

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

YORKTOWN COMMUNITY SCHOOLS  
DELAWARE COUNTY, INDIANA

July 1, 2015 to June 30, 2017



**FILED**  
01/11/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kara Schoch	07-01-15 to 06-30-19
Superintendent of Schools	Dr. Jennifer McCormick Dr. David Sturgeon (interim) Dr. Gregory Hinshaw	07-01-15 to 01-08-17 01-09-17 to 06-30-17 07-01-17 to 06-30-21
President of the School Board	Cathy Alexander Thomas Simpson Mark Clevenger Pat LaVelle	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE YORKTOWN COMMUNITY SCHOOLS, DELAWARE COUNTY, INDIANA

### **Report on the Financial Statement**

We have audited the accompanying financial statement of the Yorktown Community Schools (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 November 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

November 27, 2018



**STATE OF INDIANA**  
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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 YORKTOWN COMMUNITY SCHOOLS, DELAWARE 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 Yorktown Community Schools (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 November 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.

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 items 2017-001 and 2017-002, that we consider to be material weaknesses.

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

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Yorktown Community Schools' 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

November 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.

YORKTOWN COMMUNITY SCHOOLS  
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 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 8,488,351	\$ 15,037,946	\$ 13,135,802	\$ 593,401	\$ 10,983,896	\$ 15,824,937	\$ 14,388,339	\$ -	\$ 12,420,494
Debt Service	688,798	2,228,185	1,778,091	-	1,138,892	2,046,824	2,184,364	-	1,001,352
Retirement/Severance Bond Debt Service	166,454	435,976	461,669	-	140,761	151,923	229,082	-	63,602
Capital Projects	1,639,059	1,305,891	1,225,982	-	1,718,968	1,345,075	1,753,030	-	1,311,013
School Transportation	2,052,830	910,513	887,748	-	2,075,595	1,214,118	948,532	-	2,341,181
School Bus Replacement	300,802	217,089	385,109	4,400	137,182	231,842	183,634	8,600	193,990
Rainy Day	1,365,653	-	27,304	-	1,338,349	-	18,750	-	1,319,599
Construction	54,059	-	54,059	-	-	-	-	-	-
School Lunch	665,486	990,123	936,998	-	718,611	979,304	985,184	-	712,731
Textbook Rental	1,203,391	609,469	493,461	-	1,319,399	918,400	881,598	-	1,356,201
Self-Insurance	65,117	39,650	12,068	-	92,699	41,740	27,838	-	106,601
Levy Excess	109	-	-	-	109	-	-	-	109
Child Care Program	151,622	147,238	150,180	-	148,680	152,056	124,897	-	175,839
Educational License Plates	2,667	375	-	-	3,042	338	-	-	3,380
Alternative Education	2,049	-	-	-	2,049	-	-	-	2,049
School Library Printed Material	1,863	-	-	-	1,863	-	-	-	1,863
Library Liberal Arts Investment	1,512	2	-	-	1,514	4	-	-	1,518
YHS Student Council/United Way	500	-	-	-	500	-	-	-	500
Early Intervention Grant	-	4,770	4,770	-	-	7,703	7,703	-	-
School Intervention and Career Counseling	1,465	-	-	-	1,465	-	-	-	1,465
Poverty Fund	798	-	104	-	694	300	85	-	909
Instructional Support	1,324	5	-	-	1,329	8	-	-	1,337
Scholarships and Awards	200	-	-	-	200	-	-	-	200
YMS Homework Help	1,468	-	-	-	1,468	-	-	-	1,468
YES Homework Help	355	-	-	-	355	-	-	-	355
YHS Academic Assistance	1,305	-	-	-	1,305	-	-	-	1,305
Formative Assessment	-	24,700	21,600	-	3,100	32,413	35,513	-	-
Special Education Excess Costs	-	-	-	-	-	8,261	8,261	-	-
High Ability 2014-2015	822	-	822	-	-	-	-	-	-
High Ability 2015-2016	-	34,933	34,933	-	-	-	-	-	-
High Ability 2016-2017	-	-	-	-	-	35,002	35,002	-	-
Secured Schools Safety Grant	-	-	-	-	-	48,891	48,891	-	-
School Technology	-	22,276	22,276	-	-	18,333	18,333	-	-
Technology Grants [IC 20-40-15]	-	736,846	466,983	(277,999)	(8,136)	366,261	358,125	-	-
Career and Technical Performance Grant	-	-	-	-	-	4,065	-	-	4,065
Student Wellness Grant 2008-2009	1,192	-	-	-	1,192	-	-	-	1,192
Mount Pleasant Education Foundation Grant	1,039	-	-	-	1,039	-	-	-	1,039

