

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, 2014 to June 30, 2016



FILED
04/12/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Karen S. Eagleson	07-01-14 to 06-30-18
Superintendent of Schools	Jeff Reed	07-01-14 to 06-30-18
President of the School Board	Robert Ledgerwood	07-01-14 to 12-31-18



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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, 2014 to June 30, 2016, 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 from 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

As discussed in Note 1 to 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, 2014 to June 30, 2016.

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, 2014 to June 30, 2016, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 27, 2018, 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 solely 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 effectiveness of the School Corporation's 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, CPA
State Examiner

February 27, 2018



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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, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated February 27, 2018, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation'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 2016-001 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 from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

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, CPA
State Examiner

February 27, 2018

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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, 2015 and 2016

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-14	Receipts	Disbursements		06-30-15	Receipts	Disbursements		
General	\$ 1,674,287	\$ 8,689,387	\$ 9,639,417	\$ 91,844	\$ 816,101	\$ 8,414,775	\$ 8,987,695	\$ 12,035	\$ 255,216
Debt Service	306,052	813,000	940,305	(1,464)	177,283	964,944	970,188	-	172,039
Retirement/Severance Bond Debt Service	69,487	150,038	218,704	-	821	71,927	63,457	(9,291)	-
Capital Projects	438,039	1,700,118	1,639,427	1,464	500,194	1,690,790	1,437,638	683	754,029
School Transportation	768,880	1,633,654	1,371,660	(340,000)	690,874	1,675,844	1,327,808	(187,269)	851,641
School Bus Replacement	151,964	241,624	156,761	-	236,827	292,530	154,374	(177,500)	197,483
Rainy Day	1,090,000	-	-	310,000	1,400,000	91,908	-	376,791	1,868,699
Construction 2014	1,956,476	-	1,715,870	-	240,606	-	228,533	-	12,073
Construction 2016	-	-	-	-	-	-	337,980	2,000,000	1,662,020
School Lunch	197,588	593,346	625,499	-	165,435	595,104	620,243	462	140,758
Textbook Rental	251,325	253,443	190,620	-	314,148	241,126	204,105	-	351,169
Levy Excess	-	2,131	-	-	2,131	-	-	(2,131)	-
Educational License Plates	150	206	150	-	206	150	356	-	-
Extra-Curricular Activities	-	8,473	8,473	-	-	11,356	11,356	-	-
Milford Programming Agreement	29,198	50,000	55,959	-	23,239	100,000	45,123	-	78,116
Damage Reimbursement	-	4,159	3,838	-	321	8,261	7,540	-	1,042
UST Financial Requirement	-	-	-	30,000	30,000	-	-	-	30,000
Instructional Support	-	7,868	7,868	-	-	17,135	17,135	-	-
Formative Assessment	-	-	-	-	-	10,718	10,718	-	-
High Ability Grant FY 12-13	3,549	-	2,758	-	791	-	791	-	-
High Ability Grant FY 13-14	23,289	-	9,049	-	14,240	-	-	-	14,240
High Ability Grant FY 14-15	-	29,948	28,197	-	1,751	-	1,751	-	-
High Ability Grant FY 15-16	-	-	-	-	-	31,001	19,560	-	11,441
Education Technology	-	110,066	110,066	-	-	-	-	-	-
Secured Schools Safety Grant	-	28,965	28,965	-	-	20,476	20,476	-	-
Elementary School Outdoor Project	3,483	-	561	-	2,922	-	325	-	2,597
Scholarships and Awards	2,871	4	500	-	2,375	4	500	-	1,879
Non-English Speaking 14-15	-	2,199	2,199	-	-	-	-	-	-
Non-English Speaking 15-16	-	-	-	-	-	5,100	5,100	-	-
School Technology	434	5,409	4,274	-	1,569	6,564	7,569	-	564
Performance Based Awards	-	14,777	14,777	-	-	-	-	-	-
Comm Foundation Grants	-	5,600	3,150	-	2,450	-	2,450	-	-
Wellness Grant	8,342	18,010	19,483	-	6,869	17,710	15,596	-	8,983
Title I, Part A FY 13-14	(21,595)	98,300	76,705	-	-	-	-	-	-
Title I, Part A FY 14-15	-	223,532	295,528	-	(71,996)	180,493	108,497	-	-
Title I, Part A FY 15-16	-	-	-	-	-	274,319	355,061	-	(80,742)
Title II, Part A 13-15	(4,285)	38,904	34,619	-	-	-	-	-	-
Title II, Part A 14-16	-	42,997	42,997	-	-	-	-	-	-
Title II, Part A 15-17	-	-	-	-	-	-	1,246	-	(1,246)
Rural/Low Income 13-14	-	27,283	27,283	-	-	-	-	-	-
Rural/Low Income 14-15	-	-	-	-	-	28,707	28,707	-	-
Rural/Low Income 15-16	-	-	-	-	-	27,702	27,702	-	-
Title III, English Proficiency FY 13-14	143	-	143	-	-	-	-	-	-
Title III, English Proficiency FY 14-15	-	3,788	3,788	-	-	-	-	-	-
Title III, English Proficiency FY 15-16	-	-	-	-	-	4,512	2,581	-	1,931
Meal Deposits	-	-	-	-	-	16,290	9,193	-	7,097
Payroll	(631)	2,578,985	2,578,354	-	-	2,461,289	2,461,289	-	-
Totals	\$ 6,949,046	\$ 17,376,214	\$ 19,857,947	\$ 91,844	\$ 4,559,157	\$ 17,260,735	\$ 17,492,643	\$ 2,013,780	\$ 6,341,029

