

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, 2007 to June 30, 2009



FILED

02/03/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Diana L. Lowry David Thompson	07-01-07 to 06-30-08 07-01-08 to 06-30-10
Superintendent of Schools	Dr. Robert J. Klitzman	07-01-07 to 06-30-10
President of the School Board	Cathy Fritz Larry Beach Cathy Fritz	07-01-07 to 06-30-08 07-01-08 to 06-30-09 07-01-09 to 06-30-10



STATE OF INDIANA
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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, 2008 and 2009, 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, 2008 and 2009, 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 December 15, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

December 15, 2009



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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, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 15, 2009. 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.

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

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. We consider the deficiencies described in item 2009-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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.

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)

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. However, of the significant deficiencies described above, we consider item 2009-1 to be a material weakness.

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 and Corrective Action Plan. 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, School Board of Trustees, 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

December 15, 2009

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Governmental activities:					
Instruction	\$ 6,418,292	\$ -	\$ 133,491	\$ (6,284,801)	
Support services	3,542,827	263,822	226,455	(3,052,550)	
Noninstructional services	597,077	-	-	(597,077)	
Facilities acquisition and construction	928,016	-	-	(928,016)	
Debt service	1,178,250	-	-	(1,178,250)	
Nonprogrammed charges	843,369	-	-	(843,369)	
Total governmental activities	\$ 13,507,831	\$ 263,822	\$ 359,946	(12,884,063)	
General receipts:					
Property taxes				4,911,111	
Other local sources				680,989	
State aid				5,035,471	
Bonds and loans				950,562	
Grants and contributions not restricted to specific programs				678,362	
Sale of property				12,121	
Investment earnings				232,861	
Other				4,853	
Total general receipts				12,506,330	
Change in net assets				(377,733)	
Net assets - beginning				5,294,499	
Net assets - ending				\$ 4,916,766	
<u>Assets</u>					
Cash and investments				\$ 4,916,766	
<u>Net Assets</u>					
Unrestricted				\$ 4,916,766	

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, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 6,358,363	\$ -	\$ 147,686	\$ (6,210,677)
Support services	3,629,117	264,008	248,893	(3,116,216)
Noninstructional services	580,743	-	-	(580,743)
Facilities acquisition and construction	351,407	-	-	(351,407)
Debt service	1,176,133	-	-	(1,176,133)
Nonprogrammed charges	582,413	-	-	(582,413)
<u>Total governmental activities</u>	<u>\$ 12,678,176</u>	<u>\$ 264,008</u>	<u>\$ 396,579</u>	<u>(12,017,589)</u>
General receipts:				
Property taxes				5,804,112
Other local sources				1,496,499
State aid				5,826,435
Grants and contributions not restricted to specific programs				1,306,389
Sale of property				14,632
Investment earnings				189,731
Other				6,327
<u>Total general receipts</u>				<u>14,644,125</u>
Change in net assets				2,626,536
Net assets - beginning				4,916,766
<u>Net assets - ending</u>				<u>\$ 7,543,302</u>
<u>Assets</u>				
Cash and investments				\$ 7,122,978
Restricted assets:				
Cash and investments				420,324
<u>Total assets</u>				<u>\$ 7,543,302</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 420,324
Unrestricted				7,122,978
<u>Total net assets</u>				<u>\$ 7,543,302</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, 2008

	General	Transportation Operating	Rainy Day	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 2,989,074	\$ 735,998	\$ -	\$ 1,133,227	\$ 1,343,984	\$ 6,202,283
Intermediate sources	46	-	-	-	338	384
State sources	5,132,561	-	-	-	132,641	5,265,202
Federal sources	-	-	-	-	803,273	803,273
Interfund loans	1,230,546	-	-	375,369	70,485	1,676,400
Other	113,506	566	-	3,000	4,791	121,863
Total receipts	9,465,733	736,564	-	1,511,596	2,355,512	14,069,405
Disbursements:						
Current:						
Instruction	5,953,345	-	-	-	464,947	6,418,292
Support services	2,249,494	717,472	-	161,605	414,256	3,542,827
Noninstructional services	132,146	-	-	-	464,931	597,077
Facilities acquisition and construction	-	-	-	267,366	660,650	928,016
Debt services	-	-	-	-	1,178,250	1,178,250
Nonprogrammed charges	827,499	-	-	-	15,870	843,369
Interfund loans	262,796	-	-	1,301,031	112,573	1,676,400
Total disbursements	9,425,280	717,472	-	1,730,002	3,311,477	15,184,231
Excess (deficiency) of receipts over disbursements	40,453	19,092	-	(218,406)	(955,965)	(1,114,826)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	724,972	724,972
Sale of capital assets	980	233	-	9,500	1,408	12,121
Transfers in	441,225	-	533,086	-	414,635	1,388,946
Transfers out	(568,255)	-	-	(15,408)	(805,283)	(1,388,946)
Total other financing sources (uses)	(126,050)	233	533,086	(5,908)	335,732	737,093
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(85,597)	19,325	533,086	(224,314)	(620,233)	(377,733)
Cash and investments - beginning	85,597	517,561	-	3,443,458	1,247,883	5,294,499
Cash and investments - ending	\$ -	\$ 536,886	\$ 533,086	\$ 3,219,144	\$ 627,650	\$ 4,916,766
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 536,886	\$ 533,086	\$ 3,219,144	\$ 627,650	\$ 4,916,766
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ 536,886	\$ 533,086	\$ 3,219,144	\$ 627,650	\$ 4,916,766

