

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

PIKE COUNTY SCHOOL CORPORATION  
PIKE COUNTY, INDIANA

July 1, 2015 to June 30, 2017



**FILED**  
05/23/2018



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
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 <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis .....	11
Notes to Financial Statement .....	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis .....	21-30
Schedule of Payables and Receivables .....	31
Schedule of Leases and Debt .....	32
Schedule of Capital Assets .....	33
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance .....	36-38
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards .....	40-41
Notes to Schedule of Expenditures of Federal Awards .....	42
Schedule of Findings and Questioned Costs .....	43-49
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings .....	52-53
Corrective Action Plan .....	54-56
Other Reports .....	57

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Chelsea Yon	07-01-15 to 12-31-18
Superintendent of Schools	Suzanne Blake	07-01-15 to 06-30-18
President of the School Board	David Waltz Chris Satterfield	01-01-15 to 12-31-17 01-01-18 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE PIKE COUNTY SCHOOL CORPORATION, PIKE COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Pike County School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, 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, 2015 to June 30, 2017.

***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, 2015 to June 30, 2017, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 April 23, 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

April 23, 2018



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON 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 PIKE COUNTY SCHOOL CORPORATION, PIKE 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 Pike County School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated April 23, 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.

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 School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider 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 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 2017-001.

**Pike County 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

April 23, 2018

(This page intentionally left blank.)

## 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.

(This page intentionally left blank.)

PIKE COUNTY SCHOOL CORPORATION  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments	
	07-01-15	Receipts	Disbursements		06-30-16	Receipts	Disbursements		06-30-17	
General	\$ 1,127,688	\$ 15,430,581	\$ 15,042,142	\$ -	\$ 1,516,127	\$ 12,529,302	\$ 13,538,724	\$ -	\$ 506,705	
Debt Service	1,053,420	1,643,101	1,655,209	-	1,041,312	1,657,551	1,644,673	-	1,054,190	
Retirement/Severance Bond Debt Service	367,897	569,461	585,498	-	351,860	569,127	573,588	-	347,399	
Capital Projects	784,419	2,337,939	1,933,562	(500,000)	688,796	2,335,228	2,177,732	(500,000)	346,292	
School Transportation	1,275,564	2,554,245	1,283,136	(1,000,000)	1,546,673	2,641,217	961,021	(1,000,000)	2,226,869	
School Bus Replacement	173,529	203,788	211,074	-	166,243	212,290	-	-	378,533	
Rainy Day	1,400,000	-	1,400,000	1,500,000	1,500,000	-	1,500,000	1,500,000	1,500,000	
Retirement/Severance Bond	-	-	51,478	75,189	23,711	-	-	-	23,711	
Construct PCMS	326,563	-	152,459	-	174,104	-	174,104	-	-	
Voc Building #2	22,549	-	-	-	22,549	-	22,549	-	-	
School Lunch	388,045	1,025,033	969,064	-	444,014	1,013,535	1,182,123	-	275,426	
Textbook Rental	334,244	189,184	166,696	-	356,732	201,680	331,498	-	226,914	
Self-Insurance	243,655	2,077,545	1,854,317	-	466,883	1,960,624	1,626,924	-	800,583	
Educational License Plates	1,538	188	-	-	1,726	188	-	-	1,914	
Alternative Education	6,281	9,912	14,000	-	2,193	4,512	2,193	-	4,512	
Early Intervention Grant	-	-	-	-	-	8,692	-	-	8,692	
Lilly Grant	-	-	-	-	-	30,000	-	-	30,000	
College Success Coalition	3,186	100	-	-	3,286	-	1,588	-	1,698	
Community Donations	12,823	25,053	22,117	-	15,759	26,023	23,954	-	17,828	
Drug Demand Reproduction	1,460	-	751	-	709	-	592	-	117	
OES Toyota Grant	92	-	92	-	-	-	-	-	-	
IPL 2011 Grant	937	4,000	4,937	-	-	-	-	-	-	
Adult GED	6,755	-	-	-	6,755	70	-	-	6,825	
Formative Assessment	-	-	-	-	-	21,200	11,789	-	9,411	
High Ability 2014-2015	7,701	33,150	25,968	-	14,883	32,704	34,933	-	12,654	
Medicaid Reimbursement	49,236	31,620	14,769	-	66,087	32,225	18,351	-	79,961	
State Medicaid	15,155	55,802	18,495	-	52,462	58,262	27,353	-	83,371	
Secured Schools Safety Grant	(30,552)	32,706	6,739	-	(4,585)	54,483	49,898	-	-	
Non-English Speaking Programs P.L. 273-1999 12/13	82	-	82	-	-	-	-	-	-	
School Technology	2,711	6,564	-	-	9,275	8,468	-	-	17,743	
Career and Technical Performance Grant	-	-	-	-	-	5,053	-	-	5,053	
Miscellaneous Programs	28,591	11,896	9,139	-	31,348	7,139	-	-	38,487	
Senator David Ford Technology	(6,000)	1,211	(4,789)	-	-	-	-	-	-	
Excess PTRC Distributions	2,704	-	-	-	2,704	-	-	-	2,704	
Project Lead the Way	(2,500)	2,500	-	-	-	-	-	-	-	
Title I 14/15	(24,720)	67,687	42,967	-	-	-	-	-	-	
Title I 15/16	-	203,905	222,679	-	(18,774)	65,539	46,765	-	-	
Title I 16/17	-	-	-	-	-	155,257	170,499	-	(15,242)	
Medicaid Reimbursement - Federal	42,876	-	-	-	42,876	-	5,070	-	37,806	
Improving Teacher Quality, No Child Left, Title II, Part A	(3,499)	9,001	5,502	-	-	-	-	-	-	
Title II Part A 15/16	-	57,626	64,895	-	(7,269)	28,170	20,901	-	-	
Title II Part A 16/17	-	-	-	-	-	67,275	73,228	-	(5,953)	
Prepaid Food	7,828	576,923	577,175	-	7,576	520,049	532,372	-	(4,747)	
Payroll	44,352	2,667,353	2,653,427	-	58,278	2,586,201	2,640,709	-	3,770	
Fringe Benefit Clearing Fund	-	271	271	-	-	361	361	-	-	
<b>Totals</b>	<b>\$ 7,664,610</b>	<b>\$ 29,828,345</b>	<b>\$ 28,983,851</b>	<b>\$ 75,189</b>	<b>\$ 8,584,293</b>	<b>\$ 26,832,425</b>	<b>\$ 27,393,492</b>	<b>\$ -</b>	<b>\$ 8,023,226</b>	

