

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

EAST WASHINGTON SCHOOL CORPORATION
WASHINGTON COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED

05/25/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	10-11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-35
Schedule of Payables and Receivables	37
Schedule of Leases and Debt	38
Schedule of Capital Assets.....	39
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	42-43
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	46-47
Notes to Schedule of Expenditures of Federal Awards	48
Schedule of Findings and Questioned Costs	49-67
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	70-72
Corrective Action Plan	73-76
Other Reports.....	77

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Christi Pruitt (Vacant) Jodi Cole	01-01-14 to 04-24-15 04-25-15 to 05-25-15 05-26-15 to 12-31-18
Superintendent of Schools	Steve Darnell (Vacant) Dennis Stockdale	07-01-14 to 06-30-16 07-01-16 to 07-24-16 07-25-16 to 07-24-20
President of the School Board	Linda McCellan Theresa Gottbrath Hector Nale Tom Coats	01-01-14 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the East Washington School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2014 to June 30, 2016.

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, 2014 to June 30, 2016, 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 12, 2018, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

April 12, 2018



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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 WASHINGTON SCHOOL
CORPORATION, WASHINGTON 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 Washington School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated April 12, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002 to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

East Washington 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 12, 2018

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

EAST WASHINGTON SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 2,822,540	\$ 10,452,368	\$ 10,592,915	\$ -	\$ 2,681,993	\$ 10,310,174	\$ 9,952,803	\$ -	\$ 3,039,364
Debt Service	728,491	1,449,715	1,357,021	(9,309)	811,876	1,500,139	1,426,875	(21,000)	864,140
Retirement/Severance Bond Debt Service	140,807	139,087	201,066	-	78,828	153,309	159,639	-	72,498
Capital Projects	124,172	1,388,443	1,143,910	-	368,705	1,167,006	1,263,600	(110,843)	161,268
School Transportation	333,360	917,355	926,179	(43,947)	280,589	1,278,310	1,239,603	(180,000)	139,296
School Bus Replacement	142,919	77,928	153,003	(4,665)	63,179	164,660	-	(120,000)	107,839
Rainy Day	702,177	-	507,584	50,000	244,593	29,961	659,783	410,843	25,614
Retirement/Severance Bond	1,007,530	-	218,263	-	789,267	-	95,182	-	694,085
GO Bond HVAC Project 2013	45,482	-	45,482	-	-	-	-	-	-
School Lunch	80,524	664,746	730,909	-	14,361	657,430	632,601	22,549	61,739
Textbook Rental	178,463	146,631	78,964	-	246,130	150,005	94,882	-	301,253
Self-Insurance	15,307	45,357	60,664	-	-	-	-	-	-
Levy Excess	-	459	-	-	459	-	-	-	459
Educational License Plates	1,023	(218)	18	-	787	75	-	-	862
Alternative Education 2015	-	9,213	8,452	-	761	-	-	-	761
Alternative Education 2016	-	-	-	-	-	9,073	9,073	-	-
Early Intervention 2014-15	-	7,940	7,940	-	-	-	-	-	-
Early Intervention 2015-16	-	-	-	-	-	5,000	-	-	5,000
VALIC Donation	-	330	330	-	-	660	435	-	225
JA Benefits Donations	-	-	-	-	-	563	563	-	-
Miscellaneous Programs	250	2,965	-	-	3,215	250	2,415	-	1,050
L.E.A.D. Initiative Assessment 2013	1,618	-	1,618	-	-	-	-	-	-
Washington Co. Substance Abuse Grant 2014	1,246	-	1,246	-	-	-	-	-	-
Wal-Mart Vap Grant	11	-	11	-	-	-	-	-	-
Monsanto Grant	-	10,000	7,957	-	2,043	-	2,043	-	-
Generation-On Mini Grant (JONE 5/30/15)	-	250	250	-	-	-	-	-	-
Generation-On Mini Grant (ALLR 5/30/15)	-	250	250	-	-	-	-	-	-
My Community, My Vision Grant	-	712	236	-	476	-	476	-	-
Mahuron Education Grant 2014-15	-	500	500	-	-	-	-	-	-
Washington Co Youth Foundation Grant	-	434	434	-	-	-	-	-	-
Washington Co Substance Abuse Council	-	1,782	693	-	1,089	-	1,089	-	-
Generation-On Mini Grant 2015	-	250	250	-	-	-	-	-	-
Summer Success/Duke Energy	-	10,572	-	-	10,572	-	10,572	-	-
Mahuron Education Grant 2015-16	-	-	-	-	-	1,375	1,375	-	-
Every Healthy Kid Grant 2015	-	-	-	-	-	900	900	-	-

