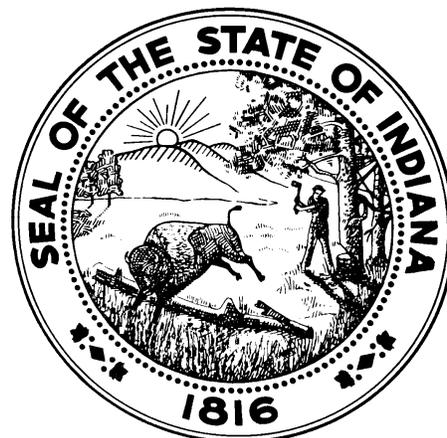


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT  
OF

EASTERN PULASKI COMMUNITY  
SCHOOL CORPORATION  
PULASKI COUNTY, INDIANA

July 1, 2005 to June 30, 2007



**FILED**

02/22/2008



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Diana L. Lowry	07-01-05 to 06-30-08
Superintendent of Schools	Dr. Robert J. Klitzman	07-01-05 to 06-30-08
President of the School Board	Michael G. Tetzloff Chris R. Schramm Cathy Fritz	07-01-05 to 06-30-06 07-01-06 to 06-30-07 07-01-07 to 06-30-08



**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 FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE EASTERN PULASKI COMMUNITY  
SCHOOL CORPORATION, PULASKI COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eastern Pulaski Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated November 14, 2007, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The Supplementary Information, as listed in the Table of Contents, was presented for additional analysis and is not a required part of the basic financial information. The Supplementary Information has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on the Supplementary Information.

STATE BOARD OF ACCOUNTS

November 14, 2007



**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)

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

TO: THE OFFICIALS OF THE EASTERN PULASKI COMMUNITY  
SCHOOL CORPORATION, PULASKI COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eastern Pulaski Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated November 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
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 statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

November 14, 2007

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Totals	Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Instruction	\$ 4,455,388	\$ -	\$ 48,203	\$ (4,407,185)	
Support services	7,582,835	321,416	214,600	(7,046,819)	
Community services	125,585	-	-	(125,585)	
Nonprogrammed charges	992,075	-	-	(992,075)	
Debt service	2,992,803	-	-	(2,992,803)	
Total governmental activities	\$ 16,148,686	\$ 321,416	\$ 262,803	(15,564,467)	
					General receipts:
					Property taxes 4,344,130
					Other local sources 577,886
					State aid 5,304,294
					Grants and contributions not restricted to specific programs 531,721
					Sale of property, adjustments, and refunds 2,939,075
					Investment earnings 199,431
					Total general receipts 13,896,537
					Change in net assets (1,667,930)
					Net assets - beginning 7,887,791
					Net assets - ending \$ 6,219,861
 <u>Assets</u>					
Cash and investments				\$ 5,431,766	
Restricted assets:					
Cash and investments				788,095	
Total assets				\$ 6,219,861	
 <u>Net Assets</u>					
Restricted for:					
Debt service				\$ 1,337,981	
Unrestricted				4,881,880	
Total net assets				\$ 6,219,861	

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

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 4,666,602	\$ -	\$ 99,672	\$ (4,566,930)
Support services	5,964,848	315,308	189,009	(5,460,531)
Community services	140,494	-	-	(140,494)
Nonprogrammed charges	694,561	-	-	(694,561)
Debt service	1,000,945	-	-	(1,000,945)
<b>Total governmental activities</b>	<u>\$ 12,467,450</u>	<u>\$ 315,308</u>	<u>\$ 288,681</u>	<u>(11,863,461)</u>
General receipts:				
Property taxes				3,880,941
Other local sources				933,787
State aid				5,199,405
Grants and contributions not restricted to specific programs				471,771
Sale of property, adjustments, and refunds				139,599
Investment earnings				312,596
<b>Total general receipts</b>				<u>10,938,099</u>
Change in net assets				(925,362)
Net assets - beginning				<u>6,219,861</u>
Net assets - ending				<u>\$ 5,294,499</u>
<u>Assets</u>				
Cash and investments				\$ 4,624,900
Restricted assets:				
Cash and investments				<u>669,599</u>
<b>Total assets</b>				<u>\$ 5,294,499</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 669,599
Unrestricted				<u>4,624,900</u>
<b>Total net assets</b>				<u>\$ 5,294,499</u>