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

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**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 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.* 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.

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(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.

*Temporary loans.* Amounts 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.* 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 statement. 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 statement. 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.

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(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.

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(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.

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(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. Negative Disbursement**

The financial statement contains a disbursement which appears as a negative entry. This is a result of the correction of errors from prior periods. The errors made in the prior period were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative disbursement was shown in the current period.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of some of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2016 and 2017. The Prepaid Food fund had a cash balance deficit due to the timing difference between when student on-line payments were made and when they were posted to the Prepaid Food fund.

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9. *Holding Corporation***

The School Corporation has entered into a capital leases with Pike County Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2015-2016 and 2016-2017 totaled \$1,577,000 and \$1,587,000, respectively.

(This page intentionally left blank.)

#### 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 Government 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.

(This page intentionally left blank.)

PIKE COUNTY 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	Retirement/ Severance Bond	Construct PCMS	Voc Building #2
Cash and investments - beginning	\$ 1,127,688	\$ 1,053,420	\$ 367,897	\$ 784,419	\$ 1,275,564	\$ 173,529	\$ 1,400,000	\$ -	\$ 326,563	\$ 22,549
Receipts:										
Local sources	150,158	1,643,101	569,461	2,333,318	2,553,060	203,788	-	-	-	-
Intermediate sources	308	-	-	-	-	-	-	-	-	-
State sources	12,265,259	-	-	-	-	-	-	-	-	-
Federal sources	6,827	-	-	-	-	-	-	-	-	-
Temporary loans	3,000,000	-	-	-	-	-	-	-	-	-
Other receipts	8,029	-	-	4,621	1,185	-	-	-	-	-
Total receipts	15,430,581	1,643,101	569,461	2,337,939	2,554,245	203,788	-	-	-	-
Disbursements:										
Instruction	7,282,403	-	-	-	-	-	955,825	-	-	-
Support services	3,587,362	-	-	1,359,673	1,283,136	211,074	415,485	-	-	-
Noninstructional services	187,377	-	-	-	-	-	28,690	-	-	-
Facilities acquisition and construction	-	-	-	573,889	-	-	-	-	152,459	-
Debt service	3,985,000	1,655,209	585,498	-	-	-	-	51,478	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	15,042,142	1,655,209	585,498	1,933,562	1,283,136	211,074	1,400,000	51,478	152,459	-
Excess (deficiency) of receipts over disbursements	388,439	(12,108)	(16,037)	404,377	1,271,109	(7,286)	(1,400,000)	(51,478)	(152,459)	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	75,189	-	-
Transfers in	-	-	-	-	-	-	1,500,000	-	-	-
Transfers out	-	-	-	(500,000)	(1,000,000)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(500,000)	(1,000,000)	-	1,500,000	75,189	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	388,439	(12,108)	(16,037)	(95,623)	271,109	(7,286)	100,000	23,711	(152,459)	-
Cash and investments - ending	\$ 1,516,127	\$ 1,041,312	\$ 351,860	\$ 688,796	\$ 1,546,673	\$ 166,243	\$ 1,500,000	\$ 23,711	\$ 174,104	\$ 22,549

