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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

PRAIRIE HEIGHTS COMMUNITY
SCHOOL CORPORATION
LAGRANGE COUNTY, INDIANA

July 1, 2012 to June 30, 2014

FILED
05/27/2016

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SCHEDULE OF OFFICIALS

Office	Official	Term
Treasurer	Karen S. Eagleson	07-01-12 to 12-31-16
Superintendent of Schools	Alan Middleton	07-01-12 to 06-30-14
	Jeff Reed	07-01-14 to 06-30-16
President of the School Board	Michael Howe	07-01-12 to 12-31-12
	Bob Ledgerwood	01-01-13 to 12-31-16

STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE PRAIRIE HEIGHTS COMMUNITY
SCHOOL CORPORATION, LAGRANGE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Prairie Heights Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.

Opinion on Regulatory Basis of Accounting

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 period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 24, 2016, 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* in considering the School Corporation's internal control over financial reporting and compliance.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

March 24, 2016

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INDEPENDENT AUDITOR'S 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 PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION, LAGRANGE COUNTY, INDIANA

We have audited, 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, the financial statement of the Prairie Heights Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated March 24, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 a material weakness.

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be a material weakness.

INDEPENDENT AUDITOR'S 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*.

Prairie Heights Community School Corporation's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

March 24, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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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PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

Fund	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	$ 1,992,043	$ 9,561,067	$ 9,658,996	$ 7,045	$ 1,901,159	$ 9,268,096	$ 9,497,770	$ 2,802	$ 1,674,287
Debt Service	527,685	915,182	900,095	-	542,772	719,604	956,324	-	306,052
Retirement/Severance Bond Debt Service	134,548	213,302	218,045	-	129,805	158,424	218,742	-	69,487
Capital Projects	510,771	1,658,950	1,719,711	-	450,010	1,752,756	1,764,727	-	438,039
School Transportation	941,901	1,519,814	1,475,277	(130,977)	855,461	1,607,970	1,544,551	(150,000)	768,880
School Bus Replacement	245,981	187,665	243,415	(100,000)	90,231	285,478	103,745	(120,000)	151,964
Rainy Day	550,000	-	-	270,000	820,000	-	-	270,000	1,090,000
Construction	-	-	-	-	-	-	43,524	2,000,000	1,956,476
School Lunch	188,416	649,984	638,895	-	199,505	624,223	626,140	-	197,588
Textbook Rental	140,923	244,610	174,129	-	211,404	252,932	213,011	-	251,325
Educational License Plates	150	337	300	-	187	225	262	-	150
Extra-Curricular Sports Workers	-	6,564	6,564	-	-	6,306	6,306	-	-
Milford Programming Agreement	-	50,000	25,623	-	24,377	50,000	45,179	-	29,198
Instructional Support E-Rate	53	14,596	14,649	-	-	11,688	11,688	-	-
Walmart/Teacher of the Year	657	-	657	-	-	-	-	-	-
DEKKO Arts Grants	190	-	190	-	-	-	-	-	-
Higher Ability Grant FY 10/11	12,229	-	12,229	-	-	-	-	-	-
Higher Ability Grant FY 11/12	21,437	-	16,708	-	4,729	-	4,729	-	-
Higher Ability Grant FY 12/13	-	30,196	10,328	-	19,868	-	16,319	-	3,549
Higher Ability Grant FY 13/14	-	-	-	-	-	29,590	6,301	-	23,289
Education Technology	-	132,200	132,200	-	-	109,000	109,000	-	-
Elementary School Outdoor Project	2,573	2,325	646	-	4,252	154	923	-	3,483
Scholarships and Awards	3,060	305	-	-	3,365	6	500	-	2,871
Non-English Speaking Programs FY 12/13	-	2,640	2,640	-	-	-	-	-	-
Non-English Speaking Programs FY 13/14	-	-	-	-	-	2,363	2,363	-	-
School Technology	765	5,362	3,376	-	2,751	4,836	7,153	-	434
Full Speed Ahead Grant	-	12,235	12,235	-	-	-	-	-	-
Excess PTRC Distributions	30,099	8,924	-	(39,023)	-	-	-	-	-
Wellness Grant	24,120	14,861	22,823	-	16,158	15,970	23,786	-	8,342
Title I, Part A FY 11/12	(8,922)	56,587	47,665	-	-	-	-	-	-
Title I, Part A FY 12/13	-	158,423	222,150	-	(63,727)	93,282	29,555	-	-
Title I, Part A FY 13/14	-	-	-	-	-	206,425	228,020	-	(21,595)
Title V, Part A FY 02/03	1,165	-	276	-	889	-	889	-	-
Title IV-A, Drug Free Schools FY 08/09	864	-	864	-	-	-	-	-	-
Title IV-A, Drug Free Schools FY 09/10	4,558	-	436	-	4,122	-	4,122	-	-
Title II, Part A FY 08/09	38,744	-	38,744	-	-	-	-	-	-
Title II, Part A FY 10/12	(4,992)	31,906	26,914	-	-	-	-	-	-
Title II, Part A FY 12/14	-	-	3,341	-	(3,341)	44,292	40,951	-	-
Title II, Part A FY 13/15	-	-	-	-	-	2,544	6,829	-	(4,285)
Title II, Part A FY 09/10	35,585	-	8,892	-	26,693	-	26,693	-	-
Title III, English Proficiency FY 11/12	728	-	728	-	-	-	-	-	-
Title III, English Proficiency FY 12/13	-	3,998	3,998	-	-	-	-	-	-
Title III, English Proficiency FY 13/14	-	-	-	-	-	3,808	3,665	-	143
Education Jobs	(31,685)	93,535	61,850	-	-	-	-	-	-
Payroll	2,876	2,959,239	2,961,785	-	330	2,574,560	2,575,521	-	(631)
Totals	$ 5,366,522	$ 18,534,807	$ 18,667,374	$ 7,045	$ 5,241,000	$ 17,824,532	$ 18,119,288	$ 2,002,802	$ 6,949,046