YORKTOWN COMMUNITY SCHOOLS  
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 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
YCS Education Fund	967	2,445	2,323	-	1,089	1,695	1,695	-	1,089
Ball Brothers Foundation Grant 2005	1,485	-	-	-	1,485	-	-	-	1,485
Wellness Grant 2012-2013	6,241	-	-	-	6,241	-	-	-	6,241
Dairy and Nutrition	73	-	-	-	73	-	-	-	73
Discretionary Special Fund	14,946	1,020	6,377	-	9,589	13,023	3,863	-	18,749
Wellness Grant 2013-2014	19,568	-	-	-	19,568	-	-	-	19,568
Bell Education - Individual Grants	2	555	-	-	557	2,098	1,637	-	1,018
Granting the Seed Grant	1,500	-	-	-	1,500	-	-	-	1,500
Excellence in Teaching Award	7,839	-	-	-	7,839	-	-	-	7,839
Teamwork for Quality Living	-	975	975	-	-	-	-	-	-
Ball Foundation We Learn	4,487	-	4,487	-	-	-	-	-	-
YCS E Learning PD	6,116	7,900	4,662	-	9,354	3,600	1,721	-	11,233
BSU Innovative Education Grant	-	500	500	-	-	-	-	-	-
Lilly Endowment Counseling Grant	-	-	-	-	-	30,483	30,483	-	-
Senator David Ford Technology	-	100,000	-	(100,000)	-	-	4,502	-	(4,502)
Title I 2011-2012	4,048	-	-	-	4,048	-	-	-	4,048
Title I 2014-2015	-	115,098	33,936	(81,162)	-	-	(289)	-	289
Title I 2015-2016	-	111,342	202,567	-	(91,225)	108,911	17,686	-	-
Title I 2016-2017	-	-	-	-	-	-	160,056	-	(160,056)
Title V Part A	1,114	-	-	-	1,114	-	1,114	-	-
Summer Youth Employment	1,503	-	-	-	1,503	-	-	-	1,503
Special Education 2014-2015	-	139,936	53,445	(86,491)	-	-	-	-	-
Special Education 2015-2016	-	-	455,220	-	(455,220)	508,356	53,136	-	-
Special Education 2016-2017	-	-	-	-	-	-	497,263	-	(497,263)
TA Grant/Special Education	-	10,910	6,147	(4,763)	-	-	-	-	-
Title IV, Part A 2009-2010	1,743	-	-	-	1,743	-	-	-	1,743
Title II A 2013-2014	-	28,314	8,663	(19,651)	-	-	-	-	-
Title II Elearning	-	14,000	778	(13,259)	(37)	8,000	10,002	-	(2,039)
Title II A 2014-2015	-	-	21,658	(6,976)	(28,634)	31,109	2,475	-	-
Title II A 2015-2016	-	-	-	-	-	32,339	32,339	-	-
Prepaid School Lunch	67,583	353,905	352,353	-	69,135	352,266	349,003	-	72,398
Payroll Clearing	551,292	2,968,208	2,957,791	-	561,709	3,243,054	3,234,935	-	569,828
Totals	<u>\$ 17,550,797</u>	<u>\$ 26,601,095</u>	<u>\$ 24,211,841</u>	<u>\$ 7,500</u>	<u>\$ 19,947,551</u>	<u>\$ 27,762,732</u>	<u>\$ 26,638,782</u>	<u>\$ 8,600</u>	<u>\$ 21,080,101</u>

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

YORKTOWN COMMUNITY SCHOOLS  
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, and other similar fees.

*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.

YORKTOWN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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:

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

*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.

YORKTOWN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

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.

YORKTOWN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

*B. Teachers' Retirement Fund*

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in

YORKTOWN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 funds being set up as reimbursable grants.

**Note 8. Holding Corporations**

The School Corporation has entered into capital leases with the Mt Pleasant Township Community Building Corporation, the Mt Pleasant Township Multi-School Building Corporation, and the Yorktown Community School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Lease payments during the years 2016 and 2017 totaled \$1,489,339 and \$1,815,139, respectively.

**Note 9. Subsequent Events**

The Yorktown Pleasant View School Building Corporation approved \$4,970,000 of Ad Valorem Property Tax First Mortgage Bonds, Series 2018, closed on October 9, 2018. The project encompasses renovation of and construction of improvements to Pleasant View Elementary

YORKTOWN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
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School. A hearing for the proposed renovation was held April 3, 2018. The School Board subsequently approved on June 9, 2018, a resolution authorizing execution of lease. Construction timeline from start to completion is October 2018 to July 2019.

The School Board of Trustees of Yorktown Community Schools approved a resolution on May 15, 2018, for construction of a transportation facility, estimated at \$3,000,000, to be funded from accumulated cash balance, primarily Rainy Day fund. Construction timeline from start to completion is October 2018 to Spring 2019.

**Note 10. Restatements**

For the year ended June 30, 2016, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances:

Fund	Balance as of June 30, 2015	Prior Period Adjustment	Balance as of July 1, 2015
General	\$ 8,488,451	\$ (100)	\$ 8,488,351
Prepaid School Lunch	-	67,583	67,583

**Note 11. Negative Disbursements**

The financial statement contains some disbursements which appear as negative entries. This is a result of voided checks receipted as negative disbursements.

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#### 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.