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, 2009

	General	Transportation Operating	Rainy Day	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 3,368,012	\$ 843,841	\$ -	\$ 1,357,595	\$ 2,182,668	\$ 7,752,116
Intermediate sources	1,035	-	-	-	600	1,635
State sources	5,943,024	-	-	-	137,595	6,080,619
Federal sources	210	125	-	-	1,448,449	1,448,784
Interfund loans	-	-	-	983,158	-	983,158
Other	4,955	1,078	-	-	893	6,926
Total receipts	9,317,236	845,044	-	2,340,753	3,770,205	16,273,238
Disbursements:						
Current:						
Instruction	5,324,903	-	-	-	1,033,460	6,358,363
Support services	2,208,200	665,243	-	229,176	526,498	3,629,117
Noninstructional services	123,633	-	-	-	457,110	580,743
Facilities acquisition and construction	-	-	-	351,407	-	351,407
Debt services	-	-	-	-	1,176,133	1,176,133
Nonprogrammed charges	582,413	-	-	-	-	582,413
Interfund loans	912,673	-	-	-	70,485	983,158
Total disbursements	9,151,822	665,243	-	580,583	3,263,686	13,661,334
Excess of receipts over disbursements	165,414	179,801	-	1,760,170	506,519	2,611,904
Other financing sources (uses):						
Sale of capital assets	207	-	-	14,425	-	14,632
Transfers in	183,782	-	130,000	-	-	313,782
Transfers out	(130,000)	-	-	-	(183,782)	(313,782)
Total other financing sources (uses)	53,989	-	130,000	14,425	(183,782)	14,632
Excess of receipts and other financing sources over disbursements and other financing uses	219,403	179,801	130,000	1,774,595	322,737	2,626,536
Cash and investments - beginning	-	536,886	533,086	3,219,144	627,650	4,916,766
Cash and investments - ending	\$ 219,403	\$ 716,687	\$ 663,086	\$ 4,993,739	\$ 950,387	\$ 7,543,302
Cash and Investment Assets - Ending						
Cash and investments	\$ 219,403	\$ 716,687	\$ 663,086	\$ 4,993,739	\$ 530,063	\$ 7,122,978
Restricted assets:						
Cash and investments	-	-	-	-	420,324	420,324
Total cash and investment assets - ending	\$ 219,403	\$ 716,687	\$ 663,086	\$ 4,993,739	\$ 950,387	\$ 7,543,302
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 420,324	\$ 420,324
Unrestricted	219,403	716,687	663,086	4,993,739	530,063	7,122,978
Total cash and investment fund balance - ending	\$ 219,403	\$ 716,687	\$ 663,086	\$ 4,993,739	\$ 950,387	\$ 7,543,302

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, 2008

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 104,903	
Investment earnings:			
Interest	-	7,925	
Total additions	<u>-</u>	<u>112,828</u>	
Deductions:			
Benefits	23,610	-	
Administrative and general	<u>177,606</u>	<u>563,980</u>	
Total deductions	<u>201,216</u>	<u>563,980</u>	
Deficiency of total additions over total deductions	(201,216)	(451,152)	
Cash and investment fund balance - beginning	<u>491,232</u>	<u>604,995</u>	
Cash and investment fund balance - ending	<u>\$ 290,016</u>	<u>\$ 153,843</u>	<u>\$ 120,383</u>
Net assets:			
Cash and investments	<u>\$ 290,016</u>	<u>\$ 153,843</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 290,016</u>	<u>\$ 153,843</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, 2009

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 34,546	
Deductions:			
Benefits	30,806	-	
Administrative and general	-	6,399	
Total deductions	30,806	6,399	
Excess (deficiency) of total additions over total deductions	(30,806)	28,147	
Cash and investment fund balance - beginning	290,016	153,843	
Cash and investment fund balance - ending	\$ 259,210	\$ 181,990	\$ 156,218
Net assets:			
Cash and investments	\$ 259,210	\$ 181,990	
Total net assets - cash and investment basis held in trust	\$ 259,210	\$ 181,990	

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 \$458,509 and \$483,024 in 2007-2008 and 2008-2009, respectively. LAJSSC pays its surplus to the participants. LAJSSC's continued existence depends on continued funding by the participating school corporations. Members of the coop are Twin Lakes, Delphi, Caston, Southwestern, Logansport, Pioneer, Carroll, North Miami, and Eastern Pulaski. 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 \$125,400 and \$142,286 in 2007-2008 and 2008-2009, 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. The members of Century Career Center are Eastern Pulaski, Logansport, and Pioneer. 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 \$5,752 and \$0 for 2007-2008 and 2008-2009, respectively. Complete financial statements for the service center can be obtained from them at 56535 Magnetic Dr. Mishawaka, IN 46545.

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 – Cash and Investment Basis 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, 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 transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The rainy day fund accounts for funds in accordance with Indiana Code 36-1-8-5.1 and a locally adopted resolution.

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

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 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.

Agency funds account for assets held by the School Corporation as an agent for employees, other governmental agencies and students and serve as control accounts for cash transactions during the time they are a liability to the School Corporation.

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.

As a general rule, interfund activity has been eliminated from the government-wide financial statements.

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

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 become delinquent if not paid by May 10 and November 10, respectively.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

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

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary 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

1. 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.

2. Operating Receipts and Disbursements

Operating receipts and disbursements include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

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

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

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:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis 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 government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

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 calendar year end.

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 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.

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

B. Cash and Investment Balance Deficits

At June 30, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2007-2008	2008-2009
After School Child Care	\$ <u>5,226</u>	\$ <u>8,097</u>

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

III. Detailed Notes on All Funds

A. 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 School Corporation's deposit policy for custodial credit risk is to follow the Indiana Code. At June 30, 2009, the School Corporation had deposit balances in the amount of \$8,140,071.