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

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.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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 basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 and are 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.

Federal sources, which include distributions from the federal government and are 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.

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.

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 or highway use taxes are received 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.

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.

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 a cost-sharing 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:

Indiana Public Retirement System
One North Capitol, 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
One North Capitol, 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.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants with the reimbursements not being received by June 30, 2013, or June 30, 2014. There was also a cash balance deficit in the Payroll fund at June 30, 2014, this was a result of a timing difference in the Clearing account which was resolved in the subsequent period.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with the Prairie Heights Community School Renovations Bldg. Corp. (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during fiscal years 2013 and 2014 totaled $843,810 and $867,080, respectively.

Note 9. Subsequent Events

On March 22, 2016, the School Corporation sold $2,000,000 of general obligation bonds. The purpose of the bond issue is for HVAC replacements at the elementary and middle school buildings.

Note 10. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses hired prior to July 1, 2003, the following benefits: Retirement pay and Social Security and Medicare bridge benefits. These benefits pose a liability to the School Corporation until January 2016 when the School Corporation will pay off the General Obligation Pension Bonds of 2003 which were issued to provide for this liability. Information regarding the benefits can be obtained by contacting the School Corporation.

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OTHER INFORMATION - UNAUDITED

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. Additionally, some financial information of the School Corporation can be found on the Gateway website: https://gateway.ifionline.org/.