YORKTOWN COMMUNITY SCHOOLS  
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 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	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 8,488,351	\$ 688,798	\$ 166,454	\$ 1,639,059	\$ 2,052,830	\$ 300,802	\$ 1,365,653	\$ 54,059	\$ 665,486	\$ 1,203,391
Receipts:										
Local sources	140,584	2,226,935	435,976	1,305,891	905,498	217,089	-	-	514,448	541,994
Intermediate sources	47	-	-	-	-	-	-	-	-	-
State sources	14,891,133	-	-	-	-	-	-	-	-	67,475
Federal sources	-	-	-	-	-	-	-	-	474,262	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	6,182	1,250	-	-	5,015	-	-	-	1,413	-
Total receipts	15,037,946	2,228,185	435,976	1,305,891	910,513	217,089	-	-	990,123	609,469
Disbursements:										
Instruction	8,544,388	-	-	-	-	-	27,304	-	-	-
Support services	4,248,062	-	-	837,137	887,748	385,109	-	54,059	48,616	493,461
Noninstructional services	279,852	-	-	-	-	-	-	-	888,382	-
Facilities acquisition and construction	63,500	-	-	388,845	-	-	-	-	-	-
Debt service	-	1,778,091	461,669	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	13,135,802	1,778,091	461,669	1,225,982	887,748	385,109	27,304	54,059	936,998	493,461
Excess (deficiency) of receipts over disbursements	1,902,144	450,094	(25,693)	79,909	22,765	(168,020)	(27,304)	(54,059)	53,125	116,008
Other financing sources (uses):										
Sale of capital assets	3,100	-	-	-	-	4,400	-	-	-	-
Transfers in	590,301	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	593,401	-	-	-	-	4,400	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,495,545	450,094	(25,693)	79,909	22,765	(163,620)	(27,304)	(54,059)	53,125	116,008
Cash and investments - ending	\$ 10,983,896	\$ 1,138,892	\$ 140,761	\$ 1,718,968	\$ 2,075,595	\$ 137,182	\$ 1,338,349	\$ -	\$ 718,611	\$ 1,319,399

YORKTOWN COMMUNITY SCHOOLS  
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	Self- Insurance	Levy Excess	Child Care Program	Educational License Plates	Alternative Education	School Library Printed Material	Library Liberal Arts Investment	YHS Student Council/ United Way	Early Intervention Grant	School Intervention and Career Counseling
Cash and investments - beginning	\$ 65,117	\$ 109	\$ 151,622	\$ 2,667	\$ 2,049	\$ 1,863	\$ 1,512	\$ 500	\$ -	\$ 1,465
Receipts:										
Local sources	39,650	-	147,026	375	-	-	2	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	4,770	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	212	-	-	-	-	-	-	-
Total receipts	39,650	-	147,238	375	-	-	2	-	4,770	-
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	4,770	-
Support services	12,068	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	150,180	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	12,068	-	150,180	-	-	-	-	-	4,770	-
Excess (deficiency) of receipts over disbursements	27,582	-	(2,942)	375	-	-	2	-	-	-
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	27,582	-	(2,942)	375	-	-	2	-	-	-
Cash and investments - ending	\$ 92,699	\$ 109	\$ 148,680	\$ 3,042	\$ 2,049	\$ 1,863	\$ 1,514	\$ 500	\$ -	\$ 1,465

YORKTOWN COMMUNITY SCHOOLS  
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	Poverty Fund	Instructional Support	Scholarships and Awards	YMS Homework Help	YES Homework Help	YHS Academic Assistance	Formative Assessment	Special Education Excess Costs	High Ability 2014-2015	High Ability 2015-2016
Cash and investments - beginning	\$ 798	\$ 1,324	\$ 200	\$ 1,468	\$ 355	\$ 1,305	\$ -	\$ -	\$ 822	\$ -
Receipts:										
Local sources	-	5	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	24,700	-	-	34,933
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	5	-	-	-	-	24,700	-	-	34,933
Disbursements:										
Instruction	104	-	-	-	-	-	-	-	822	34,933
Support services	-	-	-	-	-	-	21,600	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	104	-	-	-	-	-	21,600	-	822	34,933
Excess (deficiency) of receipts over disbursements	(104)	5	-	-	-	-	3,100	-	(822)	-
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	(104)	5	-	-	-	-	3,100	-	(822)	-
Cash and investments - ending	\$ 694	\$ 1,329	\$ 200	\$ 1,468	\$ 355	\$ 1,305	\$ 3,100	\$ -	\$ -	\$ -

YORKTOWN COMMUNITY SCHOOLS  
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	High Ability 2016-2017	Secured Schools Safety Grant	School Technology	Technology Grants [IC 20-40-15]	Career and Technical Performance Grant	Student Wellness Grant 2008-2009	Mount Pleasant Education Foundation Grant	YCS Education Fund	Ball Brothers Foundation Grant 2005	Wellness Grant 2012-2013
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,192	\$ 1,039	\$ 967	\$ 1,485	\$ 6,241
Receipts:										
Local sources	-	-	10,830	-	-	-	-	2,445	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	11,446	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	736,846	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	22,276	736,846	-	-	-	2,445	-	-
Disbursements:										
Instruction	-	-	-	460,850	-	-	-	2,323	-	-
Support services	-	-	22,276	6,133	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	22,276	466,983	-	-	-	2,323	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	269,863	-	-	-	122	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(277,999)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(277,999)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(8,136)	-	-	-	122	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (8,136)	\$ -	\$ 1,192	\$ 1,039	\$ 1,089	\$ 1,485	\$ 6,241