PIKE COUNTY 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

	School Lunch	Textbook Rental	Self- Insurance	Educational License Plates	Alternative Education	Early Intervention Grant	Lilly Grant	College Success Coalition	Community Donations
Cash and investments - beginning	\$ 388,045	\$ 334,244	\$ 243,655	\$ 1,538	\$ 6,281	\$ -	\$ -	\$ 3,186	\$ 12,823
Receipts:									
Local sources	578,817	126,499	2,077,545	-	-	-	-	100	25,053
Intermediate sources	-	-	-	188	-	-	-	-	-
State sources	-	60,950	-	-	9,912	-	-	-	-
Federal sources	437,046	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	9,170	1,735	-	-	-	-	-	-	-
Total receipts	1,025,033	189,184	2,077,545	188	9,912	-	-	100	25,053
Disbursements:									
Instruction	-	-	-	-	14,000	-	-	-	22,117
Support services	820	166,696	-	-	-	-	-	-	-
Noninstructional services	967,535	-	-	-	-	-	-	-	-
Facilities acquisition and construction	709	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,854,317	-	-	-	-	-	-
Total disbursements	969,064	166,696	1,854,317	-	14,000	-	-	-	22,117
Excess (deficiency) of receipts over disbursements	55,969	22,488	223,228	188	(4,088)	-	-	100	2,936
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	55,969	22,488	223,228	188	(4,088)	-	-	100	2,936
Cash and investments - ending	\$ 444,014	\$ 356,732	\$ 466,883	\$ 1,726	\$ 2,193	\$ -	\$ -	\$ 3,286	\$ 15,759

PIKE COUNTY 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

	Drug Demand Reproduction	OES Toyota Grant	IPL 2011 Grant	Adult GED	Formative Assessment	High Ability 2014-2015	Medicaid Reimbursement	State Medicaid	Secured Schools Safety Grant
Cash and investments - beginning	\$ 1,460	\$ 92	\$ 937	\$ 6,755	\$ -	\$ 7,701	\$ 49,236	\$ 15,155	\$ (30,552)
Receipts:									
Local sources	-	-	4,000	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	33,150	31,620	55,802	32,706
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	4,000	-	-	33,150	31,620	55,802	32,706
Disbursements:									
Instruction	751	92	4,937	-	-	25,968	14,632	18,495	6,739
Support services	-	-	-	-	-	-	137	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	751	92	4,937	-	-	25,968	14,769	18,495	6,739
Excess (deficiency) of receipts over disbursements	(751)	(92)	(937)	-	-	7,182	16,851	37,307	25,967
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(751)	(92)	(937)	-	-	7,182	16,851	37,307	25,967
Cash and investments - ending	\$ 709	\$ -	\$ -	\$ 6,755	\$ -	\$ 14,883	\$ 66,087	\$ 52,462	\$ (4,585)

PIKE COUNTY 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

	Non-English Speaking Programs P.L. 273-1999 12/13	School Technology	Career and Technical Performance Grant	Miscellaneous Programs	Senator David Ford Technology	Excess PTRC Distributions	Project Lead the Way	Title I 14/15	Title I 15/16
Cash and investments - beginning	\$ 82	\$ 2,711	\$ -	\$ 28,591	\$ (6,000)	\$ 2,704	\$ (2,500)	\$ (24,720)	\$ -
Receipts:									
Local sources	-	-	-	11,896	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	6,564	-	-	1,211	-	2,500	-	-
Federal sources	-	-	-	-	-	-	-	67,687	203,905
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	6,564	-	11,896	1,211	-	2,500	67,687	203,905
Disbursements:									
Instruction	82	-	-	-	-	-	-	43,517	164,390
Support services	-	-	-	9,139	(4,789)	-	-	(550)	57,034
Noninstructional services	-	-	-	-	-	-	-	-	1,255
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	82	-	-	9,139	(4,789)	-	-	42,967	222,679
Excess (deficiency) of receipts over disbursements	(82)	6,564	-	2,757	6,000	-	2,500	24,720	(18,774)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(82)	6,564	-	2,757	6,000	-	2,500	24,720	(18,774)
Cash and investments - ending	\$ -	\$ 9,275	\$ -	\$ 31,348	\$ -	\$ 2,704	\$ -	\$ -	\$ (18,774)

