

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

EAST PORTER COUNTY SCHOOL CORPORATION
PORTER COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
07/15/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lisa Rosinko	07-01-13 to 06-30-16
Superintendent of Schools	Dr. Rodney Gardin	07-01-13 to 06-30-16
President of the School Board	Jill Bibler Frank Dessuit	01-01-13 to 12-31-15 01-01-16 to 12-31-16



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE EAST PORTER COUNTY SCHOOL
CORPORATION, PORTER COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the East Porter County School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 27, 2016, 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 integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

April 27, 2016



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

TO: THE OFFICIALS OF THE EAST PORTER COUNTY SCHOOL
CORPORATION, PORTER COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the East Porter County School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated April 27, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 to be a material weakness.

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

Compliance and Other Matters

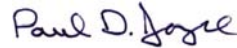
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001.

East Porter County School Corporation's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

April 27, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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EAST PORTER COUNTY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 2,943,878	\$ 14,232,512	\$ 14,476,967	\$ -	\$ 2,699,423	\$ 14,273,745	\$ 14,258,829	\$ -	\$ 2,714,339
Debt Service	3,079,148	5,152,188	5,270,448	-	2,960,888	5,450,835	5,267,051	(16,953)	3,127,719
Retirement/Severance Bond Debt Service	183,270	321,544	328,430	-	176,384	339,294	330,747	-	184,931
Capital Projects	1,137,511	2,125,189	2,845,104	-	417,596	2,181,046	2,301,030	-	297,612
School Transportation	1,038,265	1,232,256	1,029,472	(350,000)	891,049	1,170,908	1,126,514	(400,000)	535,443
School Bus Replacement	330,280	319,069	388,408	-	260,941	314,809	244,104	-	331,646
Rainy Day	2,891,224	-	2,908	350,000	3,238,316	-	416,731	400,000	3,221,585
School Lunch	436,822	902,316	984,025	-	355,113	892,412	947,690	-	299,835
Textbook Rental	119,256	342,473	321,298	-	140,431	305,846	168,061	16,953	295,169
Levy Excess	-	-	-	-	-	2,493	-	-	2,493
Educational License Plates	161	300	360	-	101	225	-	-	326
Kouts Bleacher	816	-	-	-	816	-	-	-	816
Gifts/Donation	11,573	8,519	4,928	-	15,164	8,060	3,964	-	19,260
Instruction Support	2,990	34,819	27,916	-	9,893	36,114	32,732	-	13,275
Education Technology	-	162,649	172,500	-	(9,851)	294,789	284,938	-	-
Drug Free Communities	-	3,000	3,000	-	-	-	-	-	-
Secured Schools Safety Grant	-	-	2,906	-	(2,906)	49,549	46,643	-	-
Scholarships and Awards	103,521	-	3,000	-	100,521	-	-	-	100,521
School Technology	79,705	31,536	20,928	-	90,313	23,087	18,997	-	94,403
Performance Based Awards	-	-	-	-	-	210,000	210,000	-	-
RDC Grant	-	99,580	145,539	-	(45,959)	165,600	130,911	-	(11,270)
EPCSC Wellness Prog.	5,368	-	4,706	-	662	5,160	4,055	-	1,767
Title I Grant	(2,931)	165,269	162,338	-	-	140,858	145,220	-	(4,362)
Title I Neg. & Del.	-	20,033	21,501	-	(1,468)	17,026	16,511	-	(953)
Improving Teaching Quality, No Child Left, Title II, Part A	(291)	57,136	58,449	-	(1,604)	58,578	58,614	-	(1,640)
Clearing Accounts	5,166	3,301,874	3,213,771	-	93,269	3,432,508	3,405,639	-	120,138
Totals	\$ 12,365,732	\$ 28,512,262	\$ 29,488,902	\$ -	\$ 11,389,092	\$ 29,372,942	\$ 29,418,981	\$ -	\$ 11,343,053

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

EAST PORTER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

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

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

EAST PORTER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

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

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

EAST PORTER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

EAST PORTER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

EAST PORTER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School were not received by June 30, 2014 and 2015.

Note 8. Holding Corporation

The School Corporation has entered into capital leases with the East Porter County School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the school years ended June 30, 2014 and 2015, totaled \$5,073,000 and \$5,072,000, respectively.