YORKTOWN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Dairy and Nutrition	Discretionary Special Fund	Wellness Grant 2013-2014	Bell Education - Individual Grants	Granting the Seed Grant	Excellence in Teaching Award	Teamwork for Quality Living	Ball Foundation We Learn	YCS E Learning PD	BSU Innovative Education Grant
Cash and investments - beginning	\$ 73	\$ 14,946	\$ 19,568	\$ 2	\$ 1,500	\$ 7,839	\$ -	\$ 4,487	\$ 6,116	\$ -
Receipts:										
Local sources	-	1,020	-	555	-	-	-	-	-	500
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	975	-	7,900	-
Total receipts	-	1,020	-	555	-	-	975	-	7,900	500
Disbursements:										
Instruction	-	-	-	-	-	-	500	-	-	500
Support services	-	6,377	-	-	-	-	-	4,487	4,662	-
Noninstructional services	-	-	-	-	-	-	475	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	6,377	-	-	-	-	975	4,487	4,662	500
Excess (deficiency) of receipts over disbursements	-	(5,357)	-	555	-	-	-	(4,487)	3,238	-
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	-	(5,357)	-	555	-	-	-	(4,487)	3,238	-
Cash and investments - ending	\$ 73	\$ 9,589	\$ 19,568	\$ 557	\$ 1,500	\$ 7,839	\$ -	\$ -	\$ 9,354	\$ -

YORKTOWN COMMUNITY SCHOOLS  
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	Lilly Endowment Counseling Grant	Senator David Ford Technology	Title I 2011-2012	Title I 2014-2015	Title I 2015-2016	Title I 2016-2017	Title V Part A	Summer Youth Employment	Special Education 2014-2015	Special Education 2015-2016
Cash and investments - beginning	\$ -	\$ -	\$ 4,048	\$ -	\$ -	\$ -	\$ 1,114	\$ 1,503	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	100,000	-	-	-	-	-	-	-	-
Federal sources	-	-	-	115,098	111,342	-	-	-	139,936	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	100,000	-	115,098	111,342	-	-	-	139,936	-
Disbursements:										
Instruction	-	-	-	21,975	141,574	-	-	-	39,489	370,276
Support services	-	-	-	11,360	59,789	-	-	-	13,956	84,944
Noninstructional services	-	-	-	601	1,204	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	33,936	202,567	-	-	-	53,445	455,220
Excess (deficiency) of receipts over disbursements	-	100,000	-	81,162	(91,225)	-	-	-	86,491	(455,220)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(100,000)	-	(81,162)	-	-	-	-	(86,491)	-
Total other financing sources (uses)	-	(100,000)	-	(81,162)	-	-	-	-	(86,491)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(91,225)	-	-	-	-	(455,220)
Cash and investments - ending	\$ -	\$ -	\$ 4,048	\$ -	\$ (91,225)	\$ -	\$ 1,114	\$ 1,503	\$ -	\$ (455,220)

YORKTOWN COMMUNITY SCHOOLS  
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	Special Education 2016-2017	TA Grant/ Special Education	Title IV, Part A 2009-2010	Title II A 2013-2014	Title II Elearning	Title II A 2014-2015	Title II A 2015-2016	Prepaid School Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 1,743	\$ -	\$ -	\$ -	\$ -	\$ 67,583	\$ 551,292	\$ 17,550,797
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	6,490,823
Intermediate sources	-	-	-	-	-	-	-	-	-	47
State sources	-	-	-	-	-	-	-	-	-	15,134,457
Federal sources	-	10,910	-	28,314	14,000	-	-	-	-	893,862
Temporary loans	-	-	-	-	-	-	-	-	-	736,846
Other receipts	-	-	-	-	-	-	-	353,905	2,968,208	3,345,060
Total receipts	-	10,910	-	28,314	14,000	-	-	353,905	2,968,208	26,601,095
Disbursements:										
Instruction	-	6,147	-	-	-	-	-	-	-	9,655,955
Support services	-	-	-	8,663	778	21,658	-	-	-	7,232,943
Noninstructional services	-	-	-	-	-	-	-	-	-	1,320,694
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	452,345
Debt service	-	-	-	-	-	-	-	-	-	2,239,760
Nonprogrammed charges	-	-	-	-	-	-	-	352,353	2,957,791	3,310,144
Total disbursements	-	6,147	-	8,663	778	21,658	-	352,353	2,957,791	24,211,841
Excess (deficiency) of receipts over disbursements	-	4,763	-	19,651	13,222	(21,658)	-	1,552	10,417	2,389,254
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	7,500
Transfers in	-	-	-	-	-	-	-	-	-	590,301
Transfers out	-	(4,763)	-	(19,651)	(13,259)	(6,976)	-	-	-	(590,301)
Total other financing sources (uses)	-	(4,763)	-	(19,651)	(13,259)	(6,976)	-	-	-	7,500
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(37)	(28,634)	-	1,552	10,417	2,396,754
Cash and investments - ending	\$ -	\$ -	\$ 1,743	\$ -	\$ (37)	\$ (28,634)	\$ -	\$ 69,135	\$ 561,709	\$ 19,947,551