PIKE COUNTY 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

	Title I 16/17	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title II Part A 15/16	Title II Part A 16/17	Prepaid Food	Payroll	Fringe Benefit Clearing Fund	Totals
Cash and investments - beginning	\$ -	\$ 42,876	\$ (3,499)	\$ -	\$ -	\$ 7,828	\$ 44,352	\$ -	\$ 7,664,610
Receipts:									
Local sources	-	-	-	-	-	-	-	-	10,276,796
Intermediate sources	-	-	-	-	-	-	-	-	496
State sources	-	-	-	-	-	-	-	-	12,499,674
Federal sources	-	-	9,001	57,626	-	-	-	-	782,092
Temporary loans	-	-	-	-	-	-	-	-	3,000,000
Other receipts	-	-	-	-	-	576,923	2,667,353	271	3,269,287
Total receipts	-	-	9,001	57,626	-	576,923	2,667,353	271	29,828,345
Disbursements:									
Instruction	-	-	5,502	51,494	-	-	-	-	8,610,944
Support services	-	-	-	10,828	-	-	-	-	7,096,045
Noninstructional services	-	-	-	-	-	-	-	-	1,184,857
Facilities acquisition and construction	-	-	-	-	-	-	-	-	727,057
Debt service	-	-	-	-	-	-	-	-	6,277,185
Nonprogrammed charges	-	-	-	2,573	-	577,175	2,653,427	271	5,087,763
Total disbursements	-	-	5,502	64,895	-	577,175	2,653,427	271	28,983,851
Excess (deficiency) of receipts over disbursements	-	-	3,499	(7,269)	-	(252)	13,926	-	844,494
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	75,189
Transfers in	-	-	-	-	-	-	-	-	1,500,000
Transfers out	-	-	-	-	-	-	-	-	(1,500,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	75,189
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	3,499	(7,269)	-	(252)	13,926	-	919,683
Cash and investments - ending	\$ -	\$ 42,876	\$ -	\$ (7,269)	\$ -	\$ 7,576	\$ 58,278	\$ -	\$ 8,584,293

PIKE COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construct PCMS	Voc Building #2
Cash and investments - beginning	\$ 1,516,127	\$ 1,041,312	\$ 351,860	\$ 688,796	\$ 1,546,673	\$ 166,243	\$ 1,500,000	\$ 23,711	\$ 174,104	\$ 22,549
Receipts:										
Local sources	124,769	1,657,551	569,127	2,249,050	2,638,296	212,290	-	-	-	-
Intermediate sources	924	-	-	-	-	-	-	-	-	-
State sources	12,392,099	-	-	-	-	-	-	-	-	-
Federal sources	4,800	-	-	-	-	-	-	-	-	-
Other receipts	6,710	-	-	86,178	2,921	-	-	-	-	-
Total receipts	12,529,302	1,657,551	569,127	2,335,228	2,641,217	212,290	-	-	-	-
Disbursements:										
Instruction	6,886,783	-	-	-	-	-	1,049,302	-	-	-
Support services	3,495,699	-	-	1,260,155	961,021	-	405,869	-	-	-
Noninstructional services	156,242	-	-	-	-	-	44,829	-	-	-
Facilities acquisition and construction	-	-	-	917,577	-	-	-	-	174,104	22,549
Debt service	3,000,000	1,644,673	573,588	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	13,538,724	1,644,673	573,588	2,177,732	961,021	-	1,500,000	-	174,104	22,549
Excess (deficiency) of receipts over disbursements	(1,009,422)	12,878	(4,461)	157,496	1,680,196	212,290	(1,500,000)	-	(174,104)	(22,549)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	1,500,000	-	-	-
Transfers out	-	-	-	(500,000)	(1,000,000)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(500,000)	(1,000,000)	-	1,500,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,009,422)	12,878	(4,461)	(342,504)	680,196	212,290	-	-	(174,104)	(22,549)
Cash and investments - ending	\$ 506,705	\$ 1,054,190	\$ 347,399	\$ 346,292	\$ 2,226,869	\$ 378,533	\$ 1,500,000	\$ 23,711	\$ -	\$ -