EAST PORTER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Subsequent Events

The School Corporation plans to issue bonds in 2016 in an estimated amount of \$18,215,000. The majority of the bond proceeds will be used to refund outstanding bonds. The remaining proceeds will be used for various construction and renovation projects throughout the School Corporation's three locations and for purchasing land.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

EAST PORTER COUNTY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 2,943,878	\$ 3,079,148	\$ 183,270	\$ 1,137,511	\$ 1,038,265	\$ 330,280	\$ 2,891,224	\$ 436,822	\$ 119,256
Receipts:									
Local sources	289,230	5,152,188	321,544	2,125,189	1,231,645	303,981	-	597,793	267,818
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	13,941,878	-	-	-	-	-	-	18,459	74,655
Federal sources	-	-	-	-	-	-	-	286,064	-
Other	1,404	-	-	-	611	15,088	-	-	-
Total receipts	14,232,512	5,152,188	321,544	2,125,189	1,232,256	319,069	-	902,316	342,473
Disbursements:									
Current:									
Instruction	10,299,883	-	-	-	-	-	-	-	-
Support services	3,912,097	-	-	847,102	1,029,472	388,408	2,908	8,781	321,298
Noninstructional services	264,987	-	-	-	-	-	-	975,244	-
Facilities acquisition and construction	-	-	-	1,998,002	-	-	-	-	-
Debt services	-	5,270,448	328,430	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	14,476,967	5,270,448	328,430	2,845,104	1,029,472	388,408	2,908	984,025	321,298
Excess (deficiency) of receipts over disbursements	(244,455)	(118,260)	(6,886)	(719,915)	202,784	(69,339)	(2,908)	(81,709)	21,175
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	350,000	-	-
Transfers out	-	-	-	-	(350,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(350,000)	-	350,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(244,455)	(118,260)	(6,886)	(719,915)	(147,216)	(69,339)	347,092	(81,709)	21,175
Cash and investments - ending	\$ 2,699,423	\$ 2,960,888	\$ 176,384	\$ 417,596	\$ 891,049	\$ 260,941	\$ 3,238,316	\$ 355,113	\$ 140,431

EAST PORTER COUNTY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Levy Excess	Educational License Plates	Kouts Bleacher	Gifts/ Donation	Instruction Support	Education Technology	Drug Free Communities	Secured Schools Safety Grant	Scholarships and Awards
Cash and investments - beginning	\$ -	\$ 161	\$ 816	\$ 11,573	\$ 2,990	\$ -	\$ -	\$ -	\$ 103,521
Receipts:									
Local sources	-	-	-	8,519	-	-	-	-	-
Intermediate sources	-	300	-	-	-	-	-	-	-
State sources	-	-	-	-	34,819	162,649	3,000	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	300	-	8,519	34,819	162,649	3,000	-	-
Disbursements:									
Current:									
Instruction	-	-	-	1,130	-	-	-	-	-
Support services	-	360	-	3,798	27,916	-	3,000	2,906	3,000
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	172,500	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	360	-	4,928	27,916	172,500	3,000	2,906	3,000
Excess (deficiency) of receipts over disbursements	-	(60)	-	3,591	6,903	(9,851)	-	(2,906)	(3,000)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(60)	-	3,591	6,903	(9,851)	-	(2,906)	(3,000)
Cash and investments - ending	\$ -	\$ 101	\$ 816	\$ 15,164	\$ 9,893	\$ (9,851)	\$ -	\$ (2,906)	\$ 100,521

EAST PORTER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	School Technology	Performance Based Awards	RDC Grant	EPCSC Wellness Prog.	Title I Grant	Title I Neg. & Del.	Improving Teaching Quality, No Child Left, Title II, Part A	Clearing Accounts	Totals
Cash and investments - beginning	\$ 79,705	\$ -	\$ -	\$ 5,368	\$ (2,931)	\$ -	\$ (291)	\$ 5,166	\$ 12,365,732
Receipts:									
Local sources	26,788	-	99,580	-	-	-	-	-	10,424,275
Intermediate sources	-	-	-	-	-	-	-	-	300
State sources	4,748	-	-	-	-	-	-	-	14,240,208
Federal sources	-	-	-	-	165,269	20,033	57,136	-	528,502
Other	-	-	-	-	-	-	-	3,301,874	3,318,977
Total receipts	31,536	-	99,580	-	165,269	20,033	57,136	3,301,874	28,512,262
Disbursements:									
Current:									
Instruction	-	-	-	-	162,338	21,501	54,738	-	10,539,590
Support services	20,928	-	-	4,706	-	-	3,711	-	6,580,391
Noninstructional services	-	-	-	-	-	-	-	-	1,240,231
Facilities acquisition and construction	-	-	145,539	-	-	-	-	-	2,316,041
Debt services	-	-	-	-	-	-	-	-	5,598,878
Nonprogrammed charges	-	-	-	-	-	-	-	3,213,771	3,213,771
Total disbursements	20,928	-	145,539	4,706	162,338	21,501	58,449	3,213,771	29,488,902
Excess (deficiency) of receipts over disbursements	10,608	-	(45,959)	(4,706)	2,931	(1,468)	(1,313)	88,103	(976,640)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	350,000
Transfers out	-	-	-	-	-	-	-	-	(350,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,608	-	(45,959)	(4,706)	2,931	(1,468)	(1,313)	88,103	(976,640)
Cash and investments - ending	\$ 90,313	\$ -	\$ (45,959)	\$ 662	\$ -	\$ (1,468)	\$ (1,604)	\$ 93,269	\$ 11,389,092