YORKTOWN COMMUNITY SCHOOLS  
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 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 10,983,896	\$ 1,138,892	\$ 140,761	\$ 1,718,968	\$ 2,075,595	\$ 137,182	\$ 1,338,349	\$ -	\$ 718,611	\$ 1,319,399
Receipts:										
Local sources	111,805	2,045,574	151,923	1,345,075	1,200,537	231,842	-	-	510,686	854,491
Intermediate sources	47	-	-	-	-	-	-	-	-	-
State sources	15,712,881	-	-	-	-	-	-	-	13,538	63,909
Federal sources	-	-	-	-	-	-	-	-	454,049	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	204	1,250	-	-	13,581	-	-	-	1,031	-
Total receipts	15,824,937	2,046,824	151,923	1,345,075	1,214,118	231,842	-	-	979,304	918,400
Disbursements:										
Instruction	9,119,178	-	-	-	-	-	18,750	-	-	-
Support services	4,944,662	-	-	892,241	948,532	183,634	-	-	47,858	881,598
Noninstructional services	324,499	-	-	-	-	-	-	-	920,625	-
Facilities acquisition and construction	-	-	-	860,789	-	-	-	-	16,701	-
Debt service	-	2,184,364	229,082	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	14,388,339	2,184,364	229,082	1,753,030	948,532	183,634	18,750	-	985,184	881,598
Excess (deficiency) of receipts over disbursements	1,436,598	(137,540)	(77,159)	(407,955)	265,586	48,208	(18,750)	-	(5,880)	36,802
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	8,600	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	8,600	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,436,598	(137,540)	(77,159)	(407,955)	265,586	56,808	(18,750)	-	(5,880)	36,802
Cash and investments - ending	\$ 12,420,494	\$ 1,001,352	\$ 63,602	\$ 1,311,013	\$ 2,341,181	\$ 193,990	\$ 1,319,599	\$ -	\$ 712,731	\$ 1,356,201

YORKTOWN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Self- Insurance	Levy Excess	Child Care Program	Educational License Plates	Alternative Education	School Library Printed Material	Library Liberal Arts Investment	YHS Student Council/ United Way	Early Intervention Grant	School Intervention and Career Counseling
Cash and investments - beginning	\$ 92,699	\$ 109	\$ 148,680	\$ 3,042	\$ 2,049	\$ 1,863	\$ 1,514	\$ 500	\$ -	\$ 1,465
Receipts:										
Local sources	41,740	-	151,981	338	-	-	4	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	7,703	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	75	-	-	-	-	-	-	-
Total receipts	41,740	-	152,056	338	-	-	4	-	7,703	-
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	7,703	-
Support services	27,838	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	124,897	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	27,838	-	124,897	-	-	-	-	-	7,703	-
Excess (deficiency) of receipts over disbursements	13,902	-	27,159	338	-	-	4	-	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,902	-	27,159	338	-	-	4	-	-	-
Cash and investments - ending	\$ 106,601	\$ 109	\$ 175,839	\$ 3,380	\$ 2,049	\$ 1,863	\$ 1,518	\$ 500	\$ -	\$ 1,465

YORKTOWN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Poverty Fund	Instructional Support	Scholarships and Awards	YMS Homework Help	YES Homework Help	YHS Academic Assistance	Formative Assessment	Special Education Excess Costs	High Ability 2014-2015	High Ability 2015-2016
Cash and investments - beginning	\$ 694	\$ 1,329	\$ 200	\$ 1,468	\$ 355	\$ 1,305	\$ 3,100	\$ -	\$ -	\$ -
Receipts:										
Local sources	300	8	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	32,413	8,261	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	300	8	-	-	-	-	32,413	8,261	-	-
Disbursements:										
Instruction	-	-	-	-	-	-	6,355	8,261	-	-
Support services	-	-	-	-	-	-	29,158	-	-	-
Noninstructional services	85	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	85	-	-	-	-	-	35,513	8,261	-	-
Excess (deficiency) of receipts over disbursements	215	8	-	-	-	-	(3,100)	-	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	215	8	-	-	-	-	(3,100)	-	-	-
Cash and investments - ending	\$ 909	\$ 1,337	\$ 200	\$ 1,468	\$ 355	\$ 1,305	\$ -	\$ -	\$ -	\$ -

YORKTOWN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	High Ability 2016-2017	Secured Schools Safety Grant	School Technology	Technology Grants [IC 20-40-15]	Career and Technical Performance Grant	Student Wellness Grant 2008-2009	Mount Pleasant Education Foundation Grant	YCS Education Fund	Ball Brothers Foundation Grant 2005	Wellness Grant 2012-2013
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (8,136)	\$ -	\$ 1,192	\$ 1,039	\$ 1,089	\$ 1,485	\$ 6,241
Receipts:										
Local sources	-	-	7,122	-	-	-	-	1,695	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	35,002	48,891	11,211	-	4,065	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	366,261	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	35,002	48,891	18,333	366,261	4,065	-	-	1,695	-	-
Disbursements:										
Instruction	35,002	-	-	337,927	-	-	-	1,695	-	-
Support services	-	-	18,333	20,198	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	48,891	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	35,002	48,891	18,333	358,125	-	-	-	1,695	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	8,136	4,065	-	-	-	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	8,136	4,065	-	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 4,065	\$ 1,192	\$ 1,039	\$ 1,089	\$ 1,485	\$ 6,241