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.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

Transfer From	Transfer To	2007	2008
General Fund	Rainy Day	\$ 533,086	\$ 130,000
General Fund	Other governmental funds	35,169	-
Capital Projects	General Fund	15,408	-
Other governmental funds	General Fund	425,817	183,782
Other governmental funds	Other governmental funds	<u>379,466</u>	<u>-</u>
Totals		<u>\$ 1,388,946</u>	<u>\$ 313,782</u>

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

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

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 with 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 the 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.

C. 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.

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

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.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 92,020
Interest on net pension obligation	(1,744)
Adjustment to annual required contribution	1,988
Annual pension cost	92,264
Contributions made	82,755
Increase in net pension obligation	9,509
Net pension obligation, beginning of year	(24,057)
Net pension obligation, end of year	\$ (14,548)

	PERF
Contribution rates:	
School Corporation	6.63%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

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

Actuarial Assumptions	PERF
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	06-30-06	\$ 76,765	84%	\$ (27,945)
	06-30-07	75,758	95%	(24,057)
	06-30-08	92,264	90%	(14,548)

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

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

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, 2009, 2008, and 2007, were \$169,579, \$158,865, and \$135,768, 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)
07-01-06	\$ 1,478,548	\$ 1,502,030	\$ (23,482)	98%	\$ 1,165,492	(2%)
07-01-07	1,632,838	1,754,792	(121,954)	93%	1,274,531	(10%)
07-01-08	1,670,409	1,777,942	(107,533)	94%	1,214,564	(9%)

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, 2008

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plate	Gifted and Talented 2006-2007	Gifted and Talented 2007-2008
Receipts:							
Local sources	\$ 7,611	\$ 246,294	\$ 75,019	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	338	-	-
State sources	58,491	9,651	33,402	-	-	-	31,097
Federal sources	-	183,402	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	207	-	-	-	-
Total receipts	<u>66,102</u>	<u>439,347</u>	<u>108,628</u>	<u>-</u>	<u>338</u>	<u>-</u>	<u>31,097</u>
Disbursements:							
Current:							
Instruction	23,037	-	-	-	-	11,541	30,256
Support services	-	6,794	89,124	-	-	-	-
Noninstructional services	-	452,357	-	-	-	-	-
Facilities acquisition and construction	-	318	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>23,037</u>	<u>459,469</u>	<u>89,124</u>	<u>-</u>	<u>-</u>	<u>11,541</u>	<u>30,256</u>
Excess (deficiency) of receipts over disbursements	<u>43,065</u>	<u>(20,122)</u>	<u>19,504</u>	<u>-</u>	<u>338</u>	<u>(11,541)</u>	<u>841</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	1,408	-	-	-	-
Transfers in	-	-	-	35,169	-	-	-
Transfers out	-	-	-	(70,338)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,408</u>	<u>(35,169)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>43,065</u>	<u>(20,122)</u>	<u>20,912</u>	<u>(35,169)</u>	<u>338</u>	<u>(11,541)</u>	<u>841</u>
Cash and investments - beginning	<u>120,490</u>	<u>46,281</u>	<u>13,077</u>	<u>88,951</u>	<u>2,159</u>	<u>11,541</u>	<u>-</u>
Cash and investments - ending	<u>\$ 163,555</u>	<u>\$ 26,159</u>	<u>\$ 33,989</u>	<u>\$ 53,782</u>	<u>\$ 2,497</u>	<u>\$ -</u>	<u>\$ 841</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 163,555</u>	<u>\$ 26,159</u>	<u>\$ 33,989</u>	<u>\$ 53,782</u>	<u>\$ 2,497</u>	<u>\$ -</u>	<u>\$ 841</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 163,555</u>	<u>\$ 26,159</u>	<u>\$ 33,989</u>	<u>\$ 53,782</u>	<u>\$ 2,497</u>	<u>\$ -</u>	<u>\$ 841</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, 2008
 (Continued)

	Non-English Speaking Program	School Technology	Mentor Teachers	Computer Contact	Special Services	Title I 2004-2005	Title I 2006-2007
Receipts:							
Local sources	\$ -	\$ 4,668	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	1,400	-	41,650
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	4,584	-	-
Total receipts	-	4,668	-	-	5,984	-	41,650
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	38,645
Support services	-	1,779	-	23	-	-	522
Noninstructional services	-	-	-	-	-	-	200
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	1,779	-	23	-	-	39,367
Excess (deficiency) of receipts over disbursements	-	2,889	-	(23)	5,984	-	2,283
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(2,177)	(14,283)
Total other financing sources (uses)	-	-	-	-	-	(2,177)	(14,283)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,889	-	(23)	5,984	(2,177)	(12,000)
Cash and investments - beginning	153	35,678	2,782	23	46,176	2,177	12,000
Cash and investments - ending	\$ 153	\$ 38,567	\$ 2,782	\$ -	\$ 52,160	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 153	\$ 38,567	\$ 2,782	\$ -	\$ 52,160	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 153	\$ 38,567	\$ 2,782	\$ -	\$ 52,160	\$ -	\$ -

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, 2008
 (Continued)