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 other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	$ 1,992,043	$ 527,685	$ 134,548	$ 510,771	$ 941,901	$ 245,981	$ 550,000	$ -	$ 188,416	$ 140,923
Receipts:										
Local sources	20,193	915,182	213,302	1,619,941	1,519,814	187,665	-	-	293,320	133,046
Intermediate sources	15	-	-	-	-	-	-	-	-	-
State sources	9,540,527	-	-	-	-	-	-	-	356,664	111,564
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	39,009	-	-	-	-	-	-
Other	332	-	-	-	-	-	-	-	-	-
Total receipts	9,561,067	915,182	213,302	1,658,950	1,519,814	187,665	-	-	649,984	244,610
Disbursements:										
Current:										
Instruction	7,118,293	-	-	-	-	-	-	-	-	-
Support services	2,424,654	-	-	1,064,632	1,475,277	243,415	-	-	-	174,129
Noninstructional services	116,049	-	-	-	-	-	-	-	638,895	-
Facilities acquisition and construction	-	-	-	655,079	-	-	-	-	-	-
Debt services	-	900,095	218,045	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,658,996	900,095	218,045	1,719,711	1,475,277	243,415	-	-	638,895	174,129
Excess (deficiency) of receipts over disbursements	(97,929)	15,087	(4,743)	(60,761)	44,537	(55,750)	-	-	11,089	70,481
Other financing sources (uses):										
Sale of capital assets	7,045	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	39,023	-	270,000	-	-	-
Transfers out	-	-	-	-	(170,000)	(100,000)	-	-	-	-
Total other financing sources (uses)	7,045	-	-	-	(130,977)	(100,000)	270,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(90,884)	15,087	(4,743)	(60,761)	(86,440)	(155,750)	270,000	-	11,089	70,481
Cash and investments - ending	$ 1,901,159	$ 542,772	$ 129,805	$ 450,010	$ 855,461	$ 90,231	$ 820,000	$ -	$ 199,505	$ 211,404

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2013
(Continued)

	Educational License Plates	Extra-Curricular Sports Workers	Milford Programming Agreement	Instructional Support E-Rate	Walmart/ Teacher of the Year	DEKKO Arts Grants	Higher Ability Grant FY 10/11	Higher Ability Grant FY 11/12	Higher Ability Grant FY 12/13
Cash and investments - beginning	$ 150	$ -	$ -	$ 53	$ 657	$ 190	$ 12,229	$ 21,437	$ -
Receipts:									
Local sources	-	6,564	50,000	14,596	-	-	-	-	-
Intermediate sources	337	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	30,196
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	337	6,564	50,000	14,596	-	-	-	-	30,196
Disbursements:									
Current:									
Instruction	-	6,564	-	-	657	190	12,229	16,708	10,328
Support services	300	-	25,623	14,649	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	300	6,564	25,623	14,649	657	190	12,229	16,708	10,328
Excess (deficiency) of receipts over disbursements	37	-	24,377	(53)	(657)	(190)	(12,229)	(16,708)	19,868
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	37	-	24,377	(53)	(657)	(190)	(12,229)	(16,708)	19,868
Cash and investments - ending	$ 187	$ -	$ 24,377	$ -	$ -	$ -	$ -	$ 4,729	$ 19,868

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2013
(Continued)

	Higher Ability Grant FY 13/14	Education Technology	Elementary School Outdoor Project	Scholarships and Awards	Non-English Speaking Programs FY 12/13	Non-English Speaking Programs FY 13/14	School Technology	Full Speed Ahead Grant	Excess PTRC Distributions
Cash and investments - beginning	$ -	$ -	$ 2,573	$ 3,060	$ -	$ -	$ 765	$ -	$ 30,099
Receipts:									
Local sources	-	-	2,325	305	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	132,200	-	-	2,640	-	5,362	-	8,924
Federal sources	-	-	-	-	-	-	-	12,235	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	132,200	2,325	305	2,640	-	5,362	12,235	8,924
Disbursements:									
Current:									
Instruction	-	-	646	-	2,640	-	-	12,235	-
Support services	-	132,200	-	-	-	-	3,376	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	132,200	646	-	2,640	-	3,376	12,235	-
Excess (deficiency) of receipts over disbursements	-	-	1,679	305	-	-	1,986	-	8,924
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(39,023)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(39,023)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	1,679	305	-	-	1,986	-	(30,099)
Cash and investments - ending	$ -	$ -	$ 4,252	$ 3,365	$ -	$ -	$ 2,751	$ -	$ -

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2013
(Continued)