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

PRAIRIE HEIGHTS COMMUNITY 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, the following: 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 statements present the financial information for the School Corporation.

B. Basis of Accounting

The financial statements are 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 statements. The aggregate receipts include the following sources:

Local sources. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts. Amounts received from various sources, including, but not limited to, the following: 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 statements. The aggregate disbursements include the following uses:

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

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed 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 statements. The aggregate other financing sources and uses include the following:

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

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Transfers in. Amounts 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. Amounts 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: 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.

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2015 and 2016.

Note 8. 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 Bonds of 2003 which were issued to provide for this liability. Information regarding the benefits can be obtained by contacting the School Corporation.

OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 Indiana Gateway for Governmental Units 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 School Corporation's Financial Reports 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.

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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, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction 2014	Construction 2016	School Lunch
Cash and investments - beginning	\$ 1,674,287	\$ 306,052	\$ 69,487	\$ 438,039	\$ 768,880	\$ 151,964	\$ 1,090,000	\$ 1,956,476	\$ -	\$ 197,588
Receipts:										
Local sources	26,557	813,000	150,038	1,700,118	1,633,654	241,624	-	-	-	273,505
Intermediate sources	24	-	-	-	-	-	-	-	-	-
State sources	8,662,464	-	-	-	-	-	-	-	-	311,893
Federal sources	-	-	-	-	-	-	-	-	-	7,948
Other receipts	342	-	-	-	-	-	-	-	-	-
Total receipts	8,689,387	813,000	150,038	1,700,118	1,633,654	241,624	-	-	-	593,346
Disbursements:										
Instruction	6,972,594	-	-	-	-	-	-	-	-	-
Support services	2,541,494	-	-	985,165	1,371,660	156,761	-	-	-	-
Noninstructional services	125,329	-	-	-	-	-	-	-	-	625,499
Facilities acquisition and construction	-	-	-	654,262	-	-	-	1,715,870	-	-
Debt service	-	940,305	218,704	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,639,417	940,305	218,704	1,639,427	1,371,660	156,761	-	1,715,870	-	625,499
Excess (deficiency) of receipts over disbursements	(950,030)	(127,305)	(68,666)	60,691	261,994	84,863	-	(1,715,870)	-	(32,153)
Other financing sources (uses):										
Sale of capital assets	91,844	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	1,464	-	-	310,000	-	-	-
Transfers out	-	(1,464)	-	-	(340,000)	-	-	-	-	-
Total other financing sources (uses)	91,844	(1,464)	-	1,464	(340,000)	-	310,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(858,186)	(128,769)	(68,666)	62,155	(78,006)	84,863	310,000	(1,715,870)	-	(32,153)
Cash and investments - ending	\$ 816,101	\$ 177,283	\$ 821	\$ 500,194	\$ 690,874	\$ 236,827	\$ 1,400,000	\$ 240,606	\$ -	\$ 165,435