	Title I 2007-2008	Innovative Technology 2005-2006	Innovative Technology 2006-2007	Innovative Technology 2007-2008	Safe and Drug Free Schools 2006-2007	Safe and Drug Free Schools 2005-2006
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	177,429	-	-	2,058	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	177,429	-	-	2,058	-	-
Disbursements:						
Current:						
Instruction	177,634	3,817	813	97	3,701	599
Support services	3,486	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	181,120	3,817	813	97	3,701	599
Excess (deficiency) of receipts over disbursements	(3,691)	(3,817)	(813)	1,961	(3,701)	(599)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	16,460	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	16,460	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,769	(3,817)	(813)	1,961	(3,701)	(599)
Cash and investments - beginning	-	3,817	2,153	-	4,701	603
Cash and investments - ending	<u>\$ 12,769</u>	<u>\$ -</u>	<u>\$ 1,340</u>	<u>\$ 1,961</u>	<u>\$ 1,000</u>	<u>\$ 4</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 12,769</u>	<u>\$ -</u>	<u>\$ 1,340</u>	<u>\$ 1,961</u>	<u>\$ 1,000</u>	<u>\$ 4</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 12,769</u>	<u>\$ -</u>	<u>\$ 1,340</u>	<u>\$ 1,961</u>	<u>\$ 1,000</u>	<u>\$ 4</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, 2008
 (Continued)

	Safe and Drug Free Schools 2007-2008	After School Child Care	Project Lead The Way	Improving Teacher Quality Instruction 2005-2006	Improving Teacher Quality Instruction 2006-2007	Improving Teacher Quality Instruction 2007-2008
Receipts:						
Local sources	\$ -	\$ 6,888	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	4,906	-	8,697	-	57,903	58,304
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>4,906</u>	<u>6,888</u>	<u>8,697</u>	<u>-</u>	<u>57,903</u>	<u>58,304</u>
Disbursements:						
Current:						
Instruction	100	1,196	3,969	4,077	32,717	20,312
Support services	-	-	-	-	-	-
Noninstructional services	-	12,374	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>100</u>	<u>13,570</u>	<u>3,969</u>	<u>4,077</u>	<u>32,717</u>	<u>20,312</u>
Excess (deficiency) of receipts over disbursements	<u>4,806</u>	<u>(6,682)</u>	<u>4,728</u>	<u>(4,077)</u>	<u>25,186</u>	<u>37,992</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,806	(6,682)	4,728	(4,077)	25,186	37,992
Cash and investments - beginning	-	1,456	(4,728)	4,077	-	-
Cash and investments - ending	<u>\$ 4,806</u>	<u>\$ (5,226)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,186</u>	<u>\$ 37,992</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 4,806</u>	<u>\$ (5,226)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,186</u>	<u>\$ 37,992</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 4,806</u>	<u>\$ (5,226)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,186</u>	<u>\$ 37,992</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, 2008
 (Continued)

	2004-2005 Enhancing Education with Technology	2005-2006 Enhancing Education with Technology	Reading First 2005-2006	Reading First 2003-2004	Reading First 2006-2007	Reading First 2007-2008
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	39,750	227,774
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	-	-	39,750	227,774
Disbursements:						
Current:						
Instruction	-	-	-	-	19,227	93,209
Support services	259	2,198	-	-	85,259	55,337
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	259	2,198	-	-	104,486	148,546
Excess (deficiency) of receipts over disbursements	(259)	(2,198)	-	-	(64,736)	79,228
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	64,756	-
Transfers out	-	-	(64,756)	-	-	-
Total other financing sources (uses)	-	-	(64,756)	-	64,756	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(259)	(2,198)	(64,756)	-	20	79,228
Cash and investments - beginning	259	2,198	64,756	827	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 827</u>	<u>\$ 20</u>	<u>\$ 79,228</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 827</u>	<u>\$ 20</u>	<u>\$ 79,228</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 827</u>	<u>\$ 20</u>	<u>\$ 79,228</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, 2008
 (Continued)

	Pension Bonds	Debt Service	Retirement Debt Service	School Bus Replacement	Construction	Totals
Receipts:						
Local sources	\$ -	\$ 922,088	\$ -	\$ 81,416	\$ -	\$ 1,343,984
Intermediate sources	-	-	-	-	-	338
State sources	-	-	-	-	-	132,641
Federal sources	-	-	-	-	-	803,273
Interfund loans	-	70,485	-	-	-	70,485
Other	-	-	-	-	-	4,791
Total receipts	-	992,573	-	81,416	-	2,355,512
Disbursements:						
Current:						
Instruction	-	-	-	-	-	464,947
Support services	-	-	-	169,475	-	414,256
Noninstructional services	-	-	-	-	-	464,931
Facilities acquisition and construction	-	-	-	-	660,332	660,650
Debt services	-	880,000	298,250	-	-	1,178,250
Nonprogrammed charges	15,870	-	-	-	-	15,870
Interfund loans	-	112,573	-	-	-	112,573
Total disbursements	15,870	992,573	298,250	169,475	660,332	3,311,477
Excess (deficiency) of receipts over disbursements	(15,870)	-	(298,250)	(88,059)	(660,332)	(955,965)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	724,972	724,972
Sale of capital assets	-	-	-	-	-	1,408
Transfers in	-	-	298,250	-	-	414,635
Transfers out	(653,729)	-	-	-	-	(805,283)
Total other financing sources (uses)	(653,729)	-	298,250	-	724,972	335,732
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(669,599)	-	-	(88,059)	64,640	(620,233)
Cash and investments - beginning	669,599	-	-	116,677	-	1,247,883
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,618</u>	<u>\$ 64,640</u>	<u>\$ 627,650</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,618</u>	<u>\$ 64,640</u>	<u>\$ 627,650</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,618</u>	<u>\$ 64,640</u>	<u>\$ 627,650</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, 2009