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

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Pension Bonds	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 2,719,854	\$ 592,088	\$ 750,601	\$ 1,040,393	\$ -	\$ -	\$ 338,861	\$ 5,441,797
Intermediate sources	541	-	-	-	-	-	525	1,066
State sources	5,339,773	-	-	-	-	-	90,047	5,429,820
Federal sources	-	-	-	-	-	-	668,998	668,998
Bonds and loans	-	-	-	-	-	2,900,898	-	2,900,898
Sale of property, adjustments and refunds	1,362	30,502	-	-	-	-	6,313	38,177
<b>Total receipts</b>	<b>8,061,530</b>	<b>622,590</b>	<b>750,601</b>	<b>1,040,393</b>	<b>-</b>	<b>2,900,898</b>	<b>1,104,744</b>	<b>14,480,756</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	4,158,079	-	-	-	-	-	297,309	4,455,388
Support services	3,641,613	582,008	-	2,378,190	169,534	-	811,490	7,582,835
Community services	110,606	-	-	-	-	-	14,979	125,585
Nonprogrammed charges	992,075	-	-	-	-	-	-	992,075
Debt services	-	-	880,000	-	-	2,112,803	-	2,992,803
<b>Total disbursements</b>	<b>8,902,373</b>	<b>582,008</b>	<b>880,000</b>	<b>2,378,190</b>	<b>169,534</b>	<b>2,112,803</b>	<b>1,123,778</b>	<b>16,148,686</b>
Excess (deficiency) of receipts over disbursements	(840,843)	40,582	(129,399)	(1,337,797)	(169,534)	788,095	(19,034)	(1,667,930)
<b>Other financing sources (uses):</b>								
Transfers in	-	-	52,608	-	-	-	93,734	146,342
Transfers out	-	-	-	(52,608)	-	-	(93,734)	(146,342)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>52,608</b>	<b>(52,608)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(840,843)	40,582	(76,791)	(1,390,405)	(169,534)	788,095	(19,034)	(1,667,930)
Cash and investments - beginning	1,853,916	528,353	76,791	4,387,600	472,211	-	568,920	7,887,791
<b>Cash and investments - ending</b>	<b>\$ 1,013,073</b>	<b>\$ 568,935</b>	<b>\$ -</b>	<b>\$ 2,997,195</b>	<b>\$ 302,677</b>	<b>\$ 788,095</b>	<b>\$ 549,886</b>	<b>\$ 6,219,861</b>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 1,013,073	\$ 568,935	\$ -	\$ 2,997,195	\$ 302,677	\$ -	\$ 549,886	\$ 5,431,766
Restricted assets:								
Cash and investments	-	-	-	-	-	788,095	-	788,095
<b>Total cash and investment assets - ending</b>	<b>\$ 1,013,073</b>	<b>\$ 568,935</b>	<b>\$ -</b>	<b>\$ 2,997,195</b>	<b>\$ 302,677</b>	<b>\$ 788,095</b>	<b>\$ 549,886</b>	<b>\$ 6,219,861</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 788,095	\$ 549,886	\$ 1,337,981
Unrestricted	1,013,073	568,935	-	2,997,195	302,677	-	-	4,881,880
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,013,073</b>	<b>\$ 568,935</b>	<b>\$ -</b>	<b>\$ 2,997,195</b>	<b>\$ 302,677</b>	<b>\$ 788,095</b>	<b>\$ 549,886</b>	<b>\$ 6,219,861</b>

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

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Pension Bonds	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 2,611,450	\$ 612,769	\$ 820,035	\$ 1,061,284	\$ -	\$ -	\$ 332,923	\$ 5,438,461
Intermediate sources	541	-	-	-	-	-	1,181	1,722
State sources	5,286,023	-	-	-	-	-	104,153	5,390,176
Federal sources	-	-	-	-	-	-	569,681	569,681
Bonds and loans	-	-	-	-	-	2,449	-	2,449
Sale of property, adjustments and refunds	4,881	3,152	-	120,700	-	-	10,866	139,599
<b>Total receipts</b>	<b>7,902,895</b>	<b>615,921</b>	<b>820,035</b>	<b>1,181,984</b>	<b>-</b>	<b>2,449</b>	<b>1,018,804</b>	<b>11,542,088</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	4,326,932	-	-	-	-	-	339,670	4,666,602
Support services	3,684,550	667,295	-	675,756	186,000	-	751,247	5,964,848
Community services	124,328	-	-	-	-	-	16,166	140,494
Nonprogrammed charges	694,561	-	-	-	-	-	-	694,561
Debt services	-	-	880,000	-	-	120,945	-	1,000,945
<b>Total disbursements</b>	<b>8,830,371</b>	<b>667,295</b>	<b>880,000</b>	<b>675,756</b>	<b>186,000</b>	<b>120,945</b>	<b>1,107,083</b>	<b>12,467,450</b>
Excess (deficiency) of receipts over disbursements	(927,476)	(51,374)	(59,965)	506,228	(186,000)	(118,496)	(88,279)	(925,362)
<b>Other financing sources (uses):</b>								
Transfers in	-	-	112,573	52,608	-	-	-	165,181
Transfers out	-	-	(52,608)	(112,573)	-	-	-	(165,181)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>59,965</b>	<b>(59,965)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(927,476)	(51,374)	-	446,263	(186,000)	(118,496)	(88,279)	(925,362)
Cash and investments - beginning	1,013,073	568,935	-	2,997,195	302,677	788,095	549,886	6,219,861
<b>Cash and investments - ending</b>	<b>\$ 85,597</b>	<b>\$ 517,561</b>	<b>\$ -</b>	<b>\$ 3,443,458</b>	<b>\$ 116,677</b>	<b>\$ 669,599</b>	<b>\$ 461,607</b>	<b>\$ 5,294,499</b>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 85,597	\$ 517,561	\$ -	\$ 3,443,458	\$ 116,677	\$ -	\$ 461,607	\$ 4,624,900
Restricted assets:								
Cash and investments	-	-	-	-	-	669,599	-	669,599
<b>Total cash and investment assets - ending</b>	<b>\$ 85,597</b>	<b>\$ 517,561</b>	<b>\$ -</b>	<b>\$ 3,443,458</b>	<b>\$ 116,677</b>	<b>\$ 669,599</b>	<b>\$ 461,607</b>	<b>\$ 5,294,499</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 669,599	\$ -	\$ 669,599
Unrestricted	85,597	517,561	-	3,443,458	116,677	-	461,607	4,624,900
<b>Total cash and investment fund balance - ending</b>	<b>\$ 85,597</b>	<b>\$ 517,561</b>	<b>\$ -</b>	<b>\$ 3,443,458</b>	<b>\$ 116,677</b>	<b>\$ 669,599</b>	<b>\$ 461,607</b>	<b>\$ 5,294,499</b>

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

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2006

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 869,940	
Deductions:			
Benefits	75,366	-	
Administrative and general	-	698,749	
Total deductions	<u>75,366</u>	<u>698,749</u>	
Excess (deficiency) of total additions over total deductions	(75,366)	171,191	
Cash and investment fund balance - beginning	<u>578,606</u>	<u>1,004,258</u>	
Cash and investment fund balance - ending	<u>\$ 503,240</u>	<u>\$ 1,175,449</u>	
Net assets:			
Cash and investments	<u>\$ 503,240</u>	<u>\$ 1,175,449</u>	<u>\$ 171,867</u>
Total net assets - cash and investment basis held in trust	<u>\$ 503,240</u>	<u>\$ 1,175,449</u>	<u>\$ 171,867</u>