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, 2015

	Textbook Rental	Levy Excess	Educational License Plates	Extra- Curricular Activities	Milford Programming Agreement	Damage Reimbursement	UST Financial Requirement	Instructional Support	Formative Assessment	High Ability Grant FY 12-13
Cash and investments - beginning	\$ 251,325	\$ -	\$ 150	\$ -	\$ 29,198	\$ -	\$ -	\$ -	\$ -	\$ 3,549
Receipts:										
Local sources	139,665	-	-	8,473	50,000	-	-	7,868	-	-
Intermediate sources	-	-	206	-	-	-	-	-	-	-
State sources	113,778	2,131	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	4,159	-	-	-	-
Total receipts	253,443	2,131	206	8,473	50,000	4,159	-	7,868	-	-
Disbursements:										
Instruction	-	-	-	8,473	-	-	-	-	-	2,758
Support services	190,620	-	150	-	45,527	3,838	-	7,868	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	10,432	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	190,620	-	150	8,473	55,959	3,838	-	7,868	-	2,758
Excess (deficiency) of receipts over disbursements	62,823	2,131	56	-	(5,959)	321	-	-	-	(2,758)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	30,000	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	30,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	62,823	2,131	56	-	(5,959)	321	30,000	-	-	(2,758)
Cash and investments - ending	\$ 314,148	\$ 2,131	\$ 206	\$ -	\$ 23,239	\$ 321	\$ 30,000	\$ -	\$ -	\$ 791

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, 2015

	High Ability Grant FY 13-14	High Ability Grant FY 14-15	High Ability Grant FY 15-16	Education Technology	Secured Schools Safety Grant	Elementary School Outdoor Project	Scholarships and Awards	Non-English Speaking FY 14-15	Non-English Speaking FY 15-16	School Technology
Cash and investments - beginning	\$ 23,289	\$ -	\$ -	\$ -	\$ -	\$ 3,483	\$ 2,871	\$ -	\$ -	\$ 434
Receipts:										
Local sources	-	-	-	-	-	-	4	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	29,948	-	110,066	28,965	-	-	2,199	-	5,409
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	29,948	-	110,066	28,965	-	4	2,199	-	5,409
Disbursements:										
Instruction	9,049	28,197	-	-	-	561	-	2,199	-	-
Support services	-	-	-	110,066	28,965	-	-	-	-	4,274
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	500	-	-	-
Total disbursements	9,049	28,197	-	110,066	28,965	561	500	2,199	-	4,274
Excess (deficiency) of receipts over disbursements	(9,049)	1,751	-	-	-	(561)	(496)	-	-	1,135
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	(9,049)	1,751	-	-	-	(561)	(496)	-	-	1,135
Cash and investments - ending	\$ 14,240	\$ 1,751	\$ -	\$ -	\$ -	\$ 2,922	\$ 2,375	\$ -	\$ -	\$ 1,569

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, 2015

	Performance Based Awards	Comm Foundation Grants	Wellness Grant	Title I, Part A FY 13-14	Title I, Part A FY 14-15	Title I, Part A FY 15-16	Title II, Part A 13-15	Title II, Part A 14-16	Title II, Part A 15-17
Cash and investments - beginning	\$ -	\$ -	\$ 8,342	\$ (21,595)	\$ -	\$ -	\$ (4,285)	\$ -	\$ -
Receipts:									
Local sources	-	5,600	18,010	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	14,777	-	-	-	-	-	-	-	-
Federal sources	-	-	-	98,300	223,532	-	38,904	42,997	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	14,777	5,600	18,010	98,300	223,532	-	38,904	42,997	-
Disbursements:									
Instruction	14,777	3,150	-	55,632	260,704	-	-	-	-
Support services	-	-	19,483	19,965	28,770	-	34,619	42,997	-
Noninstructional services	-	-	-	1,108	6,054	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	14,777	3,150	19,483	76,705	295,528	-	34,619	42,997	-
Excess (deficiency) of receipts over disbursements	-	2,450	(1,473)	21,595	(71,996)	-	4,285	-	-
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	-	2,450	(1,473)	21,595	(71,996)	-	4,285	-	-
Cash and investments - ending	\$ -	\$ 2,450	\$ 6,869	\$ -	\$ (71,996)	\$ -	\$ -	\$ -	\$ -