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plate	Gifted and Talented 2007-2008	Gifted and Talented 2008-2009
Receipts:							
Local sources	\$ 8,923	\$ 248,687	\$ 75,578	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	600	-	-
State sources	66,624	9,259	30,615	-	-	-	31,097
Federal sources	-	209,019	1,376	-	-	-	-
Other	-	-	294	-	-	-	-
Total receipts	75,547	466,965	107,863	-	600	-	31,097
Disbursements:							
Current:							
Instruction	68,300	-	-	-	567	841	30,155
Support services	-	1,263	109,615	-	-	-	-
Noninstructional services	-	438,875	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	68,300	440,138	109,615	-	567	841	30,155
Excess (deficiency) of receipts over disbursements	7,247	26,827	(1,752)	-	33	(841)	942
Other financing sources (uses):							
Transfers out	(130,000)	-	-	(53,782)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(122,753)	26,827	(1,752)	(53,782)	33	(841)	942
Cash and investments - beginning	163,555	26,159	33,989	53,782	2,497	841	-
Cash and investments - ending	\$ 40,802	\$ 52,986	\$ 32,237	\$ -	\$ 2,530	\$ -	\$ 942
Cash and Investment Assets - Ending							
Cash and investments	\$ 40,802	\$ 52,986	\$ 32,237	\$ -	\$ 2,530	\$ -	\$ 942
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 40,802	\$ 52,986	\$ 32,237	\$ -	\$ 2,530	\$ -	\$ 942
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	40,802	52,986	32,237	-	2,530	-	942
Total cash and investment fund balance - ending	\$ 40,802	\$ 52,986	\$ 32,237	\$ -	\$ 2,530	\$ -	\$ 942

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, 2009
 (Continued)

	Non-English Speaking Program	School Technology	Mentor Teachers	Special Services	Title I 2007-2008	Title I 2008-2009	Innovative Technology 2006-2007
Receipts:							
Local sources	\$ -	\$ 7,007	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	14,000	187,194	-
Other	-	-	-	599	-	-	-
Total receipts	-	7,007	-	599	14,000	187,194	-
Disbursements:							
Current:							
Instruction	-	-	-	-	14,673	117,956	1,340
Support services	-	46	-	-	2,149	48,436	-
Noninstructional services	-	-	-	-	-	658	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	46	-	-	16,822	167,050	1,340
Excess (deficiency) of receipts over disbursements	-	6,961	-	599	(2,822)	20,144	(1,340)
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	6,961	-	599	(2,822)	20,144	(1,340)
Cash and investments - beginning	153	38,567	2,782	52,160	12,769	-	1,340
Cash and investments - ending	\$ 153	\$ 45,528	\$ 2,782	\$ 52,759	\$ 9,947	\$ 20,144	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 153	\$ 45,528	\$ 2,782	\$ 52,759	\$ 9,947	\$ 20,144	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 153	\$ 45,528	\$ 2,782	\$ 52,759	\$ 9,947	\$ 20,144	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	153	45,528	2,782	52,759	9,947	20,144	-
Total cash and investment fund balance - ending	\$ 153	\$ 45,528	\$ 2,782	\$ 52,759	\$ 9,947	\$ 20,144	\$ -

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, 2009
 (Continued)

	Innovative Technology 2007-2008	Safe and Drug Free Schools 2006-2007	Safe and Drug Free Schools 2005-2006	Safe and Drug Free Schools 2007-2008	Safe and Drug Free Schools 2008-2009	After School Child Care	Improving Teacher Quality Instruction 2006-2007
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,181	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	803	-	-	-	3,652	-	-
Other	-	-	-	-	-	-	-
Total receipts	803	-	-	-	3,652	5,181	-
Disbursements:							
Current:							
Instruction	803	1,000	-	3,100	-	-	25,186
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	8,052	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	803	1,000	-	3,100	-	8,052	25,186
Excess (deficiency) of receipts over disbursements	-	(1,000)	-	(3,100)	3,652	(2,871)	(25,186)
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,000)	-	(3,100)	3,652	(2,871)	(25,186)
Cash and investments - beginning	1,961	1,000	4	4,806	-	(5,226)	25,186
Cash and investments - ending	<u>\$ 1,961</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 1,706</u>	<u>\$ 3,652</u>	<u>\$ (8,097)</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,961	\$ -	\$ 4	\$ 1,706	\$ 3,652	\$ (8,097)	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,961</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 1,706</u>	<u>\$ 3,652</u>	<u>\$ (8,097)</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,961	-	4	1,706	3,652	(8,097)	-
Total cash and investment fund balance - ending	<u>\$ 1,961</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 1,706</u>	<u>\$ 3,652</u>	<u>\$ (8,097)</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, 2009
 (Continued)

	Improving Teacher Quality Instruction 2007-2008	Improving Teacher Quality Instruction 2008-2009	Reading First 2003-2004	Reading First 2006-2007	Reading First 2007-2008	Reading First 2008-2009	ARRA Fiscal Stabilization
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	59,558	-	-	31,797	222,759	697,913
Other	-	-	-	-	-	-	-
Total receipts	-	59,558	-	-	31,797	222,759	697,913
Disbursements:							
Current:							
Instruction	37,992	45,223	-	-	39,437	136,880	510,007
Support services	-	-	827	20	71,588	31,872	103,671
Noninstructional services	-	-	-	-	-	-	9,525
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	37,992	45,223	827	20	111,025	168,752	623,203
Excess (deficiency) of receipts over disbursements	(37,992)	14,335	(827)	(20)	(79,228)	54,007	74,710
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(37,992)	14,335	(827)	(20)	(79,228)	54,007	74,710
Cash and investments - beginning	37,992	-	827	20	79,228	-	-
Cash and investments - ending	\$ -	\$ 14,335	\$ -	\$ -	\$ -	\$ 54,007	\$ 74,710
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 14,335	\$ -	\$ -	\$ -	\$ 54,007	\$ 74,710
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 14,335	\$ -	\$ -	\$ -	\$ 54,007	\$ 74,710
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	14,335	-	-	-	54,007	74,710
Total cash and investment fund balance - ending	\$ -	\$ 14,335	\$ -	\$ -	\$ -	\$ 54,007	\$ 74,710

