32,619</u>	<u>-</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>(27,350)</u>	<u>-</u>	<u>(272)</u>	<u>(15,713)</u>	<u>32,619</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,331</u>	<u>\$ 1,637</u>	<u>\$ -</u>	<u>\$ 1,882</u>	<u>\$ 32,619</u>	<u>\$ 3,527</u>

PIONEER REGIONAL SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Fiscal Stabilization	Title I - Grants to LEAs	Special Education - Part B	Special Education - Part B - Preschool	Education Jobs	Totals
Cash and investments - beginning	\$ 397,344	\$ -	\$ -	\$ -	\$ -	\$ 2,511,248
Receipts:						
Local sources	-	-	-	-	-	4,319,490
Intermediate sources	-	-	-	-	-	55
State sources	-	-	-	-	-	5,800,827
Federal sources	205,436	33,175	77,140	3,342	-	655,221
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	480,003
Other	-	-	-	-	-	15
Total receipts	<u>205,436</u>	<u>33,175</u>	<u>77,140</u>	<u>3,342</u>	<u>-</u>	<u>11,255,611</u>
Disbursements:						
Current:						
Instruction	216,996	10,398	-	-	-	3,827,803
Support services	210,661	-	46,587	-	-	2,948,475
Noninstructional services	27,998	-	-	-	-	570,628
Facilities acquisition and construction	-	-	-	-	-	247,385
Debt services	-	-	-	-	-	1,177,370
Nonprogrammed charges	147,125	-	64,774	3,342	-	553,211
Interfund loans	-	-	-	-	-	480,003
Total disbursements	<u>602,780</u>	<u>10,398</u>	<u>111,361</u>	<u>3,342</u>	<u>-</u>	<u>9,804,875</u>
Excess (deficiency) of receipts over disbursements	<u>(397,344)</u>	<u>22,777</u>	<u>(34,221)</u>	<u>-</u>	<u>-</u>	<u>1,450,736</u>
Other financing sources (uses):						
Transfers in	-	-	36,540	-	-	197,246
Transfers out	-	-	(2,319)	-	-	(197,246)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>34,221</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(397,344)</u>	<u>22,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,450,736</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 22,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,961,984</u>

PIONEER REGIONAL SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011

	General	Debt Service	Severance/ Retirement Bond Debt Service	Capital Projects	Transportation Operating	School Bus Replacement	Special Education Preschool	Rainy Day
Cash and investments - beginning	\$ 655,160	\$ 377,345	\$ 82,264	\$ 1,200,445	\$ 353,399	\$ 171,916	\$ -	\$ 799,007
Receipts:								
Local sources	129,304	554,063	184,725	890,021	810,580	261,467	-	-
Intermediate sources	55	-	-	-	-	-	-	-
State sources	5,698,626	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	1,345	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>5,829,330</u>	<u>554,063</u>	<u>184,725</u>	<u>890,021</u>	<u>810,580</u>	<u>261,467</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	3,612,399	-	-	-	-	-	-	-
Support services	1,787,608	-	-	559,392	574,238	168,672	-	12,184
Noninstructional services	127,533	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	117,786	-	-	-	-
Debt services	702	532,908	168,235	-	-	-	-	-
Nonprogrammed charges	581,418	-	-	-	-	-	-	-
Interfund loans	1,345	-	-	-	-	-	-	-
Total disbursements	<u>6,111,005</u>	<u>532,908</u>	<u>168,235</u>	<u>677,178</u>	<u>574,238</u>	<u>168,672</u>	<u>-</u>	<u>12,184</u>
Excess (deficiency) of receipts over disbursements	<u>(281,675)</u>	<u>21,155</u>	<u>16,490</u>	<u>212,843</u>	<u>236,342</u>	<u>92,795</u>	<u>-</u>	<u>(12,184)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	11,058	-	-	125,000
Transfers out	-	-	-	-	-	(125,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,058</u>	<u>(125,000)</u>	<u>-</u>	<u>125,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(281,675)</u>	<u>21,155</u>	<u>16,490</u>	<u>212,843</u>	<u>247,400</u>	<u>(32,205)</u>	<u>-</u>	<u>112,816</u>
Cash and investments - ending	<u>\$ 373,485</u>	<u>\$ 398,500</u>	<u>\$ 98,754</u>	<u>\$ 1,413,288</u>	<u>\$ 600,799</u>	<u>\$ 139,711</u>	<u>\$ -</u>	<u>\$ 911,823</u>