EAST PORTER COUNTY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 2,699,423	\$ 2,960,888	\$ 176,384	\$ 417,596	\$ 891,049	\$ 260,941	\$ 3,238,316	\$ 355,113	\$ 140,431
Receipts:									
Local sources	312,432	5,450,835	339,294	2,171,336	1,170,100	314,809	-	565,839	266,910
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	13,961,313	-	-	-	-	-	-	18,420	38,936
Federal sources	-	-	-	-	-	-	-	308,153	-
Other	-	-	-	9,710	808	-	-	-	-
Total receipts	14,273,745	5,450,835	339,294	2,181,046	1,170,908	314,809	-	892,412	305,846
Disbursements:									
Current:									
Instruction	10,091,066	-	-	-	-	-	358,216	-	-
Support services	3,893,820	-	-	870,732	1,126,514	244,104	58,515	6,512	168,061
Noninstructional services	273,943	-	-	-	-	-	-	941,178	-
Facilities acquisition and construction	-	-	-	1,430,298	-	-	-	-	-
Debt services	-	5,267,051	330,747	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	14,258,829	5,267,051	330,747	2,301,030	1,126,514	244,104	416,731	947,690	168,061
Excess (deficiency) of receipts over disbursements	14,916	183,784	8,547	(119,984)	44,394	70,705	(416,731)	(55,278)	137,785
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	400,000	-	16,953
Transfers out	-	(16,953)	-	-	(400,000)	-	-	-	-
Total other financing sources (uses)	-	(16,953)	-	-	(400,000)	-	400,000	-	16,953
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,916	166,831	8,547	(119,984)	(355,606)	70,705	(16,731)	(55,278)	154,738
Cash and investments - ending	\$ 2,714,339	\$ 3,127,719	\$ 184,931	\$ 297,612	\$ 535,443	\$ 331,646	\$ 3,221,585	\$ 299,835	\$ 295,169

EAST PORTER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Levy Excess	Educational License Plates	Kouts Bleacher	Gifts/ Donation	Instruction Support	Education Technology	Drug Free Communities	Secured Schools Safety Grant	Scholarships and Awards
Cash and investments - beginning	\$ -	\$ 101	\$ 816	\$ 15,164	\$ 9,893	\$ (9,851)	\$ -	\$ (2,906)	\$ 100,521
Receipts:									
Local sources	2,493	-	-	8,060	-	-	-	-	-
Intermediate sources	-	225	-	-	-	-	-	-	-
State sources	-	-	-	-	36,114	294,789	-	49,549	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	2,493	225	-	8,060	36,114	294,789	-	49,549	-
Disbursements:									
Current:									
Instruction	-	-	-	420	-	-	-	-	-
Support services	-	-	-	3,544	32,732	-	-	46,643	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	284,938	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	3,964	32,732	284,938	-	46,643	-
Excess (deficiency) of receipts over disbursements	2,493	225	-	4,096	3,382	9,851	-	2,906	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,493	225	-	4,096	3,382	9,851	-	2,906	-
Cash and investments - ending	\$ 2,493	\$ 326	\$ 816	\$ 19,260	\$ 13,275	\$ -	\$ -	\$ -	\$ 100,521

EAST PORTER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	School Technology	Performance Based Awards	RDC Grant	EPCSC Wellness Prog.	Title I Grant	Title I Neg. & Del.	Improving Teaching Quality, No Child Left, Title II, Part A	Clearing Accounts	Totals
Cash and investments - beginning	\$ 90,313	\$ -	\$ (45,959)	\$ 662	\$ -	\$ (1,468)	\$ (1,604)	\$ 93,269	\$ 11,389,092
Receipts:									
Local sources	13,676	-	165,600	5,160	-	-	-	-	10,786,544
Intermediate sources	-	-	-	-	-	-	-	-	225
State sources	9,411	210,000	-	-	-	-	-	-	14,618,532
Federal sources	-	-	-	-	140,858	17,026	58,578	-	524,615
Other	-	-	-	-	-	-	-	3,432,508	3,443,026
Total receipts	23,087	210,000	165,600	5,160	140,858	17,026	58,578	3,432,508	29,372,942
Disbursements:									
Current:									
Instruction	-	205,152	-	-	145,220	16,511	58,614	-	10,875,199
Support services	18,997	4,848	-	4,055	-	-	-	-	6,479,077
Noninstructional services	-	-	-	-	-	-	-	-	1,215,121
Facilities acquisition and construction	-	-	130,911	-	-	-	-	-	1,846,147
Debt services	-	-	-	-	-	-	-	-	5,597,798
Nonprogrammed charges	-	-	-	-	-	-	-	3,405,639	3,405,639
Total disbursements	18,997	210,000	130,911	4,055	145,220	16,511	58,614	3,405,639	29,418,981
Excess (deficiency) of receipts over disbursements	4,090	-	34,689	1,105	(4,362)	515	(36)	26,869	(46,039)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	416,953
Transfers out	-	-	-	-	-	-	-	-	(416,953)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,090	-	34,689	1,105	(4,362)	515	(36)	26,869	(46,039)
Cash and investments - ending	\$ 94,403	\$ -	\$ (11,270)	\$ 1,767	\$ (4,362)	\$ (953)	\$ (1,640)	\$ 120,138	\$ 11,343,053