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, 2015

	Rural/Low Income 13-14	Rural/Low Income 14-15	Rural/Low Income 15-16	Title III, English Proficiency FY 13-14	Title III, English Proficiency FY 14-15	Title III, English Proficiency FY 15-16	Meal Deposits	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 143	\$ -	\$ -	\$ -	\$ (631)	\$ 6,949,046
Receipts:									
Local sources	-	-	-	-	-	-	-	-	5,068,116
Intermediate sources	-	-	-	-	-	-	-	-	230
State sources	-	-	-	-	-	-	-	-	9,281,630
Federal sources	27,283	-	-	-	3,788	-	-	-	442,752
Other receipts	-	-	-	-	-	-	-	2,578,985	2,583,486
Total receipts	27,283	-	-	-	3,788	-	-	2,578,985	17,376,214
Disbursements:									
Instruction	-	-	-	143	3,788	-	-	-	7,362,025
Support services	27,283	-	-	-	-	-	-	-	5,619,505
Noninstructional services	-	-	-	-	-	-	-	-	757,990
Facilities acquisition and construction	-	-	-	-	-	-	-	-	2,380,564
Debt service	-	-	-	-	-	-	-	-	1,159,009
Nonprogrammed charges	-	-	-	-	-	-	-	2,578,354	2,578,854
Total disbursements	27,283	-	-	143	3,788	-	-	2,578,354	19,857,947
Excess (deficiency) of receipts over disbursements	-	-	-	(143)	-	-	-	631	(2,481,733)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	91,844
Transfers in	-	-	-	-	-	-	-	-	341,464
Transfers out	-	-	-	-	-	-	-	-	(341,464)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	91,844
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(143)	-	-	-	631	(2,389,889)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,559,157

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, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction 2014	Construction 2016	School Lunch
Cash and investments - beginning	\$ 816,101	\$ 177,283	\$ 821	\$ 500,194	\$ 690,874	\$ 236,827	\$ 1,400,000	\$ 240,606	\$ -	\$ 165,435
Receipts:										
Local sources	15,383	964,944	71,927	1,690,790	1,675,844	292,530	91,908	-	-	255,897
Intermediate sources	26	-	-	-	-	-	-	-	-	-
State sources	8,399,043	-	-	-	-	-	-	-	-	339,207
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	323	-	-	-	-	-	-	-	-	-
Total receipts	8,414,775	964,944	71,927	1,690,790	1,675,844	292,530	91,908	-	-	595,104
Disbursements:										
Instruction	6,503,271	-	-	-	-	-	-	-	-	-
Support services	2,366,895	-	-	878,585	1,327,808	154,374	-	-	-	-
Noninstructional services	117,529	-	-	-	-	-	-	-	-	620,243
Facilities acquisition and construction	-	-	-	559,053	-	-	-	228,533	337,980	-
Debt service	-	970,188	63,457	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	8,987,695	970,188	63,457	1,437,638	1,327,808	154,374	-	228,533	337,980	620,243
Excess (deficiency) of receipts over disbursements	(572,920)	(5,244)	8,470	253,152	348,036	138,156	91,908	(228,533)	(337,980)	(25,139)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	2,000,000	-
Sale of capital assets	12,035	-	-	683	600	-	-	-	-	462
Transfers in	-	-	-	-	2,131	-	376,791	-	-	-
Transfers out	-	-	(9,291)	-	(190,000)	(177,500)	-	-	-	-
Total other financing sources (uses)	12,035	-	(9,291)	683	(187,269)	(177,500)	376,791	-	2,000,000	462
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(560,885)	(5,244)	(821)	253,835	160,767	(39,344)	468,699	(228,533)	1,662,020	(24,677)
Cash and investments - ending	\$ 255,216	\$ 172,039	\$ -	\$ 754,029	\$ 851,641	\$ 197,483	\$ 1,868,699	\$ 12,073	\$ 1,662,020	\$ 140,758