EAST WASHINGTON SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
Generation-On Mini Grant Nov15	-	-	-	-	-	250	250	-	-
Generation-On Mini Grant 2015-16	-	-	-	-	-	250	250	-	-
Generation-On Indiana Grant	-	-	-	-	-	250	250	-	-
Generation-On Mini Grant 2016	-	-	-	-	-	250	250	-	-
Washington Co Substance Abuse	-	-	-	-	-	1,662	255	-	1,407
Summer Success/Duke Energy	-	-	-	-	-	9,999	-	-	9,999
Formative Assessment	-	-	-	-	-	3,663	3,663	-	-
High Ability Grant 2013-14 SY	5,419	-	5,419	-	-	-	-	-	-
High Ability Grant 2014-15 SY	-	30,315	21,017	-	9,298	-	9,298	-	-
High Ability Grant 2015-16 SY	-	-	-	-	-	31,478	29,640	-	1,838
Computer Consortium/Ed Tech Advance	-	-	-	-	-	-	-	-	-
Secured Schools Safety Grant	(50,000)	62,201	12,201	-	-	39,559	99,792	-	(60,233)
Connectivity Grant 2015-16	-	-	-	-	-	6,564	4,860	-	1,704
Connectivity Grant 2013-14	514	-	514	-	-	-	-	-	-
Connectivity Grant 2014-15	-	4,191	3,335	-	856	-	856	-	-
Excess PTRC Distributions	1,388	-	-	(1,388)	-	-	-	-	-
Title I 2013-14 SY	(22,971)	110,820	87,849	-	-	113,782	89,650	-	-
Title I 2014-15 SY	-	264,507	288,639	-	(24,132)	-	-	-	-
Title I School Improvement Grant	-	-	-	-	-	6,000	6,000	-	-
Title I 2015-16	-	-	-	-	-	300,152	365,784	-	(65,632)
Title I 1003 (A) Tier III	-	-	-	-	-	-	4,831	-	(4,831)
Medicaid Reimbursement - Federal	13,531	33,100	30,882	-	15,749	8,286	20,238	-	3,797
Title II A FY 2012-14	(152)	352	200	-	-	-	-	-	-
Title II A FY 2013-15	(407)	64,504	64,097	-	-	-	-	-	-
Title II A FFY 2014	-	28,838	29,429	-	(591)	37,375	40,375	-	(3,591)
Title II A FFY 2015-17	-	-	-	-	-	53,672	53,672	-	-
Title VI Rural Low Income 2013-15	(1,416)	13,139	11,723	-	-	-	-	-	-
Title VI Rural Low Income 2014-16	-	32,298	32,298	-	-	-	-	-	-
Title VI Rural Low Income 2015	-	-	-	-	-	24,199	24,269	-	(70)
Petty Cash	50	-	-	-	50	-	-	-	50
Clearing Account	57,092	2,785,878	2,803,289	-	39,681	2,602,614	2,676,763	-	(34,468)
Totals	<u>\$ 6,328,968</u>	<u>\$ 18,757,212</u>	<u>\$ 19,437,037</u>	<u>\$ (9,309)</u>	<u>\$ 5,639,834</u>	<u>\$ 18,668,895</u>	<u>\$ 18,984,855</u>	<u>\$ 1,549</u>	<u>\$ 5,325,423</u>

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

EAST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

EAST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

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

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

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

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

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

EAST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Other Financing Sources and Uses

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

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

EAST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

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:

EAST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

C. Additional Pension Plan

The School Corporation also contributes to an additional pension plan unique to the School Corporation. Information regarding this plan may be obtained from the School Corporation.

EAST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Negative Receipts

The financial statement contains some receipts which appear as negative entries. This is a result of correction of errors. Errors made in the current period were corrected in the subsequent period by reversing the original entry. The original entry and the correction were made in separate periods, which resulted in a negative receipt showing in the current period.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015 and 2016. Additionally, the Clearing Account fund had a deficit balance due to payroll reimbursement from the School Lunch fund not being received by June 30, 2016.

Note 9. Holding Corporation

The School Corporation has entered into a capital lease with East Washington Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2015 and 2016 totaled \$1,200,000 and \$1,220,000, respectively.

Note 10. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: medical and life insurance. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

Note 11. Subsequent Events

On June 6, 2017, the School Corporation entered in to a lease agreement with First Internet Public Finance Corp. to finance certain energy conservation measures. The final lease financing amount, not to exceed \$4,672,143.43, will be repaid at an interest rate of 3.40 percent beginning with the first payment due on July 1, 2018, and maturing on January 1, 2038.

The School Corporation adopted a resolution on September 26, 2017, approving the defeasance of the outstanding East Washington School Corporation Amended Taxable General Obligation Pension Bonds of 2004. The School Corporation deposited \$395,202.53 in an escrow account held by the Bank of New York Mellon Trust Company, N.A. on December 15, 2017, in order to defease the 2004 bonds.

(This page intentionally left blank.)

OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

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

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

EAST WASHINGTON 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	Retirement/ Severance Bond	GO Bond HVAC Project 2013
Cash and investments - beginning	\$ 2,822,540	\$ 728,491	\$ 140,807	\$ 124,172	\$ 333,360	\$ 142,919	\$ 702,177	\$ 1,007,530	\$ 45,482
Receipts:									
Local sources	234,881	1,449,715	139,087	982,557	817,355	77,928	-	-	-
Intermediate sources	19	-	-	-	-	-	-	-	-
State sources	9,709,652	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	500,000	-	-	400,000	100,000	-	-	-	-
Other receipts	7,816	-	-	5,886	-	-	-	-	-
Total receipts	10,452,368	1,449,715	139,087	1,388,443	917,355	77,928	-	-	-
Disbursements:									
Instruction	7,009,055	-	-	-	-	-	208,000	174,387	-
Support services	2,938,441	-	-	506,182	826,179	153,003	262,907	43,876	45,482
Noninstructional services	145,419	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	200,039	-	-	36,677	-	-
Debt service	-	1,357,021	201,066	37,689	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	500,000	-	-	400,000	100,000	-	-	-	-
Total disbursements	10,592,915	1,357,021	201,066	1,143,910	926,179	153,003	507,584	218,263	45,482
Excess (deficiency) of receipts over disbursements	(140,547)	92,694	(61,979)	244,533	(8,824)	(75,075)	(507,584)	(218,263)	(45,482)
Other financing sources (uses):									
Transfers in	-	-	-	-	1,388	-	50,000	-	-
Transfers out	-	(9,309)	-	-	(45,335)	(4,665)	-	-	-
Total other financing sources (uses)	-	(9,309)	-	-	(43,947)	(4,665)	50,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(140,547)	83,385	(61,979)	244,533	(52,771)	(79,740)	(457,584)	(218,263)	(45,482)
Cash and investments - ending	\$ 2,681,993	\$ 811,876	\$ 78,828	\$ 368,705	\$ 280,589	\$ 63,179	\$ 244,593	\$ 789,267	\$ -

EAST WASHINGTON 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

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Alternative Education 2015	Alternative Education 2016	Early Intervention 2014-15	Early Intervention 2015-16
Cash and investments - beginning	\$ 80,524	\$ 178,463	\$ 15,307	\$ -	\$ 1,023	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	260,235	80,905	45,357	459	(330)	-	-	-	-
Intermediate sources	-	-	-	-	112	-	-	-	-
State sources	7,180	65,726	-	-	-	9,213	-	7,940	-
Federal sources	397,331	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	664,746	146,631	45,357	459	(218)	9,213	-	7,940	-
Disbursements:									
Instruction	-	-	-	-	-	8,452	-	7,940	-
Support services	736	78,964	-	-	18	-	-	-	-
Noninstructional services	726,720	-	-	-	-	-	-	-	-
Facilities acquisition and construction	3,453	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	60,664	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	730,909	78,964	60,664	-	18	8,452	-	7,940	-
Excess (deficiency) of receipts over disbursements	(66,163)	67,667	(15,307)	459	(236)	761	-	-	-
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	(66,163)	67,667	(15,307)	459	(236)	761	-	-	-
Cash and investments - ending	\$ 14,361	\$ 246,130	\$ -	\$ 459	\$ 787	\$ 761	\$ -	\$ -	\$ -

EAST WASHINGTON 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

	VALIC Donation	JA Benefits Donations	Miscellaneous Programs	L.E.A.D. Initiative Assessment 2013	Washington Co. Substance Abuse Grant 2014	Wal-Mart Vap Grant	Monsanto Grant	Generation-On Mini Grant (JONE 5/30/15)	Generation-On Mini Grant (ALLR 5/30/15)
Cash and investments - beginning	\$ -	\$ -	\$ 250	\$ 1,618	\$ 1,246	\$ 11	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	2,965	-	-	-	10,000	250	250
Intermediate sources	330	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	330	-	2,965	-	-	-	10,000	250	250
Disbursements:									
Instruction	-	-	-	1,618	1,246	11	7,957	250	250
Support services	330	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	330	-	-	1,618	1,246	11	7,957	250	250
Excess (deficiency) of receipts over disbursements	-	-	2,965	(1,618)	(1,246)	(11)	2,043	-	-
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	-	-	2,965	(1,618)	(1,246)	(11)	2,043	-	-
Cash and investments - ending	\$ -	\$ -	\$ 3,215	\$ -	\$ -	\$ -	\$ 2,043	\$ -	\$ -

EAST WASHINGTON 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

	My Community, My Vision Grant	Mahuron Education Grant 2014-15	Washington Co Youth Foundation Grant	Washington Co Substance Abuse Council	Generation-On Mini Grant 2015	Summer Success/ Duke Energy	Mahuron Education Grant 2015-16	Every Healthy Kid Grant 2015
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	712	500	434	1,782	250	10,572	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>712</u>	<u>500</u>	<u>434</u>	<u>1,782</u>	<u>250</u>	<u>10,572</u>	<u>-</u>	<u>-</u>
Disbursements:								
Instruction	236	500	434	693	250	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>236</u>	<u>500</u>	<u>434</u>	<u>693</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>476</u>	<u>-</u>	<u>-</u>	<u>1,089</u>	<u>-</u>	<u>10,572</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>476</u>	<u>-</u>	<u>-</u>	<u>1,089</u>	<u>-</u>	<u>10,572</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,089</u>	<u>\$ -</u>	<u>\$ 10,572</u>	<u>\$ -</u>	<u>\$ -</u>

EAST WASHINGTON 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

	Generation-On Mini Grant Nov15	Generation-On Mini Grant 2015-16	Generation-On Indiana Grant	Generation-On Mini Grant 2016	Washington Co Substance Abuse	Summer Success/ Duke Energy	Formative Assessment	High Ability Grant 2013-14 SY
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,419
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	5,419
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	5,419
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	(5,419)
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	-	-	-	-	-	-	-	(5,419)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