PIONEER REGIONAL SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	<u>School Lunch</u>	<u>Textbook Rental</u>	<u>Levy Excess</u>	<u>Educational License Plates</u>	<u>School Library Printed Materials</u>	<u>Gifts, Donations</u>	<u>Gifts, Donations, Trusts</u>
Cash and investments - beginning	\$ 154,057	\$ 33,132	\$ 11,058	\$ 955	\$ 103	\$ 597	\$ 5,000
Receipts:							
Local sources	244,653	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	5,942	117,766	-	-	-	-	-
Federal sources	224,681	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>475,276</u>	<u>117,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	-	135,285	-	-	-	-	-
Noninstructional services	442,566	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>442,566</u>	<u>135,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>32,710</u>	<u>(17,519)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(11,058)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(11,058)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>32,710</u>	<u>(17,519)</u>	<u>(11,058)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 186,767</u>	<u>\$ 15,613</u>	<u>\$ -</u>	<u>\$ 955</u>	<u>\$ 103</u>	<u>\$ 597</u>	<u>\$ 5,000</u>

PIONEER REGIONAL SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Scholarships and Awards	Gates Foundation	Gifted- Talented	Prime Time Makeover	Non-English Speaking	Technology	Performance Based Awards	Indiana 2000
Cash and investments - beginning	\$ 24,727	\$ 43	\$ 12,154	\$ 1,132	\$ 1,533	\$ 161	\$ 477	\$ 836
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	28,943	-	454	1,234	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	28,943	-	454	1,234	-	-
Disbursements:								
Current:								
Instruction	-	-	29,486	-	1,923	158	477	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	29,486	-	1,923	158	477	-
Excess (deficiency) of receipts over disbursements	-	-	(543)	-	(1,469)	1,076	(477)	-
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	-	-	(543)	-	(1,469)	1,076	(477)	-
Cash and investments - ending	\$ 24,727	\$ 43	\$ 11,611	\$ 1,132	\$ 64	\$ 1,237	\$ -	\$ 836

PIONEER REGIONAL SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Access Indiana	Discover Institute	Next Day Grant	Title I 2008-2009 Grant	Title I 2009-2010 Grant	Title I 2010-2011 Grant	CH-1 Program Improvement	4220 Innovative Education Program Title V
Cash and investments - beginning	\$ 125	\$ 1,100	\$ 500	\$ -	\$ (1,521)	\$ -	\$ 317	\$ 6
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	5,271	76,497	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	1,345	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	5,271	77,842	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	3,750	76,484	-	-
Support services	125	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	1,345	-	-
Total disbursements	125	-	-	-	3,750	77,829	-	-
Excess (deficiency) of receipts over disbursements	(125)	-	-	-	1,521	13	-	-
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	(125)	-	-	-	1,521	13	-	-
Cash and investments - ending	\$ -	\$ 1,100	\$ 500	\$ -	\$ -	\$ 13	\$ 317	\$ 6

PIONEER REGIONAL SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	4230 Innovative Education Program Title V	Serve- America P.L. 101-610	Drug Free P.L. 107-110	Drug Free	5890 Drug Free	Title II P.L. 100-297 MSE	Medicaid Reimbursement Special Education
Cash and investments - beginning	\$ 70	\$ 796	\$ 2,812	\$ -	\$ 2,597	\$ 4,694	\$ 214
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-
Disbursements:							
Current:							
Instruction	-	-	2,812	-	2,139	3,700	-
Support services	-	-	-	-	-	-	157
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	2,812	-	2,139	3,700	157
Excess (deficiency) of receipts over disbursements	-	-	(2,812)	-	(2,139)	(3,700)	(157)
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	-	-	(2,812)	-	(2,139)	(3,700)	(157)
Cash and investments - ending	\$ 70	\$ 796	\$ -	\$ -	\$ 458	\$ 994	\$ 57