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, 2016

	Textbook Rental	Levy Excess	Educational License Plates	Extra- Curricular Activities	Milford Programming Agreement	Damage Reimbursement	UST Financial Requirement	Instructional Support	Formative Assessment	High Ability Grant FY 12-13
Cash and investments - beginning	\$ 314,148	\$ 2,131	\$ 206	\$ -	\$ 23,239	\$ 321	\$ 30,000	\$ -	\$ -	\$ 791
Receipts:										
Local sources	130,821	-	-	11,356	100,000	-	-	17,135	-	-
Intermediate sources	-	-	150	-	-	-	-	-	-	-
State sources	110,305	-	-	-	-	-	-	-	10,718	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	8,261	-	-	-	-
Total receipts	241,126	-	150	11,356	100,000	8,261	-	17,135	10,718	-
Disbursements:										
Instruction	-	-	-	11,356	-	-	-	-	-	791
Support services	204,105	-	356	-	45,123	7,540	-	17,135	10,718	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	204,105	-	356	11,356	45,123	7,540	-	17,135	10,718	791
Excess (deficiency) of receipts over disbursements	37,021	-	(206)	-	54,877	721	-	-	-	(791)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(2,131)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(2,131)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	37,021	(2,131)	(206)	-	54,877	721	-	-	-	(791)
Cash and investments - ending	\$ 351,169	\$ -	\$ -	\$ -	\$ 78,116	\$ 1,042	\$ 30,000	\$ -	\$ -	\$ -

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, 2016

	High Ability Grant FY 13-14	High Ability Grant FY 14-15	High Ability Grant FY 15-16	Education Technology	Secured Schools Safety Grant	Elementary School Outdoor Project	Scholarships and Awards	Non-English Speaking FY 14-15	Non-English Speaking FY 15-16	School Technology
Cash and investments - beginning	\$ 14,240	\$ 1,751	\$ -	\$ -	\$ -	\$ 2,922	\$ 2,375	\$ -	\$ -	\$ 1,569
Receipts:										
Local sources	-	-	-	-	-	-	4	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	31,001	-	20,476	-	-	-	5,100	6,564
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	31,001	-	20,476	-	4	-	5,100	6,564
Disbursements:										
Instruction	-	1,751	19,560	-	-	325	-	-	5,100	-
Support services	-	-	-	-	20,476	-	-	-	-	7,569
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	500	-	-	-
Total disbursements	-	1,751	19,560	-	20,476	325	500	-	5,100	7,569
Excess (deficiency) of receipts over disbursements	-	(1,751)	11,441	-	-	(325)	(496)	-	-	(1,005)
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	-	(1,751)	11,441	-	-	(325)	(496)	-	-	(1,005)
Cash and investments - ending	\$ 14,240	\$ -	\$ 11,441	\$ -	\$ -	\$ 2,597	\$ 1,879	\$ -	\$ -	\$ 564

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, 2016

	Performance Based Awards	Comm Foundation Grants	Wellness Grant	Title I, Part A FY 13-14	Title I, Part A FY 14-15	Title I, Part A FY 15-16	Title II, Part A 13-15	Title II, Part A 14-16	Title II, Part A 15-17
Cash and investments - beginning	\$ -	\$ 2,450	\$ 6,869	\$ -	\$ (71,996)	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	17,710	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	180,493	274,319	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	17,710	-	180,493	274,319	-	-	-
Disbursements:									
Instruction	-	2,450	-	-	68,706	286,787	-	-	-
Support services	-	-	15,596	-	39,298	66,787	-	-	1,246
Noninstructional services	-	-	-	-	493	1,487	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	2,450	15,596	-	108,497	355,061	-	-	1,246
Excess (deficiency) of receipts over disbursements	-	(2,450)	2,114	-	71,996	(80,742)	-	-	(1,246)
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	-	(2,450)	2,114	-	71,996	(80,742)	-	-	(1,246)
Cash and investments - ending	\$ -	\$ -	\$ 8,983	\$ -	\$ -	\$ (80,742)	\$ -	\$ -	\$ (1,246)

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, 2016

	Rural/Low Income 13-14	Rural/Low Income 14-15	Rural/Low Income 15-16	Title III, English Proficiency FY 13-14	Title III, English Proficiency FY 14-15	Title III, English Proficiency FY 15-16	Meal Deposits	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,559,157
Receipts:									
Local sources	-	-	-	-	-	-	-	-	5,336,249
Intermediate sources	-	-	-	-	-	-	-	-	176
State sources	-	-	-	-	-	-	-	-	8,922,414
Federal sources	-	28,707	27,702	-	-	4,512	-	-	515,733
Other receipts	-	-	-	-	-	-	16,290	2,461,289	2,486,163
Total receipts	-	28,707	27,702	-	-	4,512	16,290	2,461,289	17,260,735
Disbursements:									
Instruction	-	-	-	-	-	2,581	-	-	6,902,678
Support services	-	28,707	27,702	-	-	-	-	-	5,220,020
Noninstructional services	-	-	-	-	-	-	-	-	739,752
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,125,566
Debt service	-	-	-	-	-	-	-	-	1,033,645
Nonprogrammed charges	-	-	-	-	-	-	9,193	2,461,289	2,470,982
Total disbursements	-	28,707	27,702	-	-	2,581	9,193	2,461,289	17,492,643
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	1,931	7,097	-	(231,908)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	2,000,000
Sale of capital assets	-	-	-	-	-	-	-	-	13,780
Transfers in	-	-	-	-	-	-	-	-	378,922
Transfers out	-	-	-	-	-	-	-	-	(378,922)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	2,013,780
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	1,931	7,097	-	1,781,872
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,931	\$ 7,097	\$ -	\$ 6,341,029