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, 2009
 (Continued)

	ARRA- Title I Fiscal Stabilization	Debt Service	Retirement Debt Service	School Bus Replacement	Construction	Totals
Receipts:						
Local sources	\$ -	\$ 1,149,160	\$ 517,782	\$ 170,350	\$ -	\$ 2,182,668
Intermediate sources	-	-	-	-	-	600
State sources	-	-	-	-	-	137,595
Federal sources	20,378	-	-	-	-	1,448,449
Other	-	-	-	-	-	893
Total receipts	20,378	1,149,160	517,782	170,350	-	3,770,205
Disbursements:						
Current:						
Instruction	-	-	-	-	-	1,033,460
Support services	2,418	-	-	154,593	-	526,498
Noninstructional services	-	-	-	-	-	457,110
Debt services	-	880,000	296,133	-	-	1,176,133
Interfund loans	-	70,485	-	-	-	70,485
Total disbursements	2,418	950,485	296,133	154,593	-	3,263,686
Excess (deficiency) of receipts over disbursements	17,960	198,675	221,649	15,757	-	506,519
Other financing sources (uses):						
Transfers out	-	-	-	-	-	(183,782)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	17,960	198,675	221,649	15,757	-	322,737
Cash and investments - beginning	-	-	-	28,618	64,640	627,650
Cash and investments - ending	\$ 17,960	\$ 198,675	\$ 221,649	\$ 44,375	\$ 64,640	\$ 950,387
Cash and Investment Assets - Ending						
Cash and investments	\$ 17,960	\$ -	\$ -	\$ 44,375	\$ 64,640	\$ 530,063
Restricted assets:						
Cash and investments	-	198,675	221,649	-	-	420,324
Total cash and investment assets - ending	\$ 17,960	\$ 198,675	\$ 221,649	\$ 44,375	\$ 64,640	\$ 950,387
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ 198,675	\$ 221,649	\$ -	\$ -	\$ 420,324
Unrestricted	17,960	-	-	44,375	64,640	530,063
Total cash and investment fund balance - ending	\$ 17,960	\$ 198,675	\$ 221,649	\$ 44,375	\$ 64,640	\$ 950,387

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, 2008

	Instructional Support	School Board Scholarship	Student Drug Testing	Reading Specialist	Indiana Next	Cape Pace	Totals
Additions:							
Contributions:							
Other	\$ 51,483	\$ -	\$ 2,000	\$ 51,420	\$ -	\$ -	\$ 104,903
Investment earnings:							
Interest	-	1,172	-	-	-	6,753	7,925
Total additions	<u>51,483</u>	<u>1,172</u>	<u>2,000</u>	<u>51,420</u>	<u>-</u>	<u>6,753</u>	<u>112,828</u>
Deductions:							
Administrative and general	49,611	1,000	2,000	32,291	-	479,078	563,980
Excess (deficiency) of total additions over total deductions	1,872	172	-	19,129	-	(472,325)	(451,152)
Cash and investment fund balance - beginning	<u>4,780</u>	<u>30,140</u>	<u>-</u>	<u>97,625</u>	<u>125</u>	<u>472,325</u>	<u>604,995</u>
Cash and investments - June 30	<u>\$ 6,652</u>	<u>\$ 30,312</u>	<u>\$ -</u>	<u>\$ 116,754</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 153,843</u>
Net assets:							
Cash and investments	<u>\$ 6,652</u>	<u>\$ 30,312</u>	<u>\$ -</u>	<u>\$ 116,754</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 153,843</u>
Total net assets - cash and investment basis held in trust	<u>\$ 6,652</u>	<u>\$ 30,312</u>	<u>\$ -</u>	<u>\$ 116,754</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 153,843</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, 2009

	Instructional Support	Indiana Virtual Academy	School Board Scholarship	Student Drug Testing	Reading Specialist	Indiana Next	Totals
Additions:							
Contributions:							
Other	\$ 1,629	\$ 150	\$ -	\$ 2,000	\$ 30,767	\$ -	\$ 34,546
Deductions:							
Administrative and general	3,399	-	1,000	2,000	-	-	6,399
Excess (deficiency) of total additions over total deductions	(1,770)	150	(1,000)	-	30,767	-	28,147
Cash and investment fund balance - beginning	6,652	-	30,312	-	116,754	125	153,843
Cash and investments - June 30	<u>\$ 4,882</u>	<u>\$ 150</u>	<u>\$ 29,312</u>	<u>\$ -</u>	<u>\$ 147,521</u>	<u>\$ 125</u>	<u>\$ 181,990</u>
Net assets:							
Cash and investments	\$ 4,882	\$ 150	\$ 29,312	\$ -	\$ 147,521	\$ 125	\$ 181,990
Total net assets - cash and investment basis held in trust	<u>\$ 4,882</u>	<u>\$ 150</u>	<u>\$ 29,312</u>	<u>\$ -</u>	<u>\$ 147,521</u>	<u>\$ 125</u>	<u>\$ 181,990</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, 2008