	Wellness Grant	Title I, Part A FY 11/12	Title I, Part A FY 12/13	Title I, Part A FY 13/14	Title V, Part A FY 02/03	Title IV-A, Drug Free Schools FY 08/09	Title IV-A, Drug Free Schools FY 09/10	Title II, Part A FY 08/09	Title II, Part A FY 10/12
Cash and investments - beginning	$ 24,120	$ (8,922)	$ -	$ -	$ 1,165	$ 864	$ 4,558	$ 38,744	$ (4,992)
Receipts:									
Local sources	14,861	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	56,587	158,423	-	-	-	-	-	31,906
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	14,861	56,587	158,423	-	-	-	-	-	31,906
Disbursements:									
Current:									
Instruction	-	29,819	222,150	-	-	864	-	-	-
Support services	22,823	17,846	-	-	276	-	436	38,744	26,914
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	22,823	47,665	222,150	-	276	864	436	38,744	26,914
Excess (deficiency) of receipts over disbursements	(7,962)	8,922	(63,727)	-	(276)	(864)	(436)	(38,744)	4,992
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,962)	8,922	(63,727)	-	(276)	(864)	(436)	(38,744)	4,992
Cash and investments - ending	$ 16,158	$ -	$ (63,727)	$ -	$ 889	$ -	$ 4,122	$ -	$ -

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2013
(Continued)

	Title II, Part A FY 12/14	Title II, Part A FY 13/15	Title II, Part A FY 09/10	Title III, English Proficiency FY 11/12	Title III, English Proficiency FY 12/13	Title III, English Proficiency FY 13/14	Education Jobs	Payroll	Totals
Cash and investments - beginning	$ -	$ -	$ 35,585	$ 728	$ -	$ -	$ (31,685)	$ 2,876	$ 5,366,522
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,991,114
Intermediate sources	-	-	-	-	-	-	-	-	352
State sources	-	-	-	-	-	-	-	-	10,188,077
Federal sources	-	-	-	-	3,998	-	93,535	-	356,684
Temporary loans	-	-	-	-	-	-	-	-	39,009
Other	-	-	-	-	-	-	-	2,959,239	2,959,571
Total receipts	-	-	-	-	3,998	-	93,535	2,959,239	18,534,807
Disbursements:									
Current:									
Instruction	-	-	-	728	3,998	-	61,850	-	7,499,899
Support services	3,341	-	8,892	-	-	-	-	-	5,677,527
Noninstructional services	-	-	-	-	-	-	-	-	754,944
Facilities acquisition and construction	-	-	-	-	-	-	-	-	655,079
Debt services	-	-	-	-	-	-	-	-	1,118,140
Nonprogrammed charges	-	-	-	-	-	-	-	2,961,785	2,961,785
Total disbursements	3,341	-	8,892	728	3,998	-	61,850	2,961,785	18,667,374
Excess (deficiency) of receipts over disbursements	(3,341)	-	(8,892)	(728)	-	-	31,685	(2,546)	(132,567)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	7,045
Transfers in	-	-	-	-	-	-	-	-	309,023
Transfers out	-	-	-	-	-	-	-	-	(309,023)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	7,045
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,341)	-	(8,892)	(728)	-	-	31,685	(2,546)	(125,522)
Cash and investments - ending	$ (3,341)	$ -	$ 26,693	$ -	$ -	$ -	$ -	$ 330	$ 5,241,000