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 11,732</u>	<u>\$ -</u>

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2016

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
General obligation bonds	GOB Series 2014	\$ 765,000	\$ 770,550
General obligation bonds	GOB Series 2016	2,000,000	234,488
Notes and loans payable	Common School Loans	39,660	26,771
Notes and loans payable	Common School Loans	54,500	22,291
Notes and loans payable	Common School Loans	<u>77,046</u>	<u>22,729</u>
Totals		<u>\$ 2,936,206</u>	<u>\$ 1,076,829</u>

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2016

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	945,746
Machinery, equipment, and vehicles	5,093,890
Books and other	<u>1,059,596</u>
Total capital assets	<u>\$ 20,661,195</u>

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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, 2014 to June 30, 2016. 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, 2014 to June 30, 2016.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, 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 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

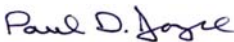
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 a 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. We consider the deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002, to be a material weakness.

The School Corporation's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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, CPA
State Examiner

February 27, 2018

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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, 2015 and 2016

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	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
			FY 14-15	\$ -	\$ 41,657	\$ -	\$ -
			FY 15-16	-	-	-	45,040
				<u>-</u>	<u>41,657</u>	<u>-</u>	<u>45,040</u>
Total - School Breakfast Program							
National School Lunch Program	Indiana Department of Education	10.555					
			FY 14-15	-	263,712	-	-
			FY 15-16	-	-	-	283,907
Commodities			FY 14-15	-	50,709	-	-
Commodities			FY 15-16	-	-	-	60,854
				<u>-</u>	<u>314,421</u>	<u>-</u>	<u>344,761</u>
Total - National School Lunch Program							
Summer Food Service Program for Children	Indiana Department of Education	10.559					
			FY 14-15	-	6,524	-	-
			FY 15-16	-	-	-	2,019
				<u>-</u>	<u>6,524</u>	<u>-</u>	<u>2,019</u>
Total - Summer Food Service Program for Children							
Total - Child Nutrition Cluster				<u>-</u>	<u>362,602</u>	<u>-</u>	<u>391,820</u>
Total - Department of Agriculture				<u>-</u>	<u>362,602</u>	<u>-</u>	<u>391,820</u>
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
			14213-046-PN01	-	81	-	-
			14214-046-PN01	-	86,338	-	-
			14215-046-PN01	-	239,618	-	69,091
			99914-46-TA01	-	3,984	-	20
			14216-046-PN01	-	-	-	242,956
				<u>-</u>	<u>-</u>	<u>-</u>	<u>242,956</u>
Total - Special Education_Grants to States				<u>-</u>	<u>330,021</u>	<u>-</u>	<u>312,067</u>

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

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	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Special Education_Preschool Grants	Indiana Department of Education	84.173					
			45715-046-PN01	-	6,867	-	-
			45716-044-PN01	-	-	-	6,702
Total - Special Education_Preschool Grants				-	6,867	-	6,702
Total - Special Education Cluster (IDEA)				-	336,888	-	318,769
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
			14-4515	-	150,232	-	-
			15-4515	-	171,600	-	251,504
			16-4515	-	-	-	203,308
Total - Title I Grants to Local Educational Agencies				-	321,832	-	454,812
Rural Education	Indiana Department of Education	84.358					
Rural and Low Income School Program			13-4515	-	27,283	-	-
			14-4515	-	-	-	28,707
			15-4515	-	-	-	27,702
Total - Rural Education				-	27,283	-	56,409
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
			13-4515	-	38,904	-	-
			14-4515	-	42,997	-	-
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	81,901	-	-
Total - Department of Education				-	767,904	-	829,990
Total federal awards expended				\$ -	\$ 1,130,506	\$ -	\$ 1,221,810