	<u>Payroll Withholdings</u>	<u>Cafeteria Presales</u>	<u>Totals</u>
Additions:			
Agency fund additions	\$ 2,388,819	\$ 220,679	\$ 2,609,498
Deductions:			
Agency fund deductions	<u>2,377,921</u>	<u>233,441</u>	<u>2,611,362</u>
Excess (deficiency) of total additions over total deductions	10,898	(12,762)	(1,864)
Cash and investment fund balance - beginning	<u>104,067</u>	<u>18,180</u>	<u>122,247</u>
Cash and investment fund balance - ending	<u>\$ 114,965</u>	<u>\$ 5,418</u>	<u>\$ 120,383</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, 2009

	<u>Payroll Withholdings</u>	<u>Cafeteria Presales</u>	<u>Totals</u>
Additions:			
Agency fund additions	\$ 2,592,459	\$ 265,996	\$ 2,858,455
Deductions:			
Agency fund deductions	<u>2,564,647</u>	<u>257,973</u>	<u>2,822,620</u>
Excess of total additions over total deductions	27,812	8,023	35,835
Cash and investment fund balance - beginning	<u>114,965</u>	<u>5,418</u>	<u>120,383</u>
Cash and investment fund balance - ending	<u>\$ 142,777</u>	<u>\$ 13,441</u>	<u>\$ 156,218</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 155,000
Buildings	21,134,702
Improvements other than buildings	2,075,119
Machinery and equipment	<u>2,165,637</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 25,530,458</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2009

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	\$ 4,970,000	\$ 880,000
Bonds payable:		
General obligation bonds:		
Severance/Retirement Bonds	<u>2,675,000</u>	<u>298,604</u>
Total governmental activities debt	<u>\$ 7,645,000</u>	<u>\$ 1,178,604</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. A similar comment was in prior Report B31651.

1. Depository reconcilements contained errors. We found three checks totaling \$705.78 that were voided in August of 2006 on the outstanding check list at June 30, 2009.

IC 5-13-6-1(e) states: "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)

2. There were posting errors. Several electronic funds transfers were receipted months after they were credited to the bank account.

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. Some transactions were recorded as "negative" receipts and disbursements. Consequently, some funds show negative totals for disbursements for the year.

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)

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

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 13 school years. No documentation was presented to establish the retail price or age of the textbooks being rented for a determination of compliance with IC 20-26-12-2.

IC 20-26-12-2 states in part: "(a) A governing body may purchase . . . may rent these textbooks to students enrolled . . . The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the textbooks."

USE OF BOND SURPLUS PROCEEDS

The School Corporation transferred \$355,479 from the Pension Bond Fund 620 to the General Fund during the 2007-2008 school year. Based on a schedule provided by the bond counsel, the amount needed to reimburse the General Fund for pension expenses incurred prior to the issuance of the pension bonds was \$258,739. The actual transfer was in excess of the calculated amount by \$96,740.

IC 5-1-13-2(c) states:

"Surplus bond proceeds or investment earnings may be used by a local issuing body for the following purposes: (1) To maintain a debt service reserve fund for the bonds to which the surplus bond proceeds or investment earnings are attributable, at the level required under the terms of the bonds, if the local issuing body adopts an ordinance, resolution, or order authorizing that use of the proceeds or earnings. (2) To pay the principal or interest, or both, on any other bonds of the local issuing body, if the local issuing body adopts an ordinance, a resolution, or an order authorizing the use of the surplus proceeds to pay principal or interest on the bonds. (3) To reduce the rate or amount of ad valorem property taxes, special benefit taxes on property, or tax increment revenues imposed by or allocated to the local issuing body."

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
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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, 2008 and 2009. 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.

As described in items 2009-2 and 2009-3 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Reporting requirements for Title I Grants to Local Educational Agencies and Reading First State Grants, and Allowability of Cost requirements for Reading First State Grants. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the years ended June 30, 2008 and 2009.

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 2009-2 and 2009-3 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. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2009-3, to be a material weakness.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. 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, the School Board of Trustees, 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

December 15, 2009

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2008 and 2009

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 06-30-08	Total Federal Awards Expended 06-30-09
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553			
		FY 07-08	\$ 17,123	\$ -
		FY 08-09	-	19,680
Total for program			17,123	19,680
School Lunch Program	10.555			
		FY 07-08	187,917	-
		FY 08-09	-	229,007
Total for program			187,917	229,007
Total for federal grantor agency			205,040	248,687
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010			
		FY 06-07	53,650	-
		FY 07-08	181,120	16,823
		FY 08-09	-	167,050
Total for program			234,770	183,873
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
		FY 08-09	-	2,418
Total for Title I, Part A Cluster			234,770	186,291
Pass-Through Indiana Workforce Development Career and Technical Education - Basic Grants to States Project Lead the Way - FY08	84.048			
		TP-6-357	3,969	-
Pass-Through Indiana Department of Education Safe and Drug Free Schools and Communities	84.186			
		FY 05-06	599	-
		FY 06-07	3,701	1,000
		FY 07-08	100	3,100
Total for program			4,400	4,100
State Grants for Innovative Programs	84.298			
		FY 05-06	3,817	-
		FY 06-07	813	1,340
		FY 07-08	97	804
Total for program			4,727	2,144
Reading First State Grants	84.357			
		FY 03-04	-	827
		FY 06-07	104,486	20
		FY 07-08	148,546	111,025
		FY 08-09	-	168,752
Total for program			253,032	280,624
Improving Teacher Quality State Grants	84.367			
		FY 05-06	6,535	-
		FY 06-07	32,717	25,186
		FY 07-08	20,312	37,992
		FY 08-09	-	45,223
Total for program			59,564	108,401
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394			
		FY 08-09	-	623,203
Total for federal grantor agency			560,462	1,204,763
Total federal awards expended			<u>\$ 765,502</u>	<u>\$ 1,453,450</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 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, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2008	2009
School Breakfast Program	10.553	\$ 1,807	\$ 3,139
National School Lunch Program	10.555	19,831	36,529

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?	yes
Significant deficiencies 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?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	yes

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.357	Title I, Part A Cluster Reading First State Grants
84.394	ARRA - Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2009-1, CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted:

1. Depository reconcilements contained errors. We found three checks totaling \$705.78 that were voided in August of 2006 on the outstanding check list at June 30, 2009.