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

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 886,849	
Investment earnings:			
Interest	-	792	
Total additions	<u>-</u>	<u>887,641</u>	
Deductions:			
Benefits	12,008	-	
Administrative and general	-	1,458,095	
Total deductions	<u>12,008</u>	<u>1,458,095</u>	
Deficiency of total additions over total deductions	(12,008)	(570,454)	
Cash and investment fund balance - beginning	<u>503,240</u>	<u>1,175,449</u>	
Cash and investment fund balance - ending	<u>\$ 491,232</u>	<u>\$ 604,995</u>	
Net assets:			
Cash and investments	\$ 491,232	\$ 604,995	\$ 122,247
Total net assets - cash and investment basis held in trust	<u>\$ 491,232</u>	<u>\$ 604,995</u>	<u>\$ 122,247</u>

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

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Eastern Pulaski Community School Corporation

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with nine other schools in a joint venture to operate Logansport Area Joint Special Services Cooperative (LAJSSC) which was created to provide education to handicapped students. The School Corporation is obligated by contract to remit an annual amount based on LAJSSC's estimated expenditures and the School Corporation's level of participation. The School Corporation paid \$691,090 and \$445,303 in 2005-2006 and 2006-2007, respectively. LAJSSC pays its surplus to the participants. LAJSSC's continued existence depends on continued funding by the participating school corporations. Complete financial statements for LAJSSC can be obtained from them at 1501 Meadowlawn Avenue, Logansport, IN 46947.

The School Corporation is a participant with two other school corporations in a joint venture to operate the Century Career Center which was created to provide vocational education to students. The School Corporation is obligated by contract to remit an annual amount based on the Century Career Center's estimated expenditures and the School Corporation's level of participation. The School Corporation paid the Century Career Center \$287,077 and \$262,362 in 2005-2006 and 2006-2007, respectively. The Century Career Center pays its surplus to the participants. The Century Career Center's continued existence depends on continued funding by the participating school corporations. Complete financial statements for the Century Career Center can be obtained from them at 2829 George Street, Logansport, IN 46947.

The School Corporation is a participant with other school corporations in a joint venture to operate the Northern Indiana Educational Services Center which was created to assist school corporations with public purchases. The School Corporation is obligated only for an annual membership fee based on ADM. The membership paid was \$6,947 and \$6,812 for 2005-2006 and 2006-2007, respectively.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

The retirement/severance bond fund is used to account for bonds and payments authorized by Indiana Code 20-48-1-2.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay post-retirement or severance benefits held by the School Corporation in a trustee capacity.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the Pulaski Alliance for Community Education.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Normally property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 may become delinquent if not paid by May 10 and November 10, respectively.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 5 to 7 days per year based on years of service. Unused sick leave may be accumulated to a maximum of 180 days for certified personnel and 60 days for noncertified personnel. Accumulated sick leave is not paid to employees upon termination of employment.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 5 days to 15 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 2 to 3 days per year based on job classification. Unused personal leave, based on job classification, will be credited to sick leave balances.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Cash Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component units are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end unless otherwise provided by statute or following proper encumbrance procedures.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2006	2007
Project Lead The Way	\$ -	\$ (4,728)

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements this deficit will be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of June 30, 2007, the School Corporation had no investments only cash and cash equivalents.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006</u>	<u>2007</u>
Debt Service	Capital projects	\$ 52,608	\$ 112,573
Debt Service	Other governmental	-	52,608
Other governmental	Other governmental	<u>93,734</u>	<u>-</u>
Totals		<u>\$ 146,342</u>	<u>\$ 165,181</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The School Corporation is 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 (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits for Employees

During 1985, the School Corporation joined other governmental entities to form the Midwest Area School Employee Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for 17 member governmental entities. This risk pool was formed in 1985. The purpose of the risk pool is to provide a medium for the funding and administration of health insurance benefits. The School Corporation pays an annual premium to the risk pool for its health insurance coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$125,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$2,000,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with Eastern Pulaski Community 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. Lease payments during the year totaled \$880,000.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 15 years of service. Currently, 5 retirees meet these eligibility requirements. The School Corporation and retirees provide 27% and 73%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2007, disbursements of \$23,024 were recognized for postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 76,359
Interest on net pension obligation	(2,903)
Adjustment to annual required contribution	3,309
Annual pension cost	76,765
Contributions made	64,663
Increase in net pension obligation	12,102
Net pension obligation, beginning of year	(40,047)
Net pension obligation, end of year	\$ (27,945)
Contribution rates:	
School Corporation	5.63%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 52,001	119%	\$ (39,260)
	06-30-05	63,613	101%	(40,047)
	06-30-06	76,765	102%	(27,945)

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), 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 TRF 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 member's contributions, set by state statute at 3% 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.

TRF 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:

Teachers' Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

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.

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$135,768, \$127,703, and \$115,570, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,175,171	\$ 1,269,252	\$ (94,081)	93%	\$ 1,104,263	(9%)
07-01-05	1,225,958	1,450,630	(224,672)	85%	1,098,050	(20%)
07-01-06	1,478,548	1,502,030	(23,482)	98%	1,165,462	(2%)