PIKE COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	School Lunch	Textbook Rental	Self- Insurance	Educational License Plates	Alternative Education	Early Intervention Grant	Lilly Grant	College Success Coalition	Community Donations
Cash and investments - beginning	\$ 444,014	\$ 356,732	\$ 466,883	\$ 1,726	\$ 2,193	\$ -	\$ -	\$ 3,286	\$ 15,759
Receipts:									
Local sources	540,599	140,181	1,960,624	-	-	-	30,000	-	26,023
Intermediate sources	-	-	-	188	-	-	-	-	-
State sources	6,233	60,399	-	-	4,512	8,692	-	-	-
Federal sources	463,775	-	-	-	-	-	-	-	-
Other receipts	2,928	1,100	-	-	-	-	-	-	-
Total receipts	1,013,535	201,680	1,960,624	188	4,512	8,692	30,000	-	26,023
Disbursements:									
Instruction	-	-	-	-	2,193	-	-	1,588	23,954
Support services	820	331,498	15,000	-	-	-	-	-	-
Noninstructional services	1,029,301	-	-	-	-	-	-	-	-
Facilities acquisition and construction	152,002	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,611,924	-	-	-	-	-	-
Total disbursements	1,182,123	331,498	1,626,924	-	2,193	-	-	1,588	23,954
Excess (deficiency) of receipts over disbursements	(168,588)	(129,818)	333,700	188	2,319	8,692	30,000	(1,588)	2,069
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(168,588)	(129,818)	333,700	188	2,319	8,692	30,000	(1,588)	2,069
Cash and investments - ending	\$ 275,426	\$ 226,914	\$ 800,583	\$ 1,914	\$ 4,512	\$ 8,692	\$ 30,000	\$ 1,698	\$ 17,828

PIKE COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Drug Demand Reproduction	OES Toyota Grant	IPL 2011 Grant	Adult GED	Formative Assessment	High Ability 2014-2015	Medicaid Reimbursement	State Medicaid	Secured Schools Safety Grant
Cash and investments - beginning	\$ 709	\$ -	\$ -	\$ 6,755	\$ -	\$ 14,883	\$ 66,087	\$ 52,462	\$ (4,585)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	21,200	32,704	32,225	58,262	54,483
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	70	-	-	-	-	-
Total receipts	-	-	-	70	21,200	32,704	32,225	58,262	54,483
Disbursements:									
Instruction	592	-	-	-	11,789	34,287	16,064	27,353	49,898
Support services	-	-	-	-	-	646	2,287	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	592	-	-	-	11,789	34,933	18,351	27,353	49,898
Excess (deficiency) of receipts over disbursements	(592)	-	-	70	9,411	(2,229)	13,874	30,909	4,585
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(592)	-	-	70	9,411	(2,229)	13,874	30,909	4,585
Cash and investments - ending	\$ 117	\$ -	\$ -	\$ 6,825	\$ 9,411	\$ 12,654	\$ 79,961	\$ 83,371	\$ -

PIKE COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Non-English Speaking Programs P.L. 273-1999 12/13	School Technology	Career and Technical Performance Grant	Miscellaneous Programs	Senator David Ford Technology	Excess PTRC Distributions	Project Lead the Way	Title I 14/15	Title I 15/16
Cash and investments - beginning	\$ -	\$ 9,275	\$ -	\$ 31,348	\$ -	\$ 2,704	\$ -	\$ -	\$ (18,774)
Receipts:									
Local sources	-	-	-	7,139	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	8,468	5,053	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	65,539
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	8,468	5,053	7,139	-	-	-	-	65,539
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	38,456
Support services	-	-	-	-	-	-	-	-	8,164
Noninstructional services	-	-	-	-	-	-	-	-	145
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	-	46,765
Excess (deficiency) of receipts over disbursements	-	8,468	5,053	7,139	-	-	-	-	18,774
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	8,468	5,053	7,139	-	-	-	-	18,774
Cash and investments - ending	\$ -	\$ 17,743	\$ 5,053	\$ 38,487	\$ -	\$ 2,704	\$ -	\$ -	\$ -

PIKE COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Title I 16/17	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title II Part A 15/16	Title II Part A 16/17	Prepaid Food	Payroll	Fringe Benefit Clearing Fund	Totals
Cash and investments - beginning	\$ -	\$ 42,876	\$ -	\$ (7,269)	\$ -	\$ 7,576	\$ 58,278	\$ -	\$ 8,584,293
Receipts:									
Local sources	-	-	-	-	-	-	-	-	10,155,649
Intermediate sources	-	-	-	-	-	-	-	-	1,112
State sources	-	-	-	-	-	-	-	-	12,684,330
Federal sources	155,257	-	-	28,170	67,275	-	-	-	784,816
Other receipts	-	-	-	-	-	520,049	2,586,201	361	3,206,518
Total receipts	155,257	-	-	28,170	67,275	520,049	2,586,201	361	26,832,425
Disbursements:									
Instruction	132,592	5,070	-	11,517	43,998	-	-	-	8,335,436
Support services	36,340	-	-	9,384	26,603	-	-	-	6,553,486
Noninstructional services	1,567	-	-	-	-	-	-	-	1,232,084
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,266,232
Debt service	-	-	-	-	-	-	-	-	5,218,261
Nonprogrammed charges	-	-	-	-	2,627	532,372	2,640,709	361	4,787,993
Total disbursements	170,499	5,070	-	20,901	73,228	532,372	2,640,709	361	27,393,492
Excess (deficiency) of receipts over disbursements	(15,242)	(5,070)	-	7,269	(5,953)	(12,323)	(54,508)	-	(561,067)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	1,500,000
Transfers out	-	-	-	-	-	-	-	-	(1,500,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,242)	(5,070)	-	7,269	(5,953)	(12,323)	(54,508)	-	(561,067)
Cash and investments - ending	\$ (15,242)	\$ 37,806	\$ -	\$ -	\$ (5,953)	\$ (4,747)	\$ 3,770	\$ -	\$ 8,023,226