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

2. There were posting errors. These errors included an electronic funds transfer totaling \$149.91 received in October of 2008 that had not been receipted as of June 30, 2009. Several electronic funds transfers were receipted months after they were credited to the bank account.
3. Some transactions were recorded as "negative" receipts and disbursements resulting in some funds showing negative totals for disbursements for the year in the funds ledger.

Failure to properly monitor the monthly reconciliation of the depository records with the financial ledger could lead to errors being undetected and could lead to improper financial management decisions related to school activities.

Failure to maintain accurately record and monitor financial transactions could result in improper reporting of the financial position of the school to oversight agencies and the local administration.

IC 5-13-6-1(e) states: "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)

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)

We recommended that the School Corporation design and properly monitor procedures to ensure that depository reconciliations and financial statements provided to management and to governmental agencies at all times are accurate.

Section III – Federal Award Findings and Questioned Costs

FINDING 2009-2, FILING OF REPORTS

Federal Agency: U.S. Department of Education
Pass-Through Indiana Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010

The School Corporation does not have adequate internal control procedures in place to ensure compliance with the Reporting requirements of the Title I grant. The School Corporation had not filed Title I Quarterly Monitoring Reports for the 3rd and 4th quarters of fiscal year 2007-2008 as of December 1, 2009.

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

The Code of Federal Regulations 34CFR80.41(b)(2) states in part: ". . . each grantee will report program outlays and program income on a cash or accrual basis as prescribed by the awarding agency . . . When reports are required on a quarterly basis, . . . they will be due 30 days after the reporting period."

Failure to comply with federal program requirements and the requirements of the State pass-through agency could cause the School Corporation to forfeit the federal funds already received and jeopardize approval of future funding under federal assistance programs.

We recommended that the School Corporation design and implement internal control procedures that will ensure the timely filing of accurate reports.

FINDING 2009-3, TRANSFER OF AVAILABLE FUNDS

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 monitoring controls to ensure compliance with the Allowable Costs and Cost Principals Requirement for the grant period ending September 30, 2008.

At the end of the project year the School Corporation Treasurer transferred \$46,255.27 from the Reading First Grant to other nonfederal funds to clear the remaining balance in the Reading First Grant Fund. No documentation was presented to indicate that these transfers were for allowable grant expenditures.

Circular Number A-87(c)(1)(j) states in part: "To be allowable under Federal awards, costs must meet the following general criteria: j. Be adequately documented."

Failure to comply with federal program requirements and the requirements of the State pass-through agency could cause the School Corporation to forfeit the federal funds already received and jeopardize approval of future funding under federal assistance programs.

We recommended the School Corporation design and implement internal control procedures that will enable them to properly monitor the documentation of grant expenditures in the future.



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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	2007-1	2007-2
Original SBA Audit Report Number	B31651	B31651
Fiscal Year	7-1-05 to 6-30-07	7-1-05 to 6-30-07
Auditee Contact Person	David Thompson	David Thompson
Title of Contact Person	Treasurer	Treasurer
Phone Number	574-946-4010	574-946-4010
Status of Finding	Corrected	Corrected

David Thompson
Treasurer



Kids Are Our Future



EASTERN PULASKI COMMUNITY SCHOOL CORPORATION

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574-946-4010

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

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FINDING 2009-1 CONDITION OF RECORDS

On June 30, 2009 the outstanding list of checks was incorrect. The list has been corrected and the bank reconciliation is balanced. Internal controls have been established stating the bank statement and local records shall be balanced on a monthly basis.

FINDING 2009-2 FILING OF REPORTS

Federal Agency: US Department of Education
Pass-Through Indiana Department of Education
Federal Program: Title 1 Grants to Local Educational Agencies
CFDA Number: 84.010

Eastern Pulaski Community School Corporation has established internal controls requiring timely filing of accurate reports.

FINDING 2009-3 TRANSFER OF AVAILABLE FUNDS

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 established internal controls ensuring all grant expenditures are properly documented.

Sincerely,

Robert Klitzman, Ed.D.
Superintendent

David Thompson
Treasurer



Kids Are Our Future

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 15, 2009, with David Thompson, Treasurer; Dr. Robert J. Klitzman, Superintendent of Schools; and Cathy Fritz, President of the School Board. The official response has been made a part of this report and may be found on page 54.



EASTERN PULASKI COMMUNITY SCHOOL CORPORATION

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December 21, 2009

State Board of Accounts
302 West Washington Street
4th Floor, Room E418
Indianapolis IN 46204-2765

Eastern Pulaski Community School Corporation would like to thank and extend its appreciation to The State Board of Accounts, specifically Mr. Dave Webb, Mr Don Wegner, Mrs Pam Williams, 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 are essentially in compliance with regulations with the understanding certain suggestions , procedure modifications, and safeguards will be (have been) put in place. 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. It would be nice if the State of Indiana will decide to provide free textbooks for all public school students by then which would make this a moot issue. Hopefully the State Legislature will pass a bill which essentially allows us to do what current and past school board members believes what is best for our families and students. The recommendations regarding grant requirements, depositing reconcilements, posting errors, and timely balancing of all statements/funds/ documents have already been corrected and implemented.

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/lf



Kids Are Our Future