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 (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. *Summary of Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 3. *Special Education Cooperative*

The School Corporation is a member of the Northeast Indiana Special Education Cooperative (Cooperative) which operates the Special Education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

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 weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit finding disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____
Child Nutrition 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 Findings

FINDING 2016-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The SEFA contained the following errors:

1. The Special Education Cluster (IDEA) was omitted. This resulted in an understatement of federal expenditures of \$336,888 for fiscal year 2014-2015 and \$318,769 for fiscal year 2015-2016.
2. The Title I Grants to Local Educational Agencies federal expenditures were understated by \$180,493 for fiscal year 2015-2016.
3. The Child Nutrition Cluster federal expenditures, including commodities, were understated by \$50,709 for fiscal year 2014-2015 and \$49,463 for fiscal year 2015-2016.
4. The Rural Education federal expenditures were omitted. This resulted in an understatement of federal expenditures of \$27,283 for fiscal year 2014-2015 and \$56,409 for fiscal year 2015-2016.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § _____.310. . . ."

OMB Circular A-133, Subpart C, section .310(b) states:

Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended the School Corporation's management establish controls to prevent, or detect and correct, errors on the SEFA.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-002

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-046-PN01, 14214-046-PN01,
14215-046-PN01, 99914-046-TA01,
14216-046-PN01, 45715-046-PN01,
45716-044-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation was a member of the Northeast Indiana Special Education Cooperative (Cooperative). The grant agreements for the federal programs were between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide Special Education services to those in need. The Cooperative designated a Fiscal Agent, who was responsible for the accounting records of the Cooperative. The Fiscal Agent of the Cooperative spent the federal money on behalf of the School Corporation and other member school corporations and was responsible for following the compliance requirements related to Allowable Costs/Cost Principles compliance requirement.

An effective internal control system was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Because the grant agreements were between the IDOE and each member of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the requirements. The Fiscal Agent had not implemented adequate controls to ensure that Semi-Annual Certifications or other documentation of personnel expenses prepared were properly signed by the Special Education Director.

Context

The Semi-Annual Certifications were not all properly signed by the Special Education Director.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

OMB Circular A-87, Attachment B, section 8h(3) states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system allowed noncompliance with the compliance requirement and could have allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, review, and approvals over the activities of the programs.

PRAIRIE HEIGHTS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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 2016-001

Contact Person Responsible for Corrective Action: Karen Eagleson
Contact Phone Number: 260-351-2067

Views of Responsible Official: The School Corporation will incorporate additional internal controls in the preparation of the SEFA to ensure accurate reporting of federal awards.

Description of Corrective Action Plan: The errors on the SEFA presented for audit will be corrected as follows:

1. The Child Nutrition Cluster expenditures, including commodities, were understated. The CFO has obtained the location on the IDOE School and Nutrition website and will include these amounts on the annual report.
2. The Special Education Cluster expenditures were omitted. The school district will contact DeKalb County Eastern, the LEA for the Co-op, to obtain the amounts and will include these amounts on the annual report.
3. The Rural Education expenditures were omitted. The Business Manager will review grants and will include these amounts on the annual report.
4. Title I expenditures were understated. The Business Manager will review grants and will include these amounts on the annual report.

Anticipated Completion Date: The School Corporation has implemented the actions noted above to ensure accurate reporting of federal awards on future Schedule of Expenditures of Federal Awards (SEFA).

FINDING 2016-002

Contact Person Responsible for Corrective Action: Karen Eagleson
Contact Phone Number: 260-351-2067

Views of Responsible Official: The School Corporation has been made aware that the LEA of NEISEC has a corrective action plan.

Description of Corrective Action Plan: A copy of the Corrective Action Plan from DeKalb County Eastern, the LEA for the NEISEC, states "Payroll records for each individual employee show funding allocation from IDEA part B grant and IDEA Preschool grant. NEISEC Director will print and sign all Semi-Annual Certifications semi-annually."

Anticipated Completion Date: The LEA states the plan is in place and ongoing.

Karen S. Eagleson
(Signature)

CFD
(Title)

2-6-2018
(Date)

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/>.