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EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 816,802</u>	<u>\$ -</u>

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
East Porter County School Building Corporation	2008 Building Renovation/Addition	\$ 1,624,500	7/15/2008	7/15/2031
East Porter County School Building Corporation	2015 Building Renovation/Addition	<u>3,406,000</u>	1/15/2016	7/15/2022
Total of annual lease payments		<u>\$ 5,030,500</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	2009 Quality School Construction Bond	\$ 1,555,000	\$ 27,368
General obligation bonds	Pension Bonds	1,114,899	326,897
Notes and loans payable	A1748 Common School Loan	155,250	35,966
Notes and loans payable	A1522 Common School Loan	89,640	45,605
Notes and loans payable	A1395 Common School Loan	44,460	44,793
Notes and loans payable	A1600 Common School Loan	109,200	37,401
Notes and loans payable	A1813 Common School Loan	<u>234,700</u>	<u>25,702</u>
Totals		<u>\$ 3,303,149</u>	<u>\$ 543,732</u>

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2015

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

	Ending Balance
Governmental activities:	
Land	\$ 525,885
Infrastructure	415,654
Buildings	59,591,102
Improvements other than buildings	2,552,194
Machinery, equipment, and vehicles	<u>6,707,627</u>
Total capital assets	<u>\$ 69,792,462</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

TO: THE OFFICIALS OF THE EAST PORTER COUNTY SCHOOL
CORPORATION, PORTER COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the East Porter County School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-003 and 2015-004. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance


Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002, 2015-003, 2015-004, 2015-005, and 2015-006 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
Child Nutrition	Indiana Department of Education				
School Breakfast Program		10.553	SY 2013-2014	\$ 19,796	\$ -
			SY 2014-2015	-	25,031
National School Lunch Program		10.555	SY 2013-2014	338,785	-
			SY 2014-2015	-	351,343
Total - Department of Agriculture				358,581	376,374
<u>Department of Education</u>					
Special Education Cluster					
Special Education_Grants to States	Indiana Department of Education	84.027			
Special Education IDEA Part B 611			14212-050-PN01	3,121	-
Special Education IDEA Part B 611			14213-050-PN01	98,551	3,674
Special Education IDEA Part B 611			14214-050-PN01	391,712	136,451
Special Education IDEA Part B 611			14215-050-PN01	-	365,531
Special Education IDEA Part B T.A.			99914-050-TA01	2,572	6,174
Total - Special Education_Grants to States				495,956	511,830
Special Education_Preschool Grants	Indiana Department of Education	84.173			
Special Education IDEA Part B 619			45714-050-PN01	10,552	-
Special Education IDEA Part B 619			45715-050-PN01	-	9,883
Total - Special Education_Preschool Grants				10,552	9,883
Total - Special Education Cluster				506,508	521,713

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

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Education (continued)</u>					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I 12-13 Basic Grant			13-6510	4,591	-
Title I 13-14 Basic Grant			14-6510	160,678	2,173
Title I 14-15 Basic Grant			15-6510	-	138,685
Total - Title I Grants to Local Educational Agencies				165,269	140,858
Title I State Agency Program for Neglected and Delinquent Children and Youth	Indiana Department of Education	84.013			
Title I Del 12-13			13-6510	35	-
Title I Del 13-14			14-6510	19,999	1,468
Title I Del 14-15			15-6510	-	15,559
Total - Title I State Agency Program for Neglected and Delinquent Children and Youth				20,034	17,027
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
Title II 2012-13			FY 2011	1,757	-
Title II 2013-14			FY 2012	42,994	-
Title II 2014-15			FY 2013	12,385	-
Title II 2011-15			FY 2015	-	28,975
Title II 2014-16			FY 2016	-	29,603
Total - Improving Teacher Quality State Grants				57,136	58,578
Total - Department of Education				748,947	738,176
Total federal awards expended				\$ 1,107,528	\$ 1,114,550

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

EAST PORTER COUNTY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Subrecipients

Of the federal expenditures presented in the SEFA, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2014 and 2015:

Program Title	Federal CFDA Number	2014	2015
Title I Grants to Local Educational Agencies	84.010	\$ 41,821	\$ 39,773
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	21,501	16,511
Improving Teacher Quality State Grants	84.367	713	887

Note 3. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2014 and 2015. This noncash assistance is also included in the federal expenditures presented in the SEFA.