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	$ 1,901,159	$ 542,772	$ 129,805	$ 450,010	$ 855,461	$ 90,231	$ 820,000	$ -	$ 199,505	$ 211,404
Receipts:										
Local sources	16,347	719,604	158,424	1,752,756	1,607,470	285,478	-	-	299,506	151,164
Intermediate sources	33	-	-	-	-	-	-	-	-	-
State sources	9,251,452	-	-	-	-	-	-	-	317,158	101,768
Federal sources	-	-	-	-	500	-	-	-	7,559	-
Other	264	-	-	-	-	-	-	-	-	-
Total receipts	9,268,096	719,604	158,424	1,752,756	1,607,970	285,478	-	-	624,223	252,932
Disbursements:										
Current:										
Instruction	6,912,150	-	-	-	-	-	-	-	-	-
Support services	2,466,550	-	-	1,022,576	1,544,551	103,745	-	-	-	213,011
Noninstructional services	119,070	-	-	-	-	-	-	-	626,140	-
Facilities acquisition and construction	-	-	-	742,151	-	-	-	43,524	-	-
Debt services	-	956,324	218,742	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,497,770	956,324	218,742	1,764,727	1,544,551	103,745	-	43,524	626,140	213,011
Excess (deficiency) of receipts over disbursements	(229,674)	(236,720)	(60,318)	(11,971)	63,419	181,733	-	(43,524)	(1,917)	39,921
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	2,000,000	-	-
Sale of capital assets	2,802	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	270,000	-	-	-
Transfers out	-	-	-	-	(150,000)	(120,000)	-	-	-	-
Total other financing sources (uses)	2,802	-	-	-	(150,000)	(120,000)	270,000	2,000,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(226,872)	(236,720)	(60,318)	(11,971)	(86,581)	61,733	270,000	1,956,476	(1,917)	39,921
Cash and investments - ending	$ 1,674,287	$ 306,052	$ 69,487	$ 438,039	$ 768,880	$ 151,964	$ 1,090,000	$ 1,956,476	$ 197,588	$ 251,325

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Educational License Plates	Extra-Curricular Sports Workers	Milford Programming Agreement	Instructional Support E-Rate	Walmart/ Teacher of the Year	DEKKO Arts Grants	Higher Ability Grant FY 10/11	Higher Ability Grant FY 11/12	Higher Ability Grant FY 12/13
Cash and investments - beginning	$ 187	$ -	$ 24,377	$ -	$ -	$ -	$ -	$ 4,729	$ 19,868
Receipts:									
Local sources	-	6,306	50,000	11,688	-	-	-	-	-
Intermediate sources	225	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	225	6,306	50,000	11,688	-	-	-	-	-
Disbursements:									
Current:									
Instruction	-	6,306	-	-	-	-	-	4,729	16,319
Support services	262	-	45,179	11,688	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	262	6,306	45,179	11,688	-	-	-	4,729	16,319
Excess (deficiency) of receipts over disbursements	(37)	-	4,821	-	-	-	-	(4,729)	(16,319)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(37)	-	4,821	-	-	-	-	(4,729)	(16,319)
Cash and investments - ending	$ 150	$ -	$ 29,198	$ -	$ -	$ -	$ -	$ -	$ 3,549

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Higher Ability Grant FY 13/14	Education Technology	Elementary School Outdoor Project	Scholarships and Awards	Non-English Speaking Programs FY 12/13	Non-English Speaking Programs FY 13/14	School Technology	Full Speed Ahead Grant	Excess PTRC Distributions
Cash and investments - beginning	$ -	$ -	$ 4,252	$ 3,365	$ -	$ -	$ 2,751	$ -	$ -
Receipts:									
Local sources	-	-	154	6	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	29,590	109,000	-	-	-	2,363	4,836	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	29,590	109,000	154	6	-	2,363	4,836	-	-
Disbursements:									
Current:									
Instruction	6,301	-	923	-	-	2,363	-	-	-
Support services	-	109,000	-	-	-	-	7,153	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	500	-	-	-	-	-
Total disbursements	6,301	109,000	923	500	-	2,363	7,153	-	-
Excess (deficiency) of receipts over disbursements	23,289	-	(769)	(494)	-	-	(2,317)	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	23,289	-	(769)	(494)	-	-	(2,317)	-	-
Cash and investments - ending	$ 23,289	$ -	$ 3,483	$ 2,871	$ -	$ -	$ 434	$ -	$ -