YORKTOWN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Dairy and Nutrition	Discretionary Special Fund	Wellness Grant 2013-2014	Bell Education - Individual Grants	Granting the Seed Grant	Excellence in Teaching Award	Teamwork for Quality Living	Ball Foundation We Learn	YCS E Learning PD	BSU Innovative Education Grant
Cash and investments - beginning	\$ 73	\$ 9,589	\$ 19,568	\$ 557	\$ 1,500	\$ 7,839	\$ -	\$ -	\$ 9,354	\$ -
Receipts:										
Local sources	-	13,023	-	2,098	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	3,600	-
Total receipts	-	13,023	-	2,098	-	-	-	-	3,600	-
Disbursements:										
Instruction	-	-	-	1,637	-	-	-	-	-	-
Support services	-	3,863	-	-	-	-	-	-	1,721	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	3,863	-	1,637	-	-	-	-	1,721	-
Excess (deficiency) of receipts over disbursements	-	9,160	-	461	-	-	-	-	1,879	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	9,160	-	461	-	-	-	-	1,879	-
Cash and investments - ending	\$ 73	\$ 18,749	\$ 19,568	\$ 1,018	\$ 1,500	\$ 7,839	\$ -	\$ -	\$ 11,233	\$ -

YORKTOWN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Lilly Endowment Counseling Grant	Senator David Ford Technology	Title I 2011-2012	Title I 2014-2015	Title I 2015-2016	Title I 2016-2017	Title V Part A	Summer Youth Employment	Special Education 2014-2015	Special Education 2015-2016
Cash and investments - beginning	\$ -	\$ -	\$ 4,048	\$ -	\$ (91,225)	\$ -	\$ 1,114	\$ 1,503	\$ -	\$ (455,220)
Receipts:										
Local sources	30,483	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	108,911	-	-	-	-	508,356
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	30,483	-	-	-	108,911	-	-	-	-	508,356
Disbursements:										
Instruction	-	-	-	(289)	4,255	142,408	-	-	-	39,874
Support services	30,483	4,502	-	-	12,852	16,454	1,114	-	-	13,262
Noninstructional services	-	-	-	-	579	1,194	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	30,483	4,502	-	(289)	17,686	160,056	1,114	-	-	53,136
Excess (deficiency) of receipts over disbursements	-	(4,502)	-	289	91,225	(160,056)	(1,114)	-	-	455,220
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(4,502)	-	289	91,225	(160,056)	(1,114)	-	-	455,220
Cash and investments - ending	\$ -	\$ (4,502)	\$ 4,048	\$ 289	\$ -	\$ (160,056)	\$ -	\$ 1,503	\$ -	\$ -

YORKTOWN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Special Education 2016-2017	TA Grant/ Special Education	Title IV, Part A 2009-2010	Title II A 2013-2014	Title II Elearning	Title II A 2014-2015	Title II A 2015-2016	Prepaid School Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 1,743	\$ -	\$ (37)	\$ (28,634)	\$ -	\$ 69,135	\$ 561,709	\$ 19,947,551
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	6,700,725
Intermediate sources	-	-	-	-	-	-	-	-	-	47
State sources	-	-	-	-	-	-	-	-	-	15,937,874
Federal sources	-	-	-	-	8,000	31,109	32,339	-	-	1,142,764
Temporary loans	-	-	-	-	-	-	-	-	-	366,261
Other receipts	-	-	-	-	-	-	-	352,266	3,243,054	3,615,061
Total receipts	-	-	-	-	8,000	31,109	32,339	352,266	3,243,054	27,762,732
Disbursements:										
Instruction	399,603	-	-	-	-	-	32,339	-	-	10,154,698
Support services	97,660	-	-	-	10,002	2,475	-	-	-	8,188,440
Noninstructional services	-	-	-	-	-	-	-	-	-	1,371,879
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	926,381
Debt service	-	-	-	-	-	-	-	-	-	2,413,446
Nonprogrammed charges	-	-	-	-	-	-	-	349,003	3,234,935	3,583,938
Total disbursements	497,263	-	-	-	10,002	2,475	32,339	349,003	3,234,935	26,638,782
Excess (deficiency) of receipts over disbursements	(497,263)	-	-	-	(2,002)	28,634	-	3,263	8,119	1,123,950
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	8,600
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	8,600
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(497,263)	-	-	-	(2,002)	28,634	-	3,263	8,119	1,132,550
Cash and investments - ending	\$ (497,263)	\$ -	\$ 1,743	\$ -	\$ (2,039)	\$ -	\$ -	\$ 72,398	\$ 569,828	\$ 21,080,101

YORKTOWN COMMUNITY SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2017

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 274,291</u>	<u>\$ 663,861</u>

YORKTOWN COMMUNITY SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Modular Classroom LLC	Modular Classrooms	\$ 11,220	7/1/2017	6/30/2018
Mt Pleasant Township Multi-School Building Corporation	School Renovations	458,000	9/19/2007	7/15/2019
Mt Pleasant Township Community Building Corporation	Yorktown High School Phase II Renovation	208,150	12/9/2010	1/1/2022
U.S. Bank Equipment Finance	Copier Lease	3,468	7/21/2015	7/20/2020
U.S. Bank Equipment Finance	Copier Lease	61,644	4/25/2013	4/24/2018
Yorktown Community School Building Corporation	Yorktown Middle School HVAC Renovation	137,000	7/15/2014	1/15/2033
Yorktown Community School Building Corporation	Energy Savings Project	<u>162,500</u>	12/30/2009	1/1/2024
Total of annual lease payments		<u>\$ 1,041,982</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	GO Bond Repair 2012 - Facilities & Grounds	\$ 800,000	\$ 150,000
Notes and loans payable	CSF Loan #A1630 - Technology Advancement	65,250	44,044
Notes and loans payable	CSF Loan #A1709 - Technology Advancement	48,004	24,422
Notes and loans payable	CSF Loan #A1716 - Technology Advancement	108,000	44,172
Notes and loans payable	CSF Loan #A1806 - Technology Advancement	128,258	43,928
Notes and loans payable	CSF Loan #A1859 - Technology Advancement	152,992	45,133
Notes and loans payable	CSF Loan #A1881 - Technology Advancement	29,720	20,061
Notes and loans payable	CSF Loan #A1915 - Technology Advancement	183,676	47,641
Notes and loans payable	CSF Loan #A1964 - Technology Advancement	229,251	49,363
Notes and loans payable	CSF Loan #A2800 -Technology Advancement	214,404	45,085
Notes and loans payable	CSF Loan #A2880 - Technology Advancement	<u>151,857</u>	<u>16,076</u>
Totals		<u>\$ 2,111,412</u>	<u>\$ 529,925</u>