Program Title	Federal CFDA Number	2014	2015
National School Lunch Program	10.555	\$ 72,517	\$ 72,497

Note 4. Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative. As a result, some activity for the Special Education Cluster that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Special Education Cooperative.

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Special Education Cluster Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2015-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have had proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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

The SEFA was prepared and entered into the Gateway reporting system by the Treasurer (Director of Business and Human Resource Affairs). There were no controls in place to ensure that the SEFA was accurate and correct prior to submitting.

The School Corporation did not report the commodities received for the National School Lunch Program. The failure to include the commodities caused the federal expenditures on the SEFA to be understated by \$72,517 and \$72,497 for the years ended June 30, 2014 and 2015, respectively. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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)

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. . . ."

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-002 - INTERNAL CONTROLS OVER CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Years: SY 2013-2014, SY 2014-2015

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement and Suspension and Debarment, and Reporting. The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles requirements of the programs. Over 49 percent of grant expenditures for the Child Nutrition Cluster were for payroll and payroll-related benefits. There were no controls in place to ensure that the payroll and payroll-related benefit expenditures paid from the Child Nutrition Cluster programs were accurate and correct.

Procurement and Suspension and Debarment

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with the Procurement and Suspension and Debarment requirements of the program. The School Corporation utilized a third-party for food service bids. The third-party administered the bidding process as well as verified that the vendors were not suspended or debarred and made a recommendation to the School Corporation. However, the School Corporation and Board of School Trustees never formally approved or awarded the bids. There were no controls in place to ensure that vendors relating to food service bids were not suspended or debarred.

Reporting

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with the Reporting requirements of the programs. There were no controls in place to ensure that the Annual Financial Report was accurate and correct prior to submitting.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to

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

have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

The failure to establish internal controls could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

FINDING 2015-003 - CASH MANAGEMENT

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years: SY 2013-2014, SY 2014-2015
Pass-Through Entity: Indiana Department of Education

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances are limited to the average expenditures for three months. There was no oversight, review, or monitoring of the cash balances.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

The School Corporation was not in compliance with the Cash Management requirements of the program. The cash balance of the School Lunch fund exceeded the average expenditures for three months for all 24 months of the audit period. On average, the cash balance exceeded the average expenditures for three months by \$150,897 and \$86,332 for the 2013-2014 and 2014-2015 school years, respectively.

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

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

7 CFR 210.14(b) states in part: "*Net cash resources*. The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service . . ."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction . . .

(iv) Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service . . ."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management requirement. In addition, we recommended the School Corporation comply with the Cash Management requirement of the programs.

FINDING 2015-004 - SUBRECIPIENT MONITORING

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Number): 13-6510, 14-6510, 15-6510

Pass-Through Entity: Indiana Department of Education

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

The School Corporation did not have adequate controls in place to comply with the Subrecipient Monitoring requirement of the Title I Grants to Local Educational Agencies (Title I) program. There were no controls in place over the subrecipient monitoring compliance requirement.

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

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

The School Corporation did not fully comply with the Subrecipient Monitoring requirement. The School Corporation provided Title I funds to a subrecipient that was required to submit a signed statement of assurances; however, the statement did not include all of the required components for compliance with Subrecipient Monitoring requirements. The subrecipient was required to sign a Statement of Assurances and a Title I Subrecipient Agreement Supplement, but the School Corporation did not inform the subrecipient of all the necessary information. Neither the Statement of Assurances nor the Subrecipient Agreement Supplement included award information such as the CFDA title and number, award name and number, the name of the federal awarding agency, or the subrecipient audit requirements.

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

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

OMB Circular A-133, Subpart D, section .400(d) states in part:

"Pass-through entity responsibilities. A pass-through entity shall perform the following for the federal awards it makes:

- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name, award year, if the award is R & D, and name of the Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
- (2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. . . ."

The failure to establish internal controls enabled material noncompliance to remain undetected. Noncompliance with the grant agreement or the compliance requirement that has a direct and material effect on the programs could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls related to the grant agreement and the Subrecipient Monitoring requirements. We also recommended that the School Corporation comply with Subrecipient Monitoring requirements.

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

FINDING 2015-005 - INTERNAL CONTROLS OVER SPECIAL EDUCATION CLUSTER

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years: 14213-050-PN01, 14214-050-PN01, 14215-050-PN01,
99914-050-TA01, 45714-050-PN01, 45715-050-PN01

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Level of Effort - Maintenance of Effort, and Period of Availability. The failure to establish an effective internal control system placed the school at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Over 95 percent of grant expenditures were for payroll and payroll-related benefit costs for special education personnel. One employee was responsible for the preparation, recording, and payment of the bi-weekly payroll and payroll-related benefit costs. There were no controls in place to ensure that the payroll and payroll-related benefits costs were accurate or correct and that supporting documentation was maintained. Policies and procedures have also not been designed or implemented to ensure that required periodic certifications were prepared for all personnel paid solely from federal funds or that timesheets for hourly employees indicated the program or fund from which the employee will be paid.