PIKE COUNTY SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2017

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 3,750</u>	<u>\$ 21,195</u>

PIKE COUNTY SCHOOL CORPORATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Pike County Multi-School Building Corporation	School Buildings	\$ 1,412,000	1/15/2006	7/15/2025
Pike County Multi-School Building Corporation	Machine Trades Addition	172,000	7/15/2010	1/25/2025
Midwest Transit Equipment	School Bus Lease	<u>253,217</u>	6/16/2016	7/15/2021
Total governmental activities		<u>1,837,217</u>		
Total of annual lease payments		<u>\$ 1,837,217</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Retirement Bonds	\$ 1,660,000	\$ 571,798
Totals		<u>\$ 1,660,000</u>	<u>\$ 571,798</u>

PIKE COUNTY SCHOOL CORPORATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2017

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	\$ 139,000
Infrastructure	973,480
Buildings	41,489,700
Improvements other than buildings	1,059,322
Machinery, equipment, and vehicles	6,054,592
Books and other	<u>945,146</u>
Total governmental activities	<u>50,661,240</u>
Total capital assets	<u><u>\$ 50,661,240</u></u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE PIKE COUNTY SCHOOL CORPORATION, PIKE COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

We have audited the Pike County School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

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

***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, 2015 to June 30, 2017.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002. Our opinion on each major federal program is not modified with respect to this matter.

The School Corporation's response to the noncompliance finding 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 the Uniform Guidance, 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 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. A significant deficiency in internal control over compliance is a deficiency, or a 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-002 and 2017-003, that we consider to be material weaknesses.

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

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 23, 2018

#### 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.

PIKE COUNTY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2016 and 2017

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	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2015-2016	\$ -	\$ 100,486	\$ -	\$ -
School Breakfast Program			FY 2016-2017	-	-	-	100,190
Total - School Breakfast Program				-	100,486	-	100,190
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program - Commodities			FY 2015-2016	-	336,560	-	-
National School Lunch Program			FY 2015-2016	-	41,120	-	-
National School Lunch Program - Commodities			FY 2016-2017	-	-	-	363,585
National School Lunch Program - Commodities			FY 2016-2017	-	-	-	33,997
Total - National School Lunch Program				-	377,680	-	397,582
Total - Child Nutrition Cluster				-	478,166	-	497,772
Total - Department of Agriculture				-	478,166	-	497,772
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
FY 2014 Part B IDEA 611			14214-011-PN01	-	26,283	-	-
FY 2015 Part B IDEA 611			14215-011-PN01	-	229,634	-	29,146
FY 2016 Part B IDEA 611			14216-009-PN01	-	199,383	-	258,084
FY 2017 Part B IDEA 611			14217-009-PN01	-	-	-	184,939
FY 2014 Tech Assist Grant			99914-011-TA01	-	989	-	-
Total - Special Education_Grants to States				-	456,289	-	472,169

PIKE COUNTY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2016 and 2017

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	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Special Education_Preschool Grants	Indiana Department of Education	84.173					
FY 2015 Part B 619 Preschool			45715-011-PN01	-	15,978	-	-
FY 2016 Part B 619 Preschool			45716-009-PN01	-	12,285	-	15,062
FY 2017 Part B 619 Preschool			45717-009-PN01	-	-	-	5,737
<b>Total - Special Education_Preschool Grants</b>				<b>-</b>	<b>28,263</b>	<b>-</b>	<b>20,799</b>
<b>Total - Special Education Cluster (IDEA)</b>				<b>-</b>	<b>484,552</b>	<b>-</b>	<b>492,968</b>
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 2014-2015			15-6445	-	96,208	-	-
Title I 2015/2016			S010A150014	-	175,384	-	73,639
Title I 2016/2017			S010A160014	-	-	-	146,994
<b>Total - Title I Grant to Local Educational Agencies</b>				<b>-</b>	<b>271,592</b>	<b>-</b>	<b>220,633</b>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
Title II Part A 14/15			FY 2014-2015	-	9,001	-	-
Title II Part A 15/16			FY 2015-2016	-	57,626	-	28,170
Title II Part A 16/17			FY 2016-2017	-	-	-	67,275
<b>Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)</b>				<b>-</b>	<b>66,626</b>	<b>-</b>	<b>95,446</b>
<b>Total - Department of Education</b>				<b>-</b>	<b>822,770</b>	<b>-</b>	<b>809,047</b>
<b>Total federal awards expended</b>				<b>\$ -</b>	<b>\$ 1,300,936</b>	<b>\$ -</b>	<b>\$ 1,306,819</b>