PIONEER REGIONAL SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	6840 Title II - Part A	Improving Teacher- Technology	Title II - Part A	6870 Title II - Part A	Title II 2009-2010	Title III
Cash and investments - beginning	\$ 2,331	\$ 1,637	\$ -	\$ 1,882	\$ 32,619	\$ 3,527
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
Current:						
Instruction	-	1,637	-	1,882	24,424	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	-	1,637	-	1,882	24,424	-
Excess (deficiency) of receipts over disbursements	-	(1,637)	-	(1,882)	(24,424)	-
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	-	(1,637)	-	(1,882)	(24,424)	-
Cash and investments - ending	\$ 2,331	\$ -	\$ -	\$ -	\$ 8,195	\$ 3,527

PIONEER REGIONAL SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Fiscal Stabilization	Title I - Grants to LEAs	Special Education - Part B	Special Education - Part B - Preschool	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ 22,777	\$ -	\$ -	\$ -	\$ 3,961,984
Receipts:						
Local sources	-	-	-	-	-	3,074,813
Intermediate sources	-	-	-	-	-	55
State sources	-	-	-	-	-	5,852,965
Federal sources	-	9,369	-	-	8,426	324,244
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	2,690
Other	-	-	-	-	-	-
Total receipts	-	9,369	-	-	8,426	9,254,767
Disbursements:						
Current:						
Instruction	-	32,094	-	-	8,426	3,801,791
Support services	-	-	-	-	-	3,237,661
Noninstructional services	-	-	-	-	-	570,099
Facilities acquisition and construction	-	-	-	-	-	117,786
Debt services	-	-	-	-	-	701,845
Nonprogrammed charges	-	-	-	-	-	581,418
Interfund loans	-	-	-	-	-	2,690
Total disbursements	-	32,094	-	-	8,426	9,013,290
Excess (deficiency) of receipts over disbursements	-	(22,725)	-	-	-	241,477
Other financing sources (uses):						
Transfers in	-	-	-	-	-	136,058
Transfers out	-	-	-	-	-	(136,058)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(22,725)	-	-	-	241,477
Cash and investments - ending	\$ -	\$ 52	\$ -	\$ -	\$ -	\$ 4,203,461

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PIONEER REGIONAL SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2011

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 lease:		
Common School Loan	\$ 4,215,000	\$ 516,338
Bonds payable:		
General obligation bond:		
Retirement/Severance Bond	<u>1,680,000</u>	<u>169,502</u>
Total governmental activities debt	<u>\$ 5,895,000</u>	<u>\$ 685,840</u>

PIONEER REGIONAL SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

***INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

We noted a deficiency in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

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 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.

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 statement and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***CAPITAL ASSET RECORDS***

The School Corporation does not maintain capital asset records. A similar comment was issued in prior Reports B31578 and B35731.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***FINANCIAL ASSISTANCE FOR STUDENTS TEXTBOOK REIMBURSEMENT***

The state form designed to claim textbook reimbursement (state financial assistance for student's textbook reimbursement) was incorrectly prepared for the years 2009-2010, 2010-2011, and 2011-2012. The School Corporation incorrectly reported only one fourth of the eligible textbook costs for reimbursement on this form. This error led to the state textbook reimbursement being underpaid by \$23,161, \$23,591, and \$3,493, in 2009-2010, 2010-2011, and 2011-2012, respectively.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (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](http://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 PIONEER REGIONAL SCHOOL CORPORATION, CASS COUNTY, INDIANA

Compliance

We have audited the compliance of the Pioneer Regional 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, 2010 and 2011. 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, 2010 and 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-02.

Internal Control Over Compliance

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

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

and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item 2011-02. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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, the School Board, others within the entity, 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