Level of Effort - Maintenance of Effort (MOE)

The School Corporation had not designed or implemented policies and procedures to ensure that the MOE calculation was accurate or that supporting documentation was maintained. One individual calculated and reported the MOE. There were no controls in place to ensure that the MOE calculation was accurate or correct and that supporting documentation was maintained.

Period of Availability

The School Corporation historically expended the available funds within the period of availability. The School Corporation had established a review process related to period of availability; however, there was no documentation to support the review.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

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

The failure to establish internal controls could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above.

***FINDING 2015-006 - INTERNAL CONTROLS OVER TITLE I
GRANTS TO LOCAL EDUCATIONAL AGENCIES***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Number): 13-6510, 14-6510, 15-6510

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability, Special Tests and Provisions - Comparability. The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles requirements of the program. Over 86 percent of the grant expenditures for the Title I grants were for payroll and payroll-related benefit costs. There were no controls in place to ensure that the payroll and payroll-related benefits expenditures paid from the Title I grants were accurate and correct.

Period of Availability

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with the Period of Availability requirement of the program. The School Corporation historically expended the available funds within the Period of Availability. However, there were no controls in place to ensure that the payroll and payroll-related benefit expenditures were disbursed within the period of availability and that expenditures were not made from expired grant funds.

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

Special Tests and Provisions - Comparability

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with the Special Tests and Provision - Comparability requirements of the program. As part of the Comparability Report, the School Corporation was required to report enrollment figures. There were no controls in place to ensure that supporting documentation for the reported enrollment was maintained.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

The failure to establish internal controls could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirement listed above.

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AUDITEE PREPARED DOCUMENTS

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

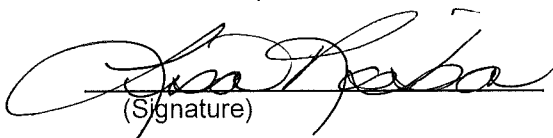
FINDING 2013-001 INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO SCHOOL BREAKFAST PROGRAM AND NATIONAL SCHOOL LUNCH PROGRAM

Original Assigned SBA Audit Report Number:	B43750
Report Period:	2011-2013
Pass-Through Entity or Federal Grantor Agency:	Indiana Department of Education
Contact Person Responsible for Corrective Action:	Lisa Rosinko, Director of Business & HR Affairs/Treasurer
Contact Phone Number:	219-766-2214 Extension 4004

Status of Finding:

The corporation deputy treasurer prepares the monthly meals served report. After the meals report has been completed, the director of business & HR affair/treasurer reviews and verifies the report for accuracy and signs the monthly meals report to be submitted to the Indiana Department of Education. The annual financial report will be prepared and signed by the director of business & HR affair/treasurer. The deputy treasurer will review and verify the report for accuracy and sign the annual financial report prior to submitting to the Indiana Department of Education. The school corporation has implemented a procedure for both the building secretary and the principal to review, verify and initial the free and reduced meal eligibility forms as a dual verification procedure.

Status of Finding:


(Signature)

Director of Business/Treasurer
(Title)

2-23-2016
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-002 INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES AND ARRA-TITLE GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT

Original Assigned SBA Audit Report Number:	B43750
Report Period:	2011-2013
Pass-Through Entity or Federal Grantor Agency:	Indiana Department of Education
Contact Person Responsible for Corrective Action:	Brandie Muha, Title I Coordinator Lisa Rosinko, Director of Business & HR Affairs
Contact Phone Number:	219-766-2214

Status of Finding:

Cash Management: The Director of Business and Human Resource Affairs / Treasurer reviews and verifies reimbursement request reports for all title I Grants prior to submitting to the Indiana Department of Education for reimbursement.

Eligibility: The Superintendent reviews, verifies and signs the prepopulated information for Title I school eligibility is complete and accurate.

Earmarking: The Director of Business and Human Resource Affairs / Treasurer monthly reconciles title I grant accounting by reviewing and signing the monthly fund reconciliation report.

Special Tests and Provisions-Comparability: Title I Comparability Reports are reviewed and approved by the Superintendent with a signature on printed report. Further monitoring of the Comparability Report will include pulling student enrollment data from the Student Information System

Brandie Muha
(Signature)

Director of Curriculum
(Title)

2/23/16
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-003 SUBRECIPIENT MONITORING

Original Assigned SBA Audit Report Number: B43750
Report Period: 2011-2013
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education
Contact Person Responsible for Corrective Action: Brandie Muha, Title I Coordinator
Lisa Rosinko, Director of Business & HR Affairs
Contact Phone Number: 219-766-2214

Status of Finding:

The Title I Coordinator includes an agreement form and statement of assurances to Midwest Center for Youth and Family and Schultz Lewis will be a form that includes the following information.