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YORKTOWN COMMUNITY SCHOOLS  
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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 830,074
Buildings	25,600,262
Improvements other than buildings	9,966,232
Machinery, equipment, and vehicles	<u>3,655,202</u>
Total capital assets	<u>\$ 40,051,770</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE YORKTOWN COMMUNITY SCHOOLS, DELAWARE COUNTY, INDIANA

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

We have audited the Yorktown Community Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the period of July 1, 2015 to June 30, 2017. The School Corporation's major federal program is 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 the School Corporation's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

***Opinion on the 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 its major federal program for the period of July 1, 2015 to June 30, 2017.

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

**Report on Internal Control over Compliance**


Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 2017-003, that we consider 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

November 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.

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YORKTOWN COMMUNITY SCHOOLS  
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			FY 2015/2016	\$ -	\$ 72,519	\$ -	\$ -
School Breakfast			FY 2016/2017	-	-	-	73,064
Total - School Breakfast Program				-	72,519	-	73,064
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			FY 2015/2016	-	387,487	-	-
School Lunch			FY 2016/2017	-	-	-	380,985
Commodities			FY 2015/2016	-	78,756	-	-
Commodities			FY 2016/2017	-	-	-	120,168
Total - National School Lunch Program				-	466,243	-	501,153
Total - Child Nutrition Cluster				-	538,762	-	574,217
Total - Department of Agriculture				-	538,762	-	574,217
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
			14215-010-PN01	-	139,936	-	-
			14216-010-PN01	-	-	-	508,356
			99914-10-TA01	-	10,910	-	-
Total - Special Education Grants to States				-	150,846	-	508,356
Special Education Preschool Grants	Indiana Department of Education	84.173					
			45715-010-PN01	-	5,337	-	-
			45716-008-PN01	-	-	-	4,319
			45716-010-PN01	-	9,495	-	-
			45717-008-PN01	-	-	-	9,994
Total - Special Education Preschool Grants				-	14,832	-	14,313
Total - Special Education Cluster (IDEA)				-	165,678	-	522,669
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
			FY2015	-	132,121	-	-
			FY2016	-	94,319	-	-
			FY2017	-	-	-	108,911
Total - Title I Grants to Local Educational Agencies				-	226,440	-	108,911
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
			A58-5-15CI-2477	-	14,000	-	-
			A58-5-16CI-2477	-	-	-	8,000
			S367A130013	-	28,314	-	-
			S367A140014	-	-	-	31,109
			S367A150015	-	-	-	32,339
Total - Supporting Effective Instruction State Grants				-	42,314	-	71,448
Total - Department of Education				-	434,432	-	703,028
Total federal awards expended				\$ -	\$ 973,194	\$ -	\$ 1,277,245

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

YORKTOWN COMMUNITY SCHOOLS  
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.

YORKTOWN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	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: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Condition*

The School Corporation had not established effective internal controls to prevent, or detect and correct, errors in its financial transactions and reporting. The School Corporation had not separated incompatible activities related to cash and investments. There was no evidence of review, oversight, or approval process of the bank reconcilements throughout the audit period.

The School Corporation Treasurer reconciled the bank statements monthly; however, there was no evidence of oversight or review.

YORKTOWN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

The lack of adequate internal controls was a systemic issue, which occurred throughout the audit period.

*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. . . ."

*Cause*

Management of the School Corporation had not established a proper system of internal control in relation to the monthly bank reconcilements.

*Effect*

The failure to establish controls could have enabled misstatements or irregularities to remain undetected.

*Recommendation*

We recommended that the School Corporation establish a system of internal controls related to the monthly bank reconcilements to ensure accurate reporting of financial transactions.

*Views of Responsible Officials*

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

**FINDING 2017-002**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Finding: Material Weakness

YORKTOWN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Repeat Finding*

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

*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). The School Corporation Treasurer prepared the SEFA without an oversight, review, or approval of the SEFA prior to its submission.

*Context*

The lack of adequate internal controls was a systemic issue, which occurred throughout the audit period.

*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. . . ."

*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, misstatements of the SEFA could have remained undetected.

*Recommendation*

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

YORKTOWN COMMUNITY SCHOOLS  
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 2017-003**

Subject: Child Nutrition Cluster - Internal Controls

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): FY 2015/2016, FY 2016/2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, 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 Cash Management and Reporting compliance requirements.