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plate	Safe Schools 2003-2004	Safe Schools 2004-2005
<b>Receipts:</b>							
Local sources	\$ 7,397	\$ 237,390	\$ 84,027	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	525	-	-
State sources	41,486	10,328	22,631	-	-	2,878	-
Federal sources	-	181,641	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	1,106	-	-	-	-
<b>Total receipts</b>	<b>48,883</b>	<b>429,359</b>	<b>107,764</b>	<b>-</b>	<b>525</b>	<b>2,878</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	1,451	-	-	-	-	5,440	-
Support services	-	417,899	124,653	-	-	-	-
Community services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,451</b>	<b>417,899</b>	<b>124,653</b>	<b>-</b>	<b>-</b>	<b>5,440</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	47,432	11,460	(16,889)	-	525	(2,562)	-
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	2,562	-
Transfers out	-	-	-	-	-	-	(2,562)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,562</b>	<b>(2,562)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	47,432	11,460	(16,889)	-	525	-	(2,562)
Cash and investments - beginning	36,178	70,732	26,163	88,951	1,071	-	2,562
Cash and investments - ending	<u>\$ 83,610</u>	<u>\$ 82,192</u>	<u>\$ 9,274</u>	<u>\$ 88,951</u>	<u>\$ 1,596</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ 83,610</u>	<u>\$ 82,192</u>	<u>\$ 9,274</u>	<u>\$ 88,951</u>	<u>\$ 1,596</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	<u>\$ 83,610</u>	<u>\$ 82,192</u>	<u>\$ 9,274</u>	<u>\$ 88,951</u>	<u>\$ 1,596</u>	<u>\$ -</u>	<u>\$ -</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Gifted and Talented 2004-2005	Gifted and Talented 2005-2006	Non-English Speaking Program	School Technology	Mentor Teachers	Computer Contact	Special Services
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ 1,270	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	12,724	-	-	-	-	-
Federal sources	-	-	-	-	-	-	49,742
Sale of property, adjustments and refunds	-	-	-	5,207	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,207</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	-	12,724	-	6,477	-	-	49,742
Disbursements:							
Current:							
Instruction	480	-	-	-	-	-	-
Support services	-	-	-	1,021	-	223	1,419
Community services	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	480	-	-	1,021	-	223	1,419
Excess (deficiency) of receipts over disbursements	<u>(480)</u>	<u>12,724</u>	<u>-</u>	<u>5,456</u>	<u>-</u>	<u>(223)</u>	<u>48,323</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(480)</u>	<u>12,724</u>	<u>-</u>	<u>5,456</u>	<u>-</u>	<u>(223)</u>	<u>48,323</u>
Cash and investments - beginning	<u>24,045</u>	<u>-</u>	<u>153</u>	<u>22,285</u>	<u>2,452</u>	<u>633</u>	<u>-</u>
Cash and investments - ending	<u>\$ 23,565</u>	<u>\$ 12,724</u>	<u>\$ 153</u>	<u>\$ 27,741</u>	<u>\$ 2,452</u>	<u>\$ 410</u>	<u>\$ 48,323</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 23,565</u>	<u>\$ 12,724</u>	<u>\$ 153</u>	<u>\$ 27,741</u>	<u>\$ 2,452</u>	<u>\$ 410</u>	<u>\$ 48,323</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	<u>\$ 23,565</u>	<u>\$ 12,724</u>	<u>\$ 153</u>	<u>\$ 27,741</u>	<u>\$ 2,452</u>	<u>\$ 410</u>	<u>\$ 48,323</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Title I 2004-2005	Title I 2005-2006	Innovative Education 2003-2004	Innovative Education 2004-2005	Innovative Education 2005-2006	Safe and Drug Free Schools 2003-2004
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	172,881	-	-	4,462	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>172,881</b>	<b>-</b>	<b>-</b>	<b>4,462</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	19,401	89,706	3,305	-	-	3,299
Support services	30,831	46,109	4,496	-	-	-
Community services	44	710	-	-	-	-
<b>Total disbursements</b>	<b>50,276</b>	<b>136,525</b>	<b>7,801</b>	<b>-</b>	<b>-</b>	<b>3,299</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(50,276)</b>	<b>36,356</b>	<b>(7,801)</b>	<b>-</b>	<b>4,462</b>	<b>(3,299)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(50,276)</b>	<b>36,356</b>	<b>(7,801)</b>	<b>-</b>	<b>4,462</b>	<b>(3,299)</b>
Cash and investments - beginning	52,453	-	7,801	6,662	-	3,299
Cash and investments - ending	<u>\$ 2,177</u>	<u>\$ 36,356</u>	<u>\$ -</u>	<u>\$ 6,662</u>	<u>\$ 4,462</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ 2,177</u>	<u>\$ 36,356</u>	<u>\$ -</u>	<u>\$ 6,662</u>	<u>\$ 4,462</u>	<u>\$ -</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Debt service	<u>\$ 2,177</u>	<u>\$ 36,356</u>	<u>\$ -</u>	<u>\$ 6,662</u>	<u>\$ 4,462</u>	<u>\$ -</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Safe and Drug Free Schools 2004-2005	Safe and Drug Free Schools 2005-2006	After School Child Care	Improving Teacher Quality Instruction 2004-2005	Improving Teacher Quality Instruction 2005-2006	2004-2005 Enhancing Education with Technology
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 8,777	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	7,045	6,220	-	-	59,158	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>7,045</b>	<b>6,220</b>	<b>8,777</b>	<b>-</b>	<b>59,158</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	6,198	-	-	45,601	-	-
Support services	-	-	1,309	4,657	-	2,529
Community services	-	-	14,225	-	-	-
<b>Total disbursements</b>	<b>6,198</b>	<b>-</b>	<b>15,534</b>	<b>50,258</b>	<b>-</b>	<b>2,529</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>847</b>	<b>6,220</b>	<b>(6,757)</b>	<b>(50,258)</b>	<b>59,158</b>	<b>(2,529)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>847</b>	<b>6,220</b>	<b>(6,757)</b>	<b>(50,258)</b>	<b>59,158</b>	<b>(2,529)</b>
Cash and investments - beginning	-	-	15,493	50,336	-	2,834
Cash and investments - ending	<u>\$ 847</u>	<u>\$ 6,220</u>	<u>\$ 8,736</u>	<u>\$ 78</u>	<u>\$ 59,158</u>	<u>\$ 305</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ 847</u>	<u>\$ 6,220</u>	<u>\$ 8,736</u>	<u>\$ 78</u>	<u>\$ 59,158</u>	<u>\$ 305</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Debt service	<u>\$ 847</u>	<u>\$ 6,220</u>	<u>\$ 8,736</u>	<u>\$ 78</u>	<u>\$ 59,158</u>	<u>\$ 305</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	2005-2006 Enhancing Education with Technology	Supplemental Reading First	Reading First 2003-2004	Reading First 2004-2005	Reading First 2005-2006	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 338,861
Intermediate sources	-	-	-	-	-	525
State sources	-	-	-	-	-	90,047
Federal sources	3,105	(58,809)	123,408	-	120,145	668,998
Sale of property, adjustments and refunds	-	-	-	-	-	6,313
<b>Total receipts</b>	<u>3,105</u>	<u>(58,809)</u>	<u>123,408</u>	<u>-</u>	<u>120,145</u>	<u>1,104,744</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	122,428	-	-	297,309
Support services	239	-	92,152	-	83,953	811,490
Community services	-	-	-	-	-	14,979
<b>Total disbursements</b>	<u>239</u>	<u>-</u>	<u>214,580</u>	<u>-</u>	<u>83,953</u>	<u>1,123,778</u>
Excess (deficiency) of receipts over disbursements	<u>2,866</u>	<u>(58,809)</u>	<u>(91,172)</u>	<u>-</u>	<u>36,192</u>	<u>(19,034)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	91,172	-	-	93,734
Transfers out	-	-	-	(91,172)	-	(93,734)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>91,172</u>	<u>(91,172)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,866	(58,809)	-	(91,172)	36,192	(19,034)
Cash and investments - beginning	<u>4,009</u>	<u>58,809</u>	<u>827</u>	<u>91,172</u>	<u>-</u>	<u>568,920</u>
Cash and investments - ending	<u>\$ 6,875</u>	<u>\$ -</u>	<u>\$ 827</u>	<u>\$ -</u>	<u>\$ 36,192</u>	<u>\$ 549,886</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ 6,875</u>	<u>\$ -</u>	<u>\$ 827</u>	<u>\$ -</u>	<u>\$ 36,192</u>	<u>\$ 549,886</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Debt service	<u>\$ 6,875</u>	<u>\$ -</u>	<u>\$ 827</u>	<u>\$ -</u>	<u>\$ 36,192</u>	<u>\$ 549,886</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plate	Gifted and Talented 2004-2005	Gifted and Talented 2005-2006
<b>Receipts:</b>							
Local sources	\$ 7,141	\$ 240,768	\$ 74,839	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	1,181	-	-
State sources	57,942	10,197	22,960	-	-	-	-
Federal sources	-	158,520	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	2,361	-	-	-	-
<b>Total receipts</b>	<b>65,083</b>	<b>409,485</b>	<b>100,160</b>	<b>-</b>	<b>1,181</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	28,203	-	-	-	618	23,565	12,724
Support services	-	445,396	96,357	-	-	-	-
Community services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>28,203</b>	<b>445,396</b>	<b>96,357</b>	<b>-</b>	<b>618</b>	<b>23,565</b>	<b>12,724</b>
Excess (deficiency) of receipts over disbursements	36,880	(35,911)	3,803	-	563	(23,565)	(12,724)
Cash and investments - beginning	83,610	82,192	9,274	88,951	1,596	23,565	12,724
Cash and investments - ending	<u>\$ 120,490</u>	<u>\$ 46,281</u>	<u>\$ 13,077</u>	<u>\$ 88,951</u>	<u>\$ 2,159</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	<u>\$ 120,490</u>	<u>\$ 46,281</u>	<u>\$ 13,077</u>	<u>\$ 88,951</u>	<u>\$ 2,159</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Unrestricted	<u>\$ 120,490</u>	<u>\$ 46,281</u>	<u>\$ 13,077</u>	<u>\$ 88,951</u>	<u>\$ 2,159</u>	<u>\$ -</u>	<u>\$ -</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Gifted and Talented 2006-2007	Non-English Speaking Program	School Technology	Mentor Teachers	Computer Contact	Special Services
Receipts:						
Local sources	\$ -	\$ -	\$ 1,547	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	12,724	-	-	330	-	-
Federal sources	-	-	-	-	-	124
Sale of property, adjustments and refunds	-	-	8,505	-	-	-
<b>Total receipts</b>	<b>12,724</b>	<b>-</b>	<b>10,052</b>	<b>330</b>	<b>-</b>	<b>124</b>
Disbursements:						
Current:						
Instruction	1,183	-	-	-	-	-
Support services	-	-	2,115	-	387	2,271
Community services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,183</b>	<b>-</b>	<b>2,115</b>	<b>-</b>	<b>387</b>	<b>2,271</b>
Excess (deficiency) of receipts over disbursements	11,541	-	7,937	330	(387)	(2,147)
Cash and investments - beginning	-	153	27,741	2,452	410	48,323
Cash and investments - ending	<u>\$ 11,541</u>	<u>\$ 153</u>	<u>\$ 35,678</u>	<u>\$ 2,782</u>	<u>\$ 23</u>	<u>\$ 46,176</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 11,541</u>	<u>\$ 153</u>	<u>\$ 35,678</u>	<u>\$ 2,782</u>	<u>\$ 23</u>	<u>\$ 46,176</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 11,541</u>	<u>\$ 153</u>	<u>\$ 35,678</u>	<u>\$ 2,782</u>	<u>\$ 23</u>	<u>\$ 46,176</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Title I 2004-2005	Title I 2005-2006	Title I 2006-2007	Innovative Technology 2004-2005	Innovative Technology 2005-2006	Innovative Technology 2006-2007
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	(156)	128,600	-	-	2,153
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<u>-</u>	<u>(156)</u>	<u>128,600</u>	<u>-</u>	<u>-</u>	<u>2,153</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	27,885	75,594	6,662	645	-
Support services	-	7,176	40,207	-	-	-
Community services	-	1,139	799	-	-	-
<b>Total disbursements</b>	<u>-</u>	<u>36,200</u>	<u>116,600</u>	<u>6,662</u>	<u>645</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	-	(36,356)	12,000	(6,662)	(645)	2,153
Cash and investments - beginning	<u>2,177</u>	<u>36,356</u>	<u>-</u>	<u>6,662</u>	<u>4,462</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,177</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 3,817</u>	<u>\$ 2,153</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ 2,177</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 3,817</u>	<u>\$ 2,153</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	<u>\$ 2,177</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 3,817</u>	<u>\$ 2,153</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Safe and Drug Free Schools 2006-2007	Safe and Drug Free Schools 2004-2005	Safe and Drug Free Schools 2005-2006	After School Child Care	Project Lead The Way	Improving Teacher Quality Instruction 2004-2005
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 8,628	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	5,001	-	-	-	21,112	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>5,001</b>	<b>-</b>	<b>-</b>	<b>8,628</b>	<b>21,112</b>	<b>-</b>
Disbursements:						
Current:						
Instruction	300	847	5,617	-	25,840	-
Support services	-	-	-	1,680	-	78
Community services	-	-	-	14,228	-	-
<b>Total disbursements</b>	<b>300</b>	<b>847</b>	<b>5,617</b>	<b>15,908</b>	<b>25,840</b>	<b>78</b>
Excess (deficiency) of receipts over disbursements	4,701	(847)	(5,617)	(7,280)	(4,728)	(78)
Cash and investments - beginning	-	847	6,220	8,736	-	78
Cash and investments - ending	<u>\$ 4,701</u>	<u>\$ -</u>	<u>\$ 603</u>	<u>\$ 1,456</u>	<u>\$ (4,728)</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ 4,701</u>	<u>\$ -</u>	<u>\$ 603</u>	<u>\$ 1,456</u>	<u>\$ (4,728)</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ 4,701</u>	<u>\$ -</u>	<u>\$ 603</u>	<u>\$ 1,456</u>	<u>\$ (4,728)</u>	<u>\$ -</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Improving Teacher Quality Instruction 2005-2006	2004-2005 Enhancing Education with Technology	2005-2006 Enhancing Education with Technology	Reading First 2006-2007	Reading First 2003-2004	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332,923
Intermediate sources	-	-	-	-	-	1,181
State sources	-	-	-	-	-	104,153
Federal sources	-	-	-	140,491	113,836	569,681
Sale of property, adjustments and refunds	-	-	-	-	-	10,866
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140,491</b>	<b>113,836</b>	<b>1,018,804</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	47,374	-	-	41,493	41,120	339,670
Support services	7,707	46	4,677	70,434	72,716	751,247
Community services	-	-	-	-	-	16,166
<b>Total disbursements</b>	<b>55,081</b>	<b>46</b>	<b>4,677</b>	<b>111,927</b>	<b>113,836</b>	<b>1,107,083</b>
Excess (deficiency) of receipts over disbursements	(55,081)	(46)	(4,677)	28,564	-	(88,279)
Cash and investments - beginning	59,158	305	6,875	36,192	827	549,886
Cash and investments - ending	<u>\$ 4,077</u>	<u>\$ 259</u>	<u>\$ 2,198</u>	<u>\$ 64,756</u>	<u>\$ 827</u>	<u>\$ 461,607</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ 4,077</u>	<u>\$ 259</u>	<u>\$ 2,198</u>	<u>\$ 64,756</u>	<u>\$ 827</u>	<u>\$ 461,607</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	<u>\$ 4,077</u>	<u>\$ 259</u>	<u>\$ 2,198</u>	<u>\$ 64,756</u>	<u>\$ 827</u>	<u>\$ 461,607</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2006