1. Program names (and any identifying numbers) from which such assistance is derived, and the Federal requirements which govern the use of such awards and the requirements. We are currently implementing procedures to ensure compliance of adding United States Department of Education Title I, CDFA 84.010 to our Title I Subrecipient Agreement Supplement.
2. Monitoring of subrecipients use of Federal awards will happen through site visits, limited scope audits, or other means.
3. Subrecipients audit may be reviewed to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the Director, pertaining to Federal awards provided to the subrecipient by the pass-through entity. We are currently working towards adding procedures to annual request for copies of any federal audits from our subrecipients; and
4. Notify that as a condition of receiving Federal awards, the independent auditor of the pass-through entity will have access to the subrecipients' records and financial statements as may be necessary for the pass-through entity to be in compliance.
5. By accepting this award as a subrecipient, a DUNS number must be provided to the school corporation upon signature on agreement form and/or statement of assurances

Brandie Muha
(Signature)

Director of Curriculum
(Title)

2/23/16
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)



CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action:

Lisa Rosinko, Director of Business and Human Resource Affairs

Contact Phone Number: 219-766-2214

Description of Corrective Action Plan:

The Schedule of Expenditures of Federal Award (SEFA) is completed by the Director of Business and Human Resources Affairs and reviewed by the Deputy Treasurer. The supporting documentation for the SEFA report consists of the corporation financial account records and the food service account records to ensure that the school year end financial report is accurate. Internal controls in place to prevent, detect and correct errors on the SEFA report will include verification accuracy signature and date by the Director of Business Affairs and Human Resources and the Deputy Treasurer on the documentation prior to submitting the SEFA report on the Gateway reporting system.

Anticipated Completion Date:

This action plan implementation for July 2016 for the 2015-2016 SEFA report.

A handwritten signature in black ink, appearing to read "Lisa Rosinko", is written over a horizontal line.

(Signature)

Director of Business & HR. Affairs

(Title)

4-27-2016

(Date)



CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action:

Lisa Rosinko, Director of Business and Human Resource Affairs

Contact Phone Number: 219-766-2214

Description of Corrective Action Plan:

1. Activities Allowed and Allowable Costs/Cost Principles: (a) Food Service Personnel are required to clock in an electronic time card system daily. Work time is bi-weekly reviewed and approved by the Food Service Manager evidenced by the electronic signature submission from the Food Service Manager to the Payroll Clerk at the Administration Office. Payroll wage reports are reviewed and approved for accuracy bi-weekly, evidenced by signature, and date by the Payroll Clerk and the Director of Business and Human Resource Affairs prior to payroll issuance. These reports consist of detailed payroll documentation. Dual approval required for wage issuance to the banking institution by the Payroll Clerk, Deputy Treasurer and or the Director of Business and Human Resource Affairs. (b) Wage related benefits are paid bi-weekly, monthly and quarterly as part of the payroll wage issuance procedure. Benefits are directly paid by the Deputy Treasurer only after the Director of Business and Human Resource Affairs reviews and approves for disbursement evidence of signature and date.
2. Procurement, Suspension, and Debarment:
Food services will be provided by a Food Service Management Company (FSMC). FSMC professional services will be reviewed and evaluated annually. Annual FSMC contracts will be reviewed and evaluated for renewal or termination by the school board each fiscal year.
3. Reporting: The Annual Financial Report (AFR) is completed by the Director of Business and Human Resource Affairs annually for electronic submission to the Indiana Department of Education Division of School and Community Nutrition web site. The report is compiled by food service and corporation records. Once the AFR is completed by the Director of Business and Human Resource Affairs, the Deputy Treasurer reviews and verifies accuracy, evidence of signature, and date on the report prior to submitting to the Indiana Department of Education School Nutrition web site.

Anticipated Completion Date:

1.(a) Completed as of 1-27-2016

1.(b) Completed as of 4-21-2016

2. 5-11-2015 board approved Food Service Management Company for 7-1-2015 contract year

3. July 1, 2016 for the 2015-2016 AFR report.

(Signature)

Director of Business & H.R. Affairs

(Title)

4-27-2016

(Date)

(219) 766-2214

Post Office Box 370

Kouts, Indiana 46347

(219) 766-2885 fax

502 East College Avenue



CORRECTIVE ACTION PLAN

FINDING 2015-003

Contact Person Responsible for Corrective Action:

Lisa Rosinko, Director of Business and Human Resource Affairs

Contact Phone Number: 219-766-2214

Description of Corrective Action Plan:

Internal controls and procedures are in place to verify and reconcile cash balance, receipts and disbursements by fund monthly. School Lunch fund compliance is carefully monitored not to exceed a three month average cash balance as part of the Deputy Treasurer and Director of Business and Human Resource Affairs monthly fund balancing report. The Deputy Treasurer and Director of Business and Human Resource Affairs sign and date this report as part of the monthly review and approval procedure.

Anticipated Completion Date:

Monthly fund balancing report commenced August 2008.

School breakfast and lunch cash balance compliance 2015-2016.