*Cash Management*

There was no formal review of the average three months expenditures, or other evidence of a control, to ensure compliance with the cash management requirement that net cash balances not exceed the three months average expenditures. The Treasurer provided the Food Service Director with monthly fund reports; however, there was no evidence of review or oversight of the cash management requirements.

*Reporting*

There was no formal second review of the Annual Financial Report (AFR), or other evidence of a control, to ensure that the required AFRs were accurate. The AFRs were prepared and filed by the Food Service Director with no other review, oversight, or approval process, or any other compensating control.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

YORKTOWN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(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 had not developed a system of internal controls that segregated key functions related to the Cash Management and Reporting compliance requirements.

*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 requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements 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 compliance requirements listed above.

*Views of Responsible Officials*

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

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#### AUDITEE-PREPARED DOCUMENTS

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



# Yorktown Community Schools

2311 S. Broadway

Yorktown, IN 47396

Phone: 765-759-2720 Fax: 765-759-7894

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

*Superintendent  
Dr. Gregory Hinshaw*

*Education Initiatives  
Director  
Dr. David Sturgeon*

*Business Mgr./Treas.  
Kara Schoch*

*Deputy Treasurer  
Brooke Crowder*

*Accounts Payable/  
Grant Coordinator  
Kristin Comp*

*Corp. Secretary/  
SIN Coordinator  
Bev LaVelle*

*School Board  
Mark Clevenger  
Ted Johnson  
Pat LaVelle  
Elizabeth Rowray  
Tom Simpson*

### FINDING 2015-001 – Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action: Kara Schoch  
Contact Phone Number: (765) 759-2724

Care is being taken to report the correct grant awards information on SEFA reporting.

Special Education – Preschool Grant funds expended on the School Corporation’s behalf by the Delaware-Blackford Special Education Cooperative have been included on subsequent SEFA reporting.

Grant expenditures have been broken out by grant year or other identifying number on subsequent SEFA reporting.

The School Corporation Treasurer continues to prepare the SEFA but did not have the SEFA reviewed prior to its submission for the period under audit. For subsequent submissions, the Treasurer will have the Superintendent review and approve SEFA before the Treasurer submits the report in Gateway.

### FINDING 2015-002 – Allowable Costs/Cost Principles

Contact Person Responsible for Corrective Action: Kara Schoch  
Contact Phone Number: (765) 759-2724

Semi-Annual Certifications and Personnel Activity Reports were completed by all employees paid through Federal Awards for the period under audit and forward.

### FINDING 2015-003 – Reporting

Contact Person Responsible for Corrective Action: Kara Schoch  
Contact Phone Number: (765) 759-2724

Reports for the Special Education – Preschool Grants are prepared and approved by different individuals at the Delaware-Blackford Special Education Cooperative location.



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*Kara Schoch 10/22/18*



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Kristin Comp

Corp. Secretary/  
STN Coordinator  
Bev LaVelle

School Board  
Mark Clevenger  
Ted Johnson  
Pat LaVelle  
Elizabeth Rowray  
Tom Simpson

## CORRECTIVE ACTION PLAN

### FINDING 2017-001

Contact Person Responsible for Corrective Action: Kara Schoch  
Contact Phone Number: (765) 759-2724

Views of Responsible Official: We concur with the finding. There was no evidence of review, oversight, or approval of the Bank Reconcilements prepared by the School Corporation Treasurer for a portion of the period under audit.

Description of Corrective Action Plan: Superintendent will approve monthly Bank Reconcilements prepared by the School Corporation Treasurer.

Anticipated Completion Date: The above finding was corrected using above action plan beginning the 2017-18 school year.

Kara N Schoch  
(Signature)

BUSINESS MGR / TREASURER  
(Title)

11/27/2018  
(Date)



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Tom Simpson*

## CORRECTIVE ACTION PLAN

### FINDING 2017-002

Contact Person Responsible for Corrective Action: Kara Schoch  
Contact Phone Number: (765) 759-2724

Views of Responsible Official: We concur with the finding. There was no evidence of review, oversight, or approval of the Schedule of Expenditures of Federal Awards (SEFA) prior to its submission by the School Corporation Treasurer for the period under audit.

Description of Corrective Action Plan: Superintendent will review and approve the SEFA prior to its submission by the School Corporation Treasurer in Gateway.

Anticipated Completion Date: Next Annual Financial Report due September 29, 2019.

Kara Schoch  
(Signature)

BUSINESS MGR / TREASURER  
(Title)

11/27/2018  
(Date)



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Tom Simpson*

## CORRECTIVE ACTION PLAN

### FINDING 2017-003

Contact Person Responsible for Corrective Action: Kara Schoch  
Contact Phone Number: (765) 759-2724

Views of Responsible Official: We concur with the findings. There was no formal review of the average three months expenditures for Cash Management and there was no formal second review of the Annual Financial Report.

Description of Corrective Action Plan: Treasurer will review monthly the average three months expenditures for Cash Management with Food Service Director. A second review of the Annual Financial Report will be performed by the Food Service Secretary.

Anticipated Completion Date: Cash Management action plan will be implemented with the average three months expenditures for period ending October 31, 2018. Second review and approval will be implemented with the submission of the 2018-19 Annual Financial Report.

Kara V Schoch  
(Signature)

BUSINESS MGR / TREASURER  
(Title)

11/27/2018  
(Date)



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## 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/>.