	Instructional Support	School Board Scholarship	Student Drug Testing	Reading Specialist	Indiana Next	Cape Pace	Cape Pace III	Totals
Additions:								
Contributions:								
Other	\$ 1,174	\$ 29,348	\$ 2,000	\$ -	\$ -	\$ 37,418	\$ 800,000	\$ 869,940
Deductions:								
Administrative and general	861	-	2,000	52,811	-	606,012	37,065	698,749
Excess (deficiency) of total additions over total deductions	313	29,348	-	(52,811)	-	(568,594)	762,935	171,191
Cash and investment fund balance - beginning	3,908	-	-	118,077	125	882,148	-	1,004,258
Cash and Investments - June 30	<u>\$ 4,221</u>	<u>\$ 29,348</u>	<u>\$ -</u>	<u>\$ 65,266</u>	<u>\$ 125</u>	<u>\$ 313,554</u>	<u>\$ 762,935</u>	<u>\$ 1,175,449</u>
Net assets:								
Cash and investments	<u>\$ 4,221</u>	<u>\$ 29,348</u>	<u>\$ -</u>	<u>\$ 65,266</u>	<u>\$ 125</u>	<u>\$ 313,554</u>	<u>\$ 762,935</u>	<u>\$ 1,175,449</u>
Total net assets - cash and investment basis held in trust	<u>\$ 4,221</u>	<u>\$ 29,348</u>	<u>\$ -</u>	<u>\$ 65,266</u>	<u>\$ 125</u>	<u>\$ 313,554</u>	<u>\$ 762,935</u>	<u>\$ 1,175,449</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2007