EAST WASHINGTON 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

	High Ability Grant 2014-15 SY	High Ability Grant 2015-16 SY	Computer Consortium/ Ed Tech Advance	Secured Schools Safety Grant	Connectivity Grant 2015-16	Connectivity Grant 2013-14	Connectivity Grant 2014-15	Excess PTRC Distributions
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (50,000)	\$ -	\$ 514	\$ -	\$ 1,388
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	30,315	-	-	62,201	-	-	4,191	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	30,315	-	-	62,201	-	-	4,191	-
Disbursements:								
Instruction	21,017	-	-	-	-	-	-	-
Support services	-	-	-	12,201	-	514	3,335	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	21,017	-	-	12,201	-	514	3,335	-
Excess (deficiency) of receipts over disbursements	9,298	-	-	50,000	-	(514)	856	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(1,388)
Total other financing sources (uses)	-	-	-	-	-	-	-	(1,388)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,298	-	-	50,000	-	(514)	856	(1,388)
Cash and investments - ending	\$ 9,298	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 856	\$ -

EAST WASHINGTON 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

	Title I 2013-14 SY	Title I 2014-15 SY	Title I School Improvement Grant	Title I 2015-16	Title I 1003 (A) Tier III	Medicaid Reimbursement - Federal	Title II A FY 2012-14	Title II A FY 2013-15
Cash and investments - beginning	\$ (22,971)	\$ -	\$ -	\$ -	\$ -	\$ 13,531	\$ (152)	\$ (407)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	110,820	264,507	-	-	-	33,100	352	64,504
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	110,820	264,507	-	-	-	33,100	352	64,504
Disbursements:								
Instruction	46,435	237,317	-	-	-	3,161	-	55,984
Support services	41,088	43,494	-	-	-	27,721	200	8,113
Noninstructional services	326	7,828	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	87,849	288,639	-	-	-	30,882	200	64,097
Excess (deficiency) of receipts over disbursements	22,971	(24,132)	-	-	-	2,218	152	407
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	22,971	(24,132)	-	-	-	2,218	152	407
Cash and investments - ending	\$ -	\$ (24,132)	\$ -	\$ -	\$ -	\$ 15,749	\$ -	\$ -

EAST WASHINGTON 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

	Title II A FFY 2014	Title II A FFY 2015-17	Title IV Rural Low Income 2013-15	Title IV Rural Low Income 2014-16	Title IV Rural Low Income 2015	Petty Cash	Clearing Account	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (1,416)	\$ -	\$ -	\$ 50	\$ 57,092	\$ 6,328,968
Receipts:								
Local sources	-	-	-	-	-	-	-	4,115,864
Intermediate sources	-	-	-	-	-	-	-	461
State sources	-	-	-	-	-	-	-	9,896,418
Federal sources	28,838	-	13,139	32,298	-	-	-	944,889
Interfund loans	-	-	-	-	-	-	-	1,000,000
Other receipts	-	-	-	-	-	-	2,785,878	2,799,580
Total receipts	28,838	-	13,139	32,298	-	-	2,785,878	18,757,212
Disbursements:								
Instruction	-	-	-	32,298	-	-	-	7,822,910
Support services	29,429	-	11,723	-	-	-	-	5,033,936
Noninstructional services	-	-	-	-	-	-	-	880,293
Facilities acquisition and construction	-	-	-	-	-	-	-	240,169
Debt service	-	-	-	-	-	-	-	1,595,776
Nonprogrammed charges	-	-	-	-	-	-	2,803,289	2,863,953
Interfund loans	-	-	-	-	-	-	-	1,000,000
Total disbursements	29,429	-	11,723	32,298	-	-	2,803,289	19,437,037
Excess (deficiency) of receipts over disbursements	(591)	-	1,416	-	-	-	(17,411)	(679,825)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	51,388
Transfers out	-	-	-	-	-	-	-	(60,697)
Total other financing sources (uses)	-	-	-	-	-	-	-	(9,309)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(591)	-	1,416	-	-	-	(17,411)	(689,134)
Cash and investments - ending	\$ (591)	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ 39,681	\$ 5,639,834

EAST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	GO Bond HVAC Project 2013
Cash and investments - beginning	\$ 2,681,993	\$ 811,876	\$ 78,828	\$ 368,705	\$ 280,589	\$ 63,179	\$ 244,593	\$ 789,267	\$ -
Receipts:									
Local sources	56,354	1,500,139	153,309	1,007,006	853,310	164,660	29,961	-	-
Intermediate sources	20	-	-	-	-	-	-	-	-
State sources	9,668,800	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	585,000	-	-	160,000	425,000	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	10,310,174	1,500,139	153,309	1,167,006	1,278,310	164,660	29,961	-	-
Disbursements:									
Instruction	6,671,907	-	-	-	-	-	433,949	84,727	-
Support services	2,550,230	-	-	956,393	814,603	-	225,834	10,455	-
Noninstructional services	145,666	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	109,519	-	-	-	-	-
Debt service	-	1,426,875	159,639	37,688	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	585,000	-	-	160,000	425,000	-	-	-	-
Total disbursements	9,952,803	1,426,875	159,639	1,263,600	1,239,603	-	659,783	95,182	-
Excess (deficiency) of receipts over disbursements	357,371	73,264	(6,330)	(96,594)	38,707	164,660	(629,822)	(95,182)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	410,843	-	-
Transfers out	-	(21,000)	-	(110,843)	(180,000)	(120,000)	-	-	-
Total other financing sources (uses)	-	(21,000)	-	(110,843)	(180,000)	(120,000)	410,843	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	357,371	52,264	(6,330)	(207,437)	(141,293)	44,660	(218,979)	(95,182)	-
Cash and investments - ending	\$ 3,039,364	\$ 864,140	\$ 72,498	\$ 161,268	\$ 139,296	\$ 107,839	\$ 25,614	\$ 694,085	\$ -