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

PIKE COUNTY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**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, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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 the Uniform Guidance, 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. *Exceptional Children's Cooperative***

The School Corporation is a member of the Exceptional Children's Cooperative (Cooperative). The Cooperative 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 of the School Corporation.

PIKE COUNTY 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 weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit finding disclosed that is required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified
Special Education Cluster (IDEA)	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs: \$750,000	
Auditee qualified as low-risk auditee?	no

**Section II - Financial Statement Findings**

**FINDING 2017-001**

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

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-001.

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

*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).

*Context*

The SEFA contained the following errors:

1. The Child Nutrition Cluster expenditures were overstated by \$4,107 for fiscal year 2015-2016 and \$17,311 for fiscal year 2016-2017.
2. The Title I Grants to Local Educational Agencies expenditures were understated by net amounts of \$5,946 for fiscal year 2015-2016 and \$3,368 for fiscal year 2016-2017.
3. The Supporting Effective Instruction State Grants expenditures were overstated by a net amount of \$3,770 for fiscal year 2015-2016 and understated by a net amount of \$1,317 for fiscal year 2016-2017.
4. Two of the six program names were incorrect.

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. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

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

2 CFR 200.510(b) states:

*"Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*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 that the School Corporation's management establish controls related to the preparation of the SEFA.

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

*Views of Responsible Officials*

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

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

**FINDING 2017-002**

Subject: Special Education Grants to States - Procurement and Suspension and Debarment  
Federal Agency: Department of Education  
Federal Program: Special Education\_Grants to States  
CFDA Number: 84.027  
Federal Award Numbers and Years (or Other Identifying Numbers): 14214-011-PN01, 14215-011-PN01,  
14216-009-PN01  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediate prior year. The prior year finding number was 2015-002.

*Condition*

The School Corporation was a member of the Exceptional Children's Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grant funds.

Management of the Cooperative had not established an effective internal control system to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The Cooperative's Director signed the Application and Assurance Plan as a Condition of Federal Assistance which stated that the Cooperative would check the subcontractors to make sure they were not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded by any federal agency or by any department, agency, or political subdivision of the State of Indiana. However, the Cooperative did not have procedures in place to verify that the vendors were not suspended or debarred or otherwise excluded from or ineligible for participation in federal assistance programs prior to entering into a covered transaction with them.

*Context*

During the 2015-2016 school year, there were two covered transactions entered into that exceeded \$25,000. The Cooperative did not verify that the vendors were not suspended or debarred prior to entering into a covered transaction.

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

*Criteria*

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). . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

Management had not developed a system of internal controls that would have ensured that the Cooperative complied with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management develop and implement procedures and establish controls to monitor the Cooperative to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment requirements listed above.

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

*Views of Responsible Officials*

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

**FINDING 2017-003**

Subject: Child Nutrition Cluster - Reporting  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY2015-2016, FY2016-2017  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Finding: Material Weakness

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The Food Service Director prepared the monthly Sponsor Claims, Annual Financial Reports, and Verification Collection Reports. There was no segregation of duties, such as an oversight, review, or approval process.

*Context*

The lack of controls was a systemic problem throughout the audit period.

*Criteria*

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).  
...

*Cause*

Management of the School Corporation had not developed a system of internal controls, including segregation of duties, that would have ensured that the School Corporation complied with the Reporting compliance requirement.

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the Reporting compliance requirement.

*Views of Responsible Officials*

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

(This page intentionally left blank.)

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



***Pike County School Corporation***

211 S 12<sup>th</sup> Street  
Petersburg, IN 47567

---

Telephone: 812.354.8731, ext. 702  
Fax: 812.354.8733  
E-mail: [cyon@pcsc.k12.in.us](mailto:cyon@pcsc.k12.in.us)  
Web Site: [www.pcsc.k12.in.us](http://www.pcsc.k12.in.us)

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING 2015-001**

Fiscal year in which the finding initially occurred: 2013

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: NA

Contact Person Responsible for Corrective Action: Chelsea Yon

Contact Phone Number: (812) 354-8731

Status of Audit Finding: In Process

The Treasurer will prepare the SEFA for review by the Superintendent and grant coordinators which are currently in process.