	Instructional Support	School Board Scholarship	Student Drug Testing	Reading Specialist	Indiana Next	Cape Pace	Cape Pace III	Totals
Additions:								
Contributions:								
Other	\$ 2,424	\$ -	\$ 2,000	\$ 85,670	\$ -	\$ 796,755	\$ -	\$ 886,849
Investment earnings:								
Interest	-	792	-	-	-	-	-	792
Total additions	<u>2,424</u>	<u>792</u>	<u>2,000</u>	<u>85,670</u>	<u>-</u>	<u>796,755</u>	<u>-</u>	<u>887,641</u>
Deductions:								
Administrative and general	1,865	-	2,000	53,311	-	637,984	762,935	1,458,095
Excess (deficiency) of total additions over total deductions	559	792	-	32,359	-	158,771	(762,935)	(570,454)
Cash and investment fund balance - beginning	4,221	29,348	-	65,266	125	313,554	762,935	1,175,449
Cash and Investments - June 30	<u>\$ 4,780</u>	<u>\$ 30,140</u>	<u>\$ -</u>	<u>\$ 97,625</u>	<u>\$ 125</u>	<u>\$ 472,325</u>	<u>\$ -</u>	<u>\$ 604,995</u>
Net assets:								
Cash and investments	\$ 4,780	\$ 30,140	\$ -	\$ 97,625	\$ 125	\$ 472,325	\$ -	\$ 604,995
Total net assets - cash and investment basis held in trust	<u>\$ 4,780</u>	<u>\$ 30,140</u>	<u>\$ -</u>	<u>\$ 97,625</u>	<u>\$ 125</u>	<u>\$ 472,325</u>	<u>\$ -</u>	<u>\$ 604,995</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2006