EAST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Alternative Education 2015	Alternative Education 2016	Early Intervention 2014-15	Early Intervention 2015-16
Cash and investments - beginning	\$ 14,361	\$ 246,130	\$ -	\$ 459	\$ 787	\$ 761	\$ -	\$ -	\$ -
Receipts:									
Local sources	274,312	71,450	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	75	-	-	-	-
State sources	6,360	78,555	-	-	-	-	9,073	-	5,000
Federal sources	376,758	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	657,430	150,005	-	-	75	-	9,073	-	5,000
Disbursements:									
Instruction	-	-	-	-	-	-	9,073	-	-
Support services	265	94,882	-	-	-	-	-	-	-
Noninstructional services	632,336	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	632,601	94,882	-	-	-	-	9,073	-	-
Excess (deficiency) of receipts over disbursements	24,829	55,123	-	-	75	-	-	-	5,000
Other financing sources (uses):									
Sale of capital assets	22,549	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	22,549	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	47,378	55,123	-	-	75	-	-	-	5,000
Cash and investments - ending	\$ 61,739	\$ 301,253	\$ -	\$ 459	\$ 862	\$ 761	\$ -	\$ -	\$ 5,000

EAST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	VALIC Donation	JA Benefits Donations	Miscellaneous Programs	L.E.A.D. Initiative Assessment 2013	Washington Co. Substance Abuse Grant 2014	Wal-Mart Vap Grant	Monsanto Grant	Generation-On Mini Grant (JONE 5/30/15)	Generation-On Mini Grant (ALLR 5/30/15)
Cash and investments - beginning	\$ -	\$ -	\$ 3,215	\$ -	\$ -	\$ -	\$ 2,043	\$ -	\$ -
Receipts:									
Local sources	-	-	250	-	-	-	-	-	-
Intermediate sources	660	563	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	660	563	250	-	-	-	-	-	-
Disbursements:									
Instruction	-	-	-	-	-	-	2,043	-	-
Support services	435	563	2,415	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	435	563	2,415	-	-	-	2,043	-	-
Excess (deficiency) of receipts over disbursements	225	-	(2,165)	-	-	-	(2,043)	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	225	-	(2,165)	-	-	-	(2,043)	-	-
Cash and investments - ending	\$ 225	\$ -	\$ 1,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

EAST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	My Community, My Vision Grant	Mahuron Education Grant 2014-15	Washington Co Youth Foundation Grant	Washington Co Substance Abuse Council	Generation-On Mini Grant 2015	Summer Success/ Duke Energy	Mahuron Education Grant 2015-16	Every Healthy Kid Grant 2015
Cash and investments - beginning	\$ 476	\$ -	\$ -	\$ 1,089	\$ -	\$ 10,572	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	1,375	900
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	1,375	900
Disbursements:								
Instruction	476	-	-	1,089	-	9,752	1,375	900
Support services	-	-	-	-	-	820	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	476	-	-	1,089	-	10,572	1,375	900
Excess (deficiency) of receipts over disbursements	(476)	-	-	(1,089)	-	(10,572)	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(476)	-	-	(1,089)	-	(10,572)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

EAST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Generation-On Mini Grant Nov15	Generation-On Mini Grant 2015-16	Generation-On Indiana Grant	Generation-On Mini Grant 2016	Washington Co Substance Abuse	Summer Success/ Duke Energy	Formative Assessment	High Ability Grant 2013-14 SY
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	250	250	250	250	1,662	9,999	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	3,663	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	250	250	250	250	1,662	9,999	3,663	-
Disbursements:								
Instruction	250	250	250	250	255	-	-	-
Support services	-	-	-	-	-	-	3,663	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	250	250	250	250	255	-	3,663	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	1,407	9,999	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	1,407	9,999	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 1,407	\$ 9,999	\$ -	\$ -

EAST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	High Ability Grant 2014-15 SY	High Ability Grant 2015-16 SY	Computer Consortium/ Ed Tech Advance	Secured Schools Safety Grant	Connectivity Grant 2015-16	Connectivity Grant 2013-14	Connectivity Grant 2014-15	Excess PTRC Distributions
Cash and investments - beginning	\$ 9,298	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 856	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	31,478	-	39,559	6,564	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	31,478	-	39,559	6,564	-	-	-
Disbursements:								
Instruction	9,298	29,640	-	-	-	-	-	-
Support services	-	-	-	99,792	4,860	-	856	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	9,298	29,640	-	99,792	4,860	-	856	-
Excess (deficiency) of receipts over disbursements	(9,298)	1,838	-	(60,233)	1,704	-	(856)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,298)	1,838	-	(60,233)	1,704	-	(856)	-
Cash and investments - ending	\$ -	\$ 1,838	\$ -	\$ (60,233)	\$ 1,704	\$ -	\$ -	\$ -