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Wellness Grant	Title I, Part A FY 11/12	Title I, Part A FY 12/13	Title I, Part A FY 13/14	Title V, Part A FY 02/03	Title IV-A, Drug Free Schools FY 08/09	Title IV-A, Drug Free Schools FY 09/10	Title II, Part A FY 08/09	Title II, Part A FY 10/12
Cash and investments - beginning	$ 16,158	$ -	$ (63,727)	$ -	$ 889	$ -	$ 4,122	$ -	$ -
Receipts:									
Local sources	15,970	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	93,282	206,425	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	15,970	-	93,282	206,425	-	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	29,555	198,066	-	-	-	-	-
Support services	23,786	-	-	25,123	889	-	4,122	-	-
Noninstructional services	-	-	-	4,831	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	23,786	-	29,555	228,020	889	-	4,122	-	-
Excess (deficiency) of receipts over disbursements	(7,816)	-	63,727	(21,595)	(889)	-	(4,122)	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,816)	-	63,727	(21,595)	(889)	-	(4,122)	-	-
Cash and investments - ending	$ 8,342	$ -	$ -	$ (21,595)	$ -	$ -	$ -	$ -	$ -

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Title II, Part A FY 12/14	Title II, Part A FY 13/15	Title II, Part A FY 09/10	Title III, English Proficiency FY 11/12	Title III, English Proficiency FY 12/13	Title III, English Proficiency FY 13/14	Education Jobs	Payroll	Totals
Cash and investments - beginning	$ (3,341)	$ -	$ 26,693	$ -	$ -	$ -	$ -	$ 330	$ 5,241,000
Receipts:									
Local sources	-	-	-	-	-	-	-	-	5,074,873
Intermediate sources	-	-	-	-	-	-	-	-	258
State sources	-	-	-	-	-	-	-	-	9,816,167
Federal sources	44,292	2,544	-	-	-	3,808	-	-	358,410
Other	-	-	-	-	-	-	-	2,574,560	2,574,824
Total receipts	44,292	2,544	-	-	-	3,808	-	2,574,560	17,824,532
Disbursements:									
Current:									
Instruction	-	-	-	-	-	3,665	-	-	7,180,377
Support services	40,951	6,829	26,693	-	-	-	-	-	5,652,108
Noninstructional services	-	-	-	-	-	-	-	-	750,041
Facilities acquisition and construction	-	-	-	-	-	-	-	-	785,675
Debt services	-	-	-	-	-	-	-	-	1,175,066
Nonprogrammed charges	-	-	-	-	-	-	-	2,575,521	2,576,021
Total disbursements	40,951	6,829	26,693	-	-	3,665	-	2,575,521	18,119,288
Excess (deficiency) of receipts over disbursements	3,341	(4,285)	(26,693)	-	-	143	-	(961)	(294,756)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	2,000,000
Sale of capital assets	-	-	-	-	-	-	-	-	2,802
Transfers in	-	-	-	-	-	-	-	-	270,000
Transfers out	-	-	-	-	-	-	-	-	(270,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	2,002,802
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,341	(4,285)	(26,693)	-	-	143	-	(961)	1,708,046
Cash and investments - ending	$ -	$ (4,285)	$ -	$ -	$ -	$ 143	$ -	$ (631)	$ 6,949,046

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	$ 4,367	$ 770

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Prairie Heights Community School Renovations Bldg. Corp.	2009 Refinancing	$ 426,815	12/20/2009	12/20/2014

Description of Debt			
Type	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Roofing and HVAC - High School	$ 2,000,000	$ 421,992
General obligation bonds	Pension Financing	310,000	108,154
Notes and loans payable	Technology A1642	92,540	27,299
Notes and loans payable	Technology A1743	98,100	22,727
Totals		$ 2,500,640	$ 580,172

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PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2014

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.

	Ending Balance
Governmental activities:	
Land	$ 320,000
Buildings	13,241,963
Improvements other than buildings	986,100
Machinery, equipment, and vehicles	5,071,963
Total capital assets	$ 19,620,026

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SUPPLEMENTAL AUDIT OF

FEDERAL AWARDS

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION, LAGRANGE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Prairie Heights Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 over compliance 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. 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.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

March 24, 2016

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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.