	<u>Payroll Withholdings</u>	<u>Cafeteria Presales</u>	<u>Totals</u>
Net assets:			
Cash and investments	\$ 151,432	\$ 20,435	\$ 171,867
 Total net assets - cash and investment basis held in trust	 <u>\$ 151,432</u>	 <u>\$ 20,435</u>	 <u>\$ 171,867</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2007

	<u>Payroll Withholdings</u>	<u>Cafeteria Presales</u>	<u>Totals</u>
Net assets:			
Cash and investments	\$ 104,068	\$ 18,180	\$ 122,247
 Total net assets - cash and investment basis held in trust	 <u>\$ 104,068</u>	 <u>\$ 18,180</u>	 <u>\$ 122,247</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2007

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
High School/Middle School Buildings	\$ 4,795,000	\$ 880,000
Bonds payable:		
General obligation bonds:		
Severance/Retirement Bonds	<u>2,940,000</u>	<u>298,250</u>
Total governmental activities debt	<u>\$ 7,735,000</u>	<u>\$ 1,178,250</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

TEXTBOOK RENTAL

The School Corporation charges a flat rate per student for textbook rental and fees. The Administration and School Board have approved the book rental rate and fee charges at a flat rate for each of the past 11 school years.

Indiana Code 20-26-12-2 states in part: "(a) A governing body may purchase . . . and may rent these textbooks to students enrolled . . . the annual rental may not exceed 25% of the retail price of the textbooks."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The School Corporation did not comply with the Period of Availability Requirement for the Reading First Grant, CFDA 84.357, for the grant period ending September 30, 2005. The Grant agreement provided that all funds should be expended or encumbered by September 30, 2005, and expended by December 31, 2005. Review of claims for the period determined that checks written on December 31, 2005, were held and purchases were not actually made until April 25, 2006.

The School Corporation also did not comply with the Earmarking Requirement for the Reading First Grant, CFDA 84.357, for the grant period ending September 30, 2005. The grant requires that only 3.5% of all costs be spent for administrative costs. The School Corporation spent 4.2% on administrative costs.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

COMPENSATION AND BENEFITS

A data entry error lead to the underpayment of an employee during the 2006-2007 school year. When the employee's data was entered into the computer the prior year's service figure was understated.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

CAPITAL ASSET RECORDS

Information presented for audit did not indicate an inventory was taken and the records of capital assets presented were incomplete and not updated since the prior audit.

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

STUDENT ACTIVITY AND ATHLETIC FUNDS EXPENDITURES (Applies to Middle and High Schools)

The student activities funds were paying the monthly cell phone bills for the building Principals.

". . . the extra-curricular account is to be used only for functions which are not educational in nature." (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

FORM 9 REPORTING

The fiscal financial reports (Form 9's) provided by the Indiana Department of Education did not always agree to the fund reports contained on the School Corporation's ledgers.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted.

1. Record balances were not reconciled to depository balances.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

2. There were a considerable number of posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts.

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

3. Receipts were only written monthly for daily deposits to the Cafe bank account. Book transfers were made from the School Lunch Prepaid Fund to the School Lunch Fund and bank transfers were made from the Cafe bank account to the General bank account on a monthly or sometimes later basis.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TIMELY RECORDKEEPING

We noted on October 4, 2007, that the final calculation of transfer and cash tuition had not been completed. Consequently, final statements for the 2006-2007 school year had not been sent to the appropriate parties.

Indiana Code 20-26-11-14(b) states: "Not later than October 1 following the end of the school year, a school shall send a final statement of the amount of transfer tuition due to the state agency and to any school that owes transfer tuition to the school corporation."

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE EASTERN PULASKI COMMUNITY  
SCHOOL CORPORATION, PULASKI COUNTY, INDIANA

Compliance

We have audited the compliance of the Eastern Pulaski Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2007-1 and 2007-2.

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

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in items 2007-1 and 2007-2 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The School Corporation's response to the findings identified in our audit are described in the accompanying Official Response section of the report. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

November 14, 2007

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-06	Total Federal Awards Expended 06-30-07
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
National School Breakfast Program	10.553	FY 05-06 FY 06-07	\$ 14,268 -	\$ - 12,542
Total for program			<u>14,268</u>	<u>12,542</u>
National School Lunch Program	10.555	FY 05-06 FY 06-07	167,373 -	- 141,903
Total for program			<u>167,373</u>	<u>141,903</u>
Total for federal grantor agency			<u>181,641</u>	<u>154,445</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
	84.010	FY 04-05 FY 05-06 FY 06-07	50,276 131,699 -	- 36,200 116,600
Total for program			<u>181,975</u>	<u>152,800</u>
Safe and Drug Free Schools and Communities - State Grants	84.186	FY 04-05 FY 05-06 FY 06-07	6,198 - -	847 5,617 300
Total for program			<u>6,198</u>	<u>6,764</u>
State Grants for Innovative Programs	84.298	FY 04-05 FY 05-06 FY 06-07	3,305 - -	- 6,662 645
Total for program			<u>3,305</u>	<u>7,307</u>
Education Technology State Grants	84.318	FY 04-05 FY 05-06 FY 06-07	2,529 60 179	3,501 3,949 727
Total for program			<u>2,768</u>	<u>8,177</u>
Improving Teacher Quality State Grants	84.367	FY 04-05 FY 05-06	50,259 -	78 55,081
Total for program			<u>50,259</u>	<u>55,159</u>
Reading First State Grants	84.357	FY 04-05 FY 05-06 FY 06-07	157,675 83,953 -	- 79,239 144,124
Total for program			<u>241,628</u>	<u>223,363</u>
Total for federal grantor agency			<u>486,133</u>	<u>453,570</u>
Total federal awards expended			<u>\$ 667,774</u>	<u>\$ 608,015</u>