EAST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Title I 2013-14 SY	Title I 2014-15 SY	Title I School Improvement Grant	Title I 2015-16	Title I 1003 (A) Tier III	Medicaid Reimbursement - Federal	Title II A FY 2012-14	Title II A FY 2013-15
Cash and investments - beginning	\$ -	\$ (24,132)	\$ -	\$ -	\$ -	\$ 15,749	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	113,782	6,000	300,152	-	8,286	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	113,782	6,000	300,152	-	8,286	-	-
Disbursements:								
Instruction	-	78,696	6,000	313,718	-	7,941	-	-
Support services	-	7,442	-	45,216	4,831	11,389	-	-
Noninstructional services	-	3,512	-	6,850	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	908	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	89,650	6,000	365,784	4,831	20,238	-	-
Excess (deficiency) of receipts over disbursements	-	24,132	-	(65,632)	(4,831)	(11,952)	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	24,132	-	(65,632)	(4,831)	(11,952)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (65,632)	\$ (4,831)	\$ 3,797	\$ -	\$ -

EAST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Title II A FFY 2014	Title II A FFY 2015-17	Title IV Rural Low Income 2013-15	Title IV Rural Low Income 2014-16	Title IV Rural Low Income 2015	Petty Cash	Clearing Account	Totals
Cash and investments - beginning	\$ (591)	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ 39,681	\$ 5,639,834
Receipts:								
Local sources	-	-	-	-	-	-	-	4,125,687
Intermediate sources	-	-	-	-	-	-	-	1,318
State sources	-	-	-	-	-	-	-	9,849,052
Federal sources	37,375	53,672	-	-	24,199	-	-	920,224
Interfund loans	-	-	-	-	-	-	-	1,170,000
Other receipts	-	-	-	-	-	-	2,602,614	2,602,614
Total receipts	<u>37,375</u>	<u>53,672</u>	<u>-</u>	<u>-</u>	<u>24,199</u>	<u>-</u>	<u>2,602,614</u>	<u>18,668,895</u>
Disbursements:								
Instruction	37,708	40,361	-	-	-	-	-	7,739,908
Support services	2,667	13,311	-	-	24,269	-	-	4,875,191
Noninstructional services	-	-	-	-	-	-	-	788,364
Facilities acquisition and construction	-	-	-	-	-	-	-	110,427
Debt service	-	-	-	-	-	-	-	1,624,202
Nonprogrammed charges	-	-	-	-	-	-	2,676,763	2,676,763
Interfund loans	-	-	-	-	-	-	-	1,170,000
Total disbursements	<u>40,375</u>	<u>53,672</u>	<u>-</u>	<u>-</u>	<u>24,269</u>	<u>-</u>	<u>2,676,763</u>	<u>18,984,855</u>
Excess (deficiency) of receipts over disbursements	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70)</u>	<u>-</u>	<u>(74,149)</u>	<u>(315,960)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	22,549
Transfers in	-	-	-	-	-	-	-	410,843
Transfers out	-	-	-	-	-	-	-	(431,843)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,549</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70)</u>	<u>-</u>	<u>(74,149)</u>	<u>(314,411)</u>
Cash and investments - ending	<u>\$ (3,591)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (70)</u>	<u>\$ 50</u>	<u>\$ (34,468)</u>	<u>\$ 5,325,423</u>

(This page intentionally left blank.)

EAST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 725,853</u>	<u>\$ 78,569</u>

EAST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Crossroads Bank	iPads	\$ 37,689	10/01/13	04/01/17
US Bank Equipment	Copiers/Printers Lease	82,743	09/17/12	09/17/17
Wells Fargo	Reel Mower	2,232	08/30/14	08/30/16
East Washington Multi-School Building Corporation	Buildings	<u>1,220,000</u>	10/02/01	07/15/28
Total governmental activities		<u>1,342,664</u>		
Total of annual lease payments		<u>\$ 1,342,664</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	HVAC Projects - Main Gym Aux Gym and MS Gym	\$ 710,000	\$ 66,713
Notes and loans payable	Retirement/Severance	505,000	157,742
Notes and loans payable	Common School - Technology 2013	70,698	28,915
Notes and loans payable	Common School - ES/MS Loan #A0428	<u>532,000</u>	<u>100,368</u>
Total governmental activities		<u>1,817,698</u>	<u>353,738</u>
Totals		<u>\$ 1,817,698</u>	<u>\$ 353,738</u>

EAST WASHINGTON SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2016

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,293,608
Infrastructure	243,017
Buildings	34,235,983
Improvements other than buildings	2,485,853
Machinery, equipment, and vehicles	3,276,350
Books and other	<u>1,054,602</u>
Total governmental activities	<u>42,589,413</u>
Total capital assets	<u>\$ 42,589,413</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Report on Compliance for Each Major Federal Program

We have audited the East Washington 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, 2014 to June 30, 2016. 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, 2014 to June 30, 2016.

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 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, and 2016-009. 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, and 2016-009 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

(This page intentionally left blank.)