Anticipated date of completion: August 2018

**FINDING 2015-002**

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Suzanne Blake

Contact Phone Number: (812) 354-8731

Status of Audit Finding: Completed July 2016

The Superintendent, as a Board Member of the Exceptional Children's Co-Operative, has ensured that all subcontractors are not debarred, suspended, proposed debarment, declared ineligible, or voluntarily excluded by any federal agency.



**Pike County School Corporation**

211 S 12<sup>th</sup> Street  
Petersburg, IN 47567

---

Telephone: 812.354.8731, ext. 702  
Fax: 812.354.8733  
E-mail: [cyon@pcsc.k12.in.us](mailto:cyon@pcsc.k12.in.us)  
Web Site: [www.pcsc.k12.in.us](http://www.pcsc.k12.in.us)

**FINDING 2015-003**

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Suzanne Blake

Contact Phone Number: (812) 354-8731

Status of Audit Finding: Completed September 19, 2017

A written test security policy was submitted to the Pike County School Board of Trustees and approved during a regular school board meeting.

**FINDING 2015-004**

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Chelsea Yon

Contact Phone Number: (812) 354-8731

Status of Audit Finding: Completed July 2015

The Treasurer prepares the Level of Effort – Maintenance of Effort (MOE) and submits to The Exceptional Children’s Co-Operative for submission. The Corporation retains the records and they were provided for the audit period beginning July 2015.

Chelsea Yon  
Signature

Treasurer  
Title

April 2, 2018  
Date



## Pike County School Corporation

211 S 12<sup>th</sup> Street, Petersburg, Indiana 47567  
Telephone: 812-354-8731 Fax: 812-354-8733 Web Site: www.pcsc.k12.in.us

**Board of Education**  
Chris Satterfield, President  
Chris McKinney, Vice President  
Steve Potter, Secretary  
Ron Sharp, Member  
David Waltz, Member

Suzanne Blake, Superintendent

### CORRECTIVE ACTION PLAN

FINDING 2017-001


Contact Person Responsible for Corrective Action: Chelsea Yon, Treasurer  
Contact Phone Number: 812-354-8731

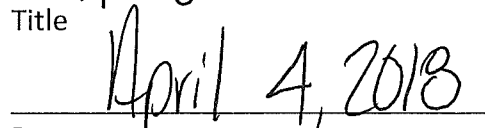
Views of the Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Treasurer will run expenditure history and revenue history reports for Federal awards and will follow the internal control manual guidelines for proper review by Superintendent and grant coordinators.

Anticipated Completion Date: August 2018

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Date



## Pike County School Corporation

211 S 12<sup>th</sup> Street, Petersburg, Indiana 47567

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

**Board of Education**  
Chris Satterfield, President  
Chris McKinney, Vice President  
Steve Potter, Secretary  
Ron Sharp, Member  
David Waltz, Member

Suzanne Blake, Superintendent

### CORRECTIVE ACTION PLAN

FINDING 2017-002

Contact Person Responsible for Corrective Action: Suzanne Blake, Superintendent  
Contact Phone Number: 812-354-8731

Views of the Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Superintendent, as a Board Member of the Exceptional Children's Co-Operative, has ensured that all subcontractors are not debarred, suspended, proposed debarment, declared ineligible, or voluntarily excluded by any federal agency.

Completion Date: July 2016

Chelsea A. Yaw  
Signature  
Treasurer  
Title  
April 4, 2018  
Date



## Pike County School Corporation

211 S 12<sup>th</sup> Street, Petersburg, Indiana 47567

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

### Board of Education

Chris Satterfield, President  
Chris McKinney, Vice President  
Steve Potter, Secretary  
Ron Sharp, Member  
David Waltz, Member

Suzanne Blake, Superintendent

## CORRECTIVE ACTION PLAN

FINDING 2017-003

Contact Person Responsible for Corrective Action: Deloris Henson, Food Service Director  
Contact Phone Number: 812-354-8731

Views of the Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Food Service Director will prepare the monthly Sponsor claims and the Verification Collection Reports. The Head Cook will verify the information entered is correct and will sign off on all documentation. The Food Service Director will prepare the Annual Financial Reports and the Treasurer will review the information and sign off on all documentation.

Anticipated Completion Date: August 2018

Chelsea A. Yarn  
Signature

Treasurer  
Title

April 4, 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/>.