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

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Eastern Pulaski Community School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of schools shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006	2007
National School Breakfast Program	10.553	\$ 1,390	\$ 2,486
National School Lunch Program	10.555	16,305	25,335

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	yes

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.357	Child Nutrition Cluster Reading First State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2007-1, EARMARKING

Federal Agency: US Department of Education  
Pass-Through Indiana Department of Education  
Federal Program: Reading First State Grants  
CFDA Number: 84.357

The School Corporation did not have adequate monitoring controls in place to ensure compliance with the Earmarking requirements for the Reading First Grant.

A review of claims and the Budget History Report determined the School Corporation had spent 4.2% for administrative costs for the grant period ending September 30, 2005.

EDGAR 80.20(b)(4) states in part: "Budget control. Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant."

EDGAR 80.20(b)(5) states: "Allowable cost. Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs."

Failure to expend costs within the budgeted amount could lead to the loss of the funds to the School Corporation.

The School Corporation Officials should institute an internal control structure over federal programs to ensure that monies expended are within the parameters established by the grant agreements.

FINDING 2007-2, PERIOD OF AVAILABILITY

Federal Agency: U.S. Department of Education  
Pass-Through Indiana Department of Education  
Federal Program: Reading First State Grants  
CFDA Number: 84.357

The School Corporation did not have adequate controls in place to monitor compliance related to the Period of Availability Requirements of the Reading First Grant.

The Reading First Grant for the period ending September 30, 2004, had a cash balance of \$827 on June 30, 2007. Grant requirements provided that the grant funds needed be encumbered by September 30, 2005, and expended no later than December 31, 2005. In two instances the School Corporation wrote checks, dated December 31, 2005, for grant expenditures. These checks were held in the School Corporation office until the actual purchases were made on April 25, 2006.

EDGAR 80.23 Period of availability of funds states:

"(a) General. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligation of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(b) Liquidation of obligations. A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). The Federal agency may extend this deadline at the request of the grantee."

Failure to expend grant funds within the required time period could lead to the loss of the funds by the School Corporation.

School Corporation Officials should institute an internal control structure over the federal programs that they administer to ensure that monies are expended in the current availability period.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



# EASTERN PULASKI COMMUNITY SCHOOL CORPORATION

711 SCHOOL DRIVE  
WINAMAC, INDIANA 46996  
574-946-4010

ROBERT J. KLITZMAN, Ed.D.  
SUPERINTENDENT OF SCHOOLS

FAX: 574-946-4510  
klitzmr@epulaski.k12.in.us

## FINDING 2007-2 PERIOD OF AVAILABILITY

Federal Agency: US Department of Education  
Pass-Through Indiana Department of Education  
Federal Program: Reading First State Grants  
CFDA Number 84.357

Eastern Pulaski Community School Corporation has instituted corrective internal control to ensure that monies are expended in the current availability period.

## FINDING 2007-1 EARMARKING

Federal Agency: US Department of Education  
Pass-Through Indiana Department of Education  
Federal Program: Reading First State Grants  
CFDA Number 84.357

Eastern Pulaski Community School Corporation has monitored controls to insure compliance with the Earmarking requirements for the Reading First Grant.

Sincerely,

Robert J. Klitzman, Ed.D.  
Superintendent of Schools

11-14-07



*Kids Are Our Future*

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on November 14, 2007, with Dr. Robert J. Klitzman, Superintendent of Schools; Diana L. Lowry, Treasurer; Larry Beach, School Board member; and David Thompson, Business Manager. The official response has been made a part of this report and may be found on page 54.



# EASTERN PULASKI COMMUNITY SCHOOL CORPORATION

711 SCHOOL DRIVE  
WINAMAC, INDIANA 46996  
574-946-4010

ROBERT J. KLITZMAN, Ed.D.  
SUPERINTENDENT OF SCHOOLS

FAX: 574-946-4510  
klitzmr@epulaski.k12.in.us

November 19, 2007

State Board of Accounts  
402 West Washington Street  
4<sup>th</sup> Floor, Room E418  
Indianapolis, IN 46204

Eastern Pulaski Community School Corporation would like to thank and extend its appreciation to The State Board of Accounts, specifically Mr. Dave Webb, Mrs. Kris Girton, and Mr. Dean Gerlach, for the assistance provided during the recent audit visitation. We understand the necessity of this service as well as the opportunity it presents for us to review our accounting procedures. Additionally we are proud to relay the message delivered by the on-site auditors that our practices and our compliance with regulations are sound and that anything that needs "fine turning" will be addressed. To find and recognize good is also a part of the audit. We appreciate those comments.

We will make the school board aware of the recommendations to establish a textbook rental fee which is based on a per book cost basis. Additionally, at the next audit I will present to the auditors representative documents, which show our flat fee philosophy is within the guidelines set by statute. Hopefully the State of Indiana will decide to provide free textbooks for all public school students by then, which would make this a moot issue. The recommendations regarding cafeteria deposits, grant requirements, fixed asset inventories, and employee compensation have already been corrected and implemented. Building level cell phones will be addressed by the School Board.

The purpose of this response, although not required, is to reaffirm our intent to cooperate fully and our desire to comply with all the recommendations offered to Eastern Pulaski Community School Corporation.

Sincerely,

Robert J. Klitzman, Ed.D.  
Superintendent of Schools

RJK/ala



*Kids Are Our Future*

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