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 WASHINGTON SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

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 06-30-15	Total Federal Awards Expended 06-30-16
Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			FY14-15	\$ 70,212	\$ -
School Breakfast Program			FY15-16	-	71,249
Total - School Breakfast Program				70,212	71,249
National School Lunch Program					
National School Lunch Program	Indiana Department of Education	10.555			
National School Lunch Program			FY14-15	321,806	-
National School Lunch Program - Commodities			FY14-15	51,090	-
National School Lunch Program			FY15-16	-	337,326
National School Lunch Program - Commodities			FY15-16	-	50,098
Total - National School Lunch Program				372,896	387,424
Summer Food Service Program for Children					
Summer Food Service Program	Indiana Department of Education	10.559			
Summer Food Service Program			FY14-15	5,314	-
Summer Food Service Program			FY15-16	-	6,491
Total - Summer Food Service Program for Children				5,314	6,491
Total - Child Nutrition Cluster				448,422	465,164
Child Nutrition Discretionary Grants Limited Availability					
School Meal Equipment Grant	Indiana Department of Education	10.579			
			FY15-16	-	18,000
Total - Department of Agriculture				448,422	483,164
Department of Education					
Special Education Cluster (IDEA)					
Special Education_Grants to States					
FY 2013 Federal Part B 611 Grant	Indiana Department of Education	84.027	14213-056-PN01	74	-
FY 2014 Federal Part B 611 Grant			14214-056-PN01	97,223	548
FY 2015 Federal Grant Part B 611			14215-056-PN01	278,819	98,168
FY 2016 Federal Part B 611 Grant			14216-054-PN01	-	244,422
FY 2014 Federal Technical Assistance Grant			99914-056-TA01	1,952	3,265
Total - Special Education_Grants to States				378,068	346,403
Special Education_Preschool Grants					
FY 2014 Federal Preschool 619 Grant	Indiana Department of Education	84.173	45714-056-PN01	4,789	-
FY 2015 Federal Preschool 619 Grant			45715-056-PN01	4,804	5,080
FY 2016 Federal Preschool 619 Grant			45716-054-PN01	-	5,099
Total - Special Education_Preschool Grants				9,593	10,179
Total - Special Education Cluster (IDEA)				387,661	356,582

EAST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

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 06-30-15	Total Federal Awards Expended 06-30-16
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I			14-8215	110,820	-
Title I			15-8215	264,507	113,782
Title I			16-8215	-	300,152
Title I 1003(a) School Improvement Grant			1003(a)	-	6,000
Total - Title I Grants to Local Educational Agencies				<u>375,327</u>	<u>419,934</u>
Rural Education	Indiana Department of Education	84.358			
Rural and Low Income			FY13	13,139	-
Rural and Low Income			FY14	32,298	-
Rural and Low Income			FY15	-	24,199
Total - Rural Education				<u>45,437</u>	<u>24,199</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
Title II Part A			FY 14	352	-
Title II Part A			FY 15	64,504	-
Title II Part A			FY 16	28,838	37,375
Title II Part A			FY 17	-	53,672
Total - Improving Teacher Quality State Grants				<u>93,694</u>	<u>91,047</u>
Total - Department of Education				<u>902,119</u>	<u>891,762</u>
<u>Department of Health and Human Services</u>					
Centers for Disease Control and Prevention_ Investigations and Technical Assistance 2014 Youth Tobacco Survey	Indiana Department of Health	93.283	40093988TOBCP15	250	-
Total - Centers for Disease Control and Prevention_ Investigations and Technical Assistance				<u>250</u>	<u>-</u>
Total - Department of Health and Human Services				<u>250</u>	<u>-</u>
Total federal awards expended				<u>\$ 1,350,791</u>	<u>\$ 1,374,926</u>

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

EAST WASHINGTON SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 3. South Central Area Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative. The Special Education Cooperative operates the Special Education programs for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the Schedule of Expenditures of Federal Awards is not presented as receipts and disbursements in the financial statement.

EAST WASHINGTON 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 deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported

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 Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2016-001

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

Repeat Finding

This is a repeat of finding from the immediate prior report. The prior audit finding number was 2014-001.

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

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation was unable to present evidence for audit that anyone other than the School Corporation Treasurer reviewed or approved the grant information presented on the SEFA.

Context

Due to the lack of controls, the SEFA presented for audit contained the following errors:

1. The Special Education Grants to States expenditures were understated by \$351,851 for the year ending June 30, 2015.
2. The National School Lunch Program commodities were understated by \$994 and \$901 for the years ending June 30, 2015 and 2016, respectively.
3. State matching funds for the National School Lunch Program were incorrectly reported as federal expenditures for the years ending June 30, 2015 and 2016, in the amount of \$7,180 and \$6,360, respectively.
4. Some federal grantor agencies, program names, and CFDA numbers were listed incorrectly.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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 § _____.310. . . ."

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

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

"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.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

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

Views of Responsible Officials

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

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

FINDING 2016-002

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition

There were deficiencies in the internal control system of the School Corporation related to Financial Transactions and Reporting.

Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts for the School Lunch fund. The School Lunch fund was maintained on the extracurricular records. The School Lunch fund Treasurer was responsible for verifying collections with the daily register reports, issuing receipts, recording receipts, preparing deposit tickets and making bank deposits, and performing bank reconcilements. There was no evidence of a proper oversight, review, or approval process.

Context

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

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management of the School Corporation had not established a proper system of internal control.

Effect

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

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

Recommendation

We recommended that the School Corporation establish a system of internal controls related to Financial Transactions and Reporting.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-003

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Reporting

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior report. The prior report finding number was 2014-004.

Condition

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

Cash Management (School Breakfast Program and National School Lunch Program only)

The School Corporation did not have effective procedures in place to ensure that the food service account balance did not exceed the three months average expenditures.

Reporting

The School Corporation had not established adequate controls to ensure that the monthly Sponsor Summary Claims reports were accurate prior to submission. One person prepared and submitted the reports. There was no segregation of duties, such as an oversight, review, or approval process.

Context

The lack of properly designed and implemented controls was a systemic problem, which occurred throughout the audit period.

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

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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

FINDING 2016-004

Subject: Child Nutrition Cluster - Special Tests and Provisions - Paid Lunch Equity
Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Number and Year (or Other Identifying Number): FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediate prior report. The prior report finding number was 2014-007.

Condition

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement. The School Corporation had not designed or implemented adequate policies and procedures to ensure the required Paid Lunch Equity calculations were correct.

The failure to establish an effective internal control system resulted in noncompliance. The weighted average lunch meal price required to be charged for the 2015-2016 school year was \$2.46 and the actual weighted average amount charged was \$2.42.

Context

The lack of internal controls and noncompliance were systemic issues during the 2015-2016 school year.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

7 CFR 210.14(e) states in part:

"*Pricing paid lunches.* For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

(ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . .

(3) *Average lunch price is lower than the reimbursement difference.* When the average price from the prior school year is lower than the difference in reimbursement rates as determined in paragraph (e)(1)(iii) of this section, the school food authority shall establish an average price for the current school year that is not less than the average price charged in the previous school year as adjusted by a percentage equal to the sum obtained by adding:

(i) 2 percent; and

(ii) The percentage change in the Consumers Price Index for All Urban Consumers used to increase the Federal reimbursement rate under section 11 of the Act for the most recent school year for which data are available. The percentage to be used is found in the annual notice published in the FEDERAL REGISTER announcing the national average payment rates, from the prior year.

(4) *Price Adjustments.*

(i) *Maximum required price increase.* The maximum annual average price increase required under this paragraph shall not exceed ten cents.

(ii) *Rounding of paid lunch prices.* Any school food authority may round the adjusted price of the paid lunches down to the nearest five cents.

(iii) *Optional price increases.* A school food authority may increase the average price by more than ten cents. . . ."

Cause

Management had not developed a system of internal controls to ensure compliance with the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

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

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and ensure compliance related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Views of Responsible Officials

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

FINDING 2016-005

Subject: Child Nutrition Cluster - Eligibility

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediate prior report. The prior report finding number was 2014-005.

Condition

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement.

The Extracurricular Treasurer in each building received the applications for free and reduced price lunches and determined the students' eligibility. There was no segregation of duties, such as an oversight, review, or approval process to ensure correct determinations. A review of applications for 60 students receiving free and reduced price meals identified that 7 applications contained errors that resulted in an incorrect eligibility determination.

Context

The lack of internal controls and noncompliance were systemic issues during the audit period.

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

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 245.6(e) states in part: "*Recordkeeping*. The local educational agency must maintain documentation substantiating eligibility determinations on file for 3 years after the date of the fiscal year to which they pertain . . ."

7 CFR 245.6a(f)(2) states in part: "*Documentation timeframe*. . . The documentation must indicate the source, amount and frequency of all income and can be for any point in time between the month prior to application for school meal benefits and the time the household is requested to provide income documentation."

7 CFR 245.2 states in part: ". . . *Current income* means income, as defined in § 245.6(a), received during the month prior to application. If such income does not accurately reflect the household's annual rate of income, income shall be based on the projected annual household income. . . ."

Cause

Management had not developed a system of internal controls to ensure compliance with the Eligibility compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Eligibility compliance requirement.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-006

Subject: Child Nutrition Cluster - Program Income

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Program Income compliance requirement. The School Corporation had not designed or implemented adequate policies and procedures to ensure that program income was properly recorded. There was no evidence presented for audit that anyone other than the School Lunch Treasurer reviewed program income to ensure that it was accurately reported.

The School Corporation established a single fund, the School Lunch fund, for all activity of the food service. The School Corporation also maintained prepaid accounts for students. When prepaid funds were received, they were receipted with the program income into the School Lunch fund as revenue, with no distinction between the prepaid accounts and the program income generated from the service programs.

Context

The lack of internal controls and noncompliance were systemic issues during the entire audit period.

Criteria

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. . . ."

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 210.14(c) states:

"Financial assurances. The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 210.14(f)(3) states: "All revenue from the sale of non-program foods shall accrue to the non-profit school food service account of a participating school food authority."

7 CFR 220.13(i) states in part: "Each State agency . . . shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their nonprofit school food service. . . ."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. Nothing in the preceding sentence shall be construed to limit the ability of the State agency or the FNSRO to suspend or terminate the agreement in accordance with § 220.18. If a single State agency administers any combination of the Child Nutrition Programs, that State agency shall provide each SFA with a single agreement with respect to the operation of those programs. Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . ."

(12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

7 CFR 225.6(e) states in part:

"State-Sponsor agreement. A sponsor approved for participation in the