(Signature)

Director of Business & H.R. Affairs

(Title)

4-27-2016

(Date)



CORRECTIVE ACTION PLAN

FINDING 2015-004

Contact Person Responsible for Corrective Action: Brandie Muha, Title I Grant Coordinator

Contact Phone Number: Brandie Muha 219-766-2214

Description of Corrective Action Plan:

1. Subrecipient Monitoring: The East Porter County School Corporation Title I Subrecipient Agreement Supplement has been revised to include the CDFA title and number, name of the federal awarding agency, award year, and a statement letting subrecipient know that an annual request will be made to obtain the most current federal audit reports, if available.

This plan will be implemented August 2016:

Brandie Muha
(Signature)

Director of Curriculum
(Title)

7/5/16
(Date)

(219) 766-2214
Post Office Box 370

Kouts, Indiana 46347

(219) 766-2885 fax
502 East College Avenue



CORRECTIVE ACTION PLAN

FINDING 2015-005

Contact Person Responsible for Corrective Action:

Ms. Quinn Van Rys, Chief Financial Officer, Porter County Education Services Cooperative

Lisa Rosinko, Director of Business and Human Resource Affairs

Contact Phone Number: Quinn Van Rys: 219-850-1911 Lisa Rosinko: 219-766-2214

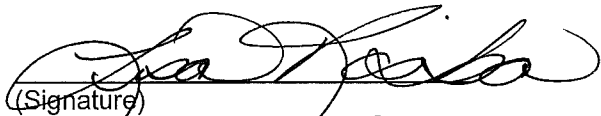
Description of Corrective Action Plan:

1. Activities Allowed, Allowable Costs and Period of Availability: PCES hourly employees' time sheets will be matched with the payroll accounting code report that indicates which employees were paid from which accounts. The report and times sheets will be reviewed to insure correct payment of personnel and such review evidenced by the PCES CFO (initial & date). The certified teaching staff hired by the PCES board specifically for special education is for grant eligible positions. Certified staff members and the account codes from which they are paid are also included with the payroll account code report review process.
2. Period of Availability: Monthly, PCES personnel review the summary of receipts and expenditures for each grant fund. A comparison of YTD receipts, expenditures, and total approved budget amounts for each grant provides on-going monitoring to determine the amount of grant funds still available for expenditure. Once the budget amount has been expended, the grant fund accounts are closed (deactivated) so that additional expenditures from a subsequent period cannot be charged to the completed grant. Such review will be evidenced by initial and date of the PCES reviewer.
3. Level of Effort – Maintenance of Effort (MOE): PCES personnel calculate the member school corporations' MOE each fiscal year. PCES will complete the calculation, summarize the underlying data, and provide that information to each member district for review/acknowledgement and evidence of such by the member district. PCES will maintain this evidenced documentation for audit review.

East Porter County School Corporation will request PCES to provide these items for East Porter County School Corporation personnel to review these processes for compliance. East Porter County School Corporation personnel will evidence such review by signature and date on the corresponding documents.

Anticipated Completion Date:

1. This plan was implemented beginning with the 9-18-2015 payroll.
2. This plan was in place prior to the audit review but formal evidence began September 2015.
3. This plan will be implemented during the next calculation of MOE for state reporting.



(Signature)

Director of Business & HR

(Title)

4-27-2016

(Date)



CORRECTIVE ACTION PLAN

FINDING 2015-006

Contact Person Responsible for Corrective Action: Brandie Muha, Title I Grant Coordinator

Contact Phone Number: Brandie Muha 219-766-2214

Description of Corrective Action Plan:

1. Activities Allowed and Allowable Costs/Cost Principles/Period of Availability: a) Payroll wage reports are reviewed and approved for accuracy bi-weekly evidence of signature and date by the Payroll Clerk and the Director of Business and Human Resource Affairs prior to payroll issuance. These reports consist of detailed payroll documentation. Dual approval required for wage issuance to the banking institution by the Payroll Clerk, Deputy Treasurer and or the Director of Business and Human Resource Affairs. b) Wage related benefits are paid bi-weekly, monthly and quarterly as part of the payroll wage issuance procedure. Benefits are directly paid by the Deputy Treasurer only after the Director of Business and Human Resource Affairs reviews and approves for disbursement evidence of signature and date.
2. Special Tests and Provisions-Comparability: The school principals will provide enrollment figures for Comparability requirements. The Title I Coordinator will print enrollment reports from student management system to review and approve for evidence of Comparability and will sign and date as documentation of approval.

Anticipated Completion Date:

1. a) Completed as of 1-27-2016
b) Completed as of 4-21-2016
2. This plan will be implemented August 2016

Brandie Muha
(Signature)

Director of Curriculum
(Title)

4/25/14
(Date)

(219) 766-2214
Post Office Box 370

(219) 766-2885 fax
502 East College Avenue

Kouts, Indiana 46347

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.