December 6, 2011

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

PIONEER REGIONAL SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 32,620	\$ 40,105
National School Lunch Program	10.555		<u>210,554</u>	<u>211,716</u>
Total for federal grantor agency			<u>243,174</u>	<u>251,821</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		SY 2008-2009	13,414	-
		SY 2009-2010	75,207	3,750
		SY 2010-2011	<u>-</u>	<u>76,484</u>
Total for program			<u>88,621</u>	<u>80,234</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY 2010-2011 ARRA	<u>10,397</u>	<u>32,094</u>
Total for cluster			<u>99,018</u>	<u>112,328</u>
Pass-Through Logansport Community School Corporation				
Special Education Cluster (IDEA)				
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 2009-2010 ARRA	<u>113,680</u>	-
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	FY 2009-2010 ARRA	<u>3,342</u>	-
Total for cluster			<u>117,022</u>	-
Pass-Through Indiana Department of Education				
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		SY 2007-2008	-	2,812
		SY 2008-2009	2,314	-
		SY 2009-2010	<u>332</u>	<u>2,139</u>
Total for program			<u>2,646</u>	<u>4,951</u>
State Grants For Innovative Programs	84.298	FY 2007	<u>542</u>	-
Education Technology State Grants Cluster	84.318			
Educational Technology State Grants			<u>-</u>	<u>1,637</u>
Improving Teacher Quality State Grants	84.367			
		SY 2001-2002	-	3,700
		06-0775	27,351	-
		07-0775	273	-
		08-0775	15,713	1,882
		SY 2009-2010	<u>-</u>	<u>24,424</u>
Total for program			<u>43,337</u>	<u>30,006</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394		<u>602,777</u>	-
ARRA - Education Jobs Fund, Recovery Act	84.410	FY 2010-2011	<u>-</u>	<u>8,426</u>
Total for federal grantor agency			<u>865,342</u>	<u>157,348</u>
Total federal awards expended			<u>\$ 1,108,516</u>	<u>\$ 409,169</u>

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

PIONEER REGIONAL SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Pioneer Regional School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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 Indiana Code (IC 5-11-1 et seq.), audits of Schools shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009-2010	2010-2011
Child Nutrition Cluster:			
Food commodities:			
School Breakfast Program	10.553	\$ 3,800	\$ 5,539
National School Lunch Program	10.555	25,822	29,239

PIONEER REGIONAL SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	yes
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:

Name of Federal Program or Cluster

Child Nutrition Cluster  
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? no

**Section II – Financial Statement Findings**

**FINDING 2011-01 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

We noted a deficiency in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

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 actives 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 undetected.

PIONEER REGIONAL SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***Section III – Federal Award Findings and Questioned Costs***

***FINDING 2011-02 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

Federal Agency: U.S. Department of Education

Federal Program: State Fiscal Stabilization Fund - Education State Grants, Recovery Act

CFDA Number: 84.394

Pass-through Entity: Indiana Department of Education

The financial records for federal funds received as a part of the State Fiscal Stabilization Fund - Education State Grants, Recovery Act program are maintained in the School Corporation's business office. Currently, due to limited personnel in the business office the School Corporation has not separated incompatible activities related to all areas of the financial statement. The failure to establish these controls could enable material misstatements to go undetected.

Circular A133, Subpart C, section .300(b) states that the auditee shall: "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."

We recommended the School Corporation develop internal control procedures that properly segregate accounting activities in the business office.

PIONEER REGIONAL SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

Pioneer

School



Regional

Corporation

Dr. David L. Bess, Superintendent

413 S. Chicago St. P.O. Box 577

Royal Center, IN 46978

Phone: 574-643-2605

Fax: 574-6439977

December 6, 2011

**CORRECTIVE ACTION PLAN**

Section II – Financial Statement Findings

FINDING 2011-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Lack of Segregation of Duties: The administration office will review procedures and attempt to assign duties so there will be as much segregation of the incompatible duties as is practical. However, the school corporation is a small unit and management has determined that the costs associated with employing additional staff in order to segregate duties effectively would outweigh the benefits of a stronger internal control. Management, along with the School Board of Trustees, acknowledges and assumes the risk inherent with the current design of their administration office.

Section III – Federal Award Findings and Questioned Costs

Finding No. 2011-2 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Lack of Segregation of Duties: The administration office will review procedures and attempt to assign duties so there will be as much segregation of the incompatible duties as is practical. However, the school corporation is a small unit and management has determined that the costs associated with employing additional staff in order to segregate duties effectively would outweigh the benefits of a stronger internal control. Management, along with the School Board of Trustees, acknowledges and assumes the risk inherent with the current design of their administration office.

  
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Melissa J. Hardy, School Corporation Treasurer

  
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Dr. David L. Bess, Superintendent

PIONEER REGIONAL SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on December 6, 2011, with Melissa J. Hardy, Treasurer, and Dr. David L. Bess, Superintendent of Schools. The officials concurred with our audit findings.