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
			FY 12-13/13-14	$ 45,620	$ 41,348
National School Lunch Program	Indiana Department of Education	10.555			
			FY 12-13/13-14	339,330	316,892
Summer Food Service Program for Children	Indiana Department of Education	10.559			
			FY 12-13/13-14	14,511	3,907
Total Child Nutrition Cluster				399,461	362,147
Total Department of Agriculture				399,461	362,147
Department of Education					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			12-4515	56,587	-
			13-4515	158,423	93,282
			14-4515	-	206,425
Total Title I, Part A Cluster				215,010	299,707
Special Education Cluster (IDEA)					
Special Education-Grants to States	Indiana Department of Education	84.027			
			14212-046-PN01	119,142	-
			14213-046-PN01	201,193	119,282
			14214-046-PN01	-	220,987
			99914-46-TA01	-	3,329
Total Special Education-Grants to States				320,335	343,598

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

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
Department of Education (continued)					
Special Education Cluster (IDEA) (continued)					
Special Education-Preschool Grants	Indiana Department of Education	84.173	45713-046-PN01	7,476	-
			45714-046-PN01	-	6,971
Total Special Education-Preschool Grants				7,476	6,971
Total Special Education Cluster (IDEA)				327,811	350,569
Safe and Drug-Free Schools and Communities - State Grants	Indiana Department of Education	84.186			
			08-4515	864	-
			09-4515	436	4,122
Total Safe and Drug-Free Schools and Communities - State Grants				1,300	4,122
English Language Acquisition State Grants	Lakeland School Corporation	84.365			
			FY 11-12	728	-
			FY 12-13	3,998	-
			FY 13-14	-	3,808
Total English Language Acquisition State Grants				4,726	3,808
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	08-4515	38,744	-
			09-4515	8,892	26,693
			11-4515	31,906	-
			12-4515	-	44,292
			13-4515	-	2,544
Total Improving Teacher Quality State Grants				79,542	73,529
Education Jobs Fund	Indiana Department of Education	84.410	10-12	93,535	-
Total Department of Education				721,924	731,735
Total federal awards expended				$ 1,121,385	$ 1,093,882

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

PRAIRIE HEIGHTS COMMUNITY 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 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 5-11-1-25), audits of school corporations 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, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	$ 49,849	$ 44,990

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	none reported

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	none reported
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	no

Identification of Major Programs:

Name of Federal Program or Cluster
Title I, Part A Cluster
Special Education Cluster (IDEA)

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 Finding

FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. Control activities should be selected and developed at various levels of the School Corporation to reduce the risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts. There was no segregation of duties, including an oversight, review, or approval process. The failure to establish controls could have enabled misstatements or irregularities to remain undetected. This deficiency constitutes a material weakness.

The Treasurer posted receipts, prepared the bank deposit slip, and took the deposit to the bank.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material misstatements of the financial statement will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over financial transactions and reporting. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

Prairie Heights Community School Corporation
Jeff Reed, Superintendent
0305S 1150E, LaGrange, IN 46761
Phone: (260) 351-3214 or (800) 800-9596
Fax: (260) 351-3614

CORRECTIVE ACTION PLAN

FINDING 2014-001 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING
Contact Person Responsible for Corrective Action: Karen Eagleson
Contact Phone Number: 260-351-2067

Description of Corrective Action Plan:

Cash Receipts: The Administrative Assistant will collect all cash received in the corporation office, verify the amount and prepare a triplicate receipt. One copy of the receipt will be given to the submitter, one copy to the corporation treasurer and one copy remains in the receipt book. Upon receipt, the corporation treasurer will prepare daily the bank deposit slip. The deposit will be taken to the bank by the deputy treasurer daily. The deputy treasurer will return the bank deposit receipt to the corporation treasurer.

This corrective action plan was put into effect on February 23, 2016.

Karen S. Eagleson 3-22-16
Karen S. Eagleson, CPA
Chief Financial Officer, Prairie Heights CSC

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: http://www.in.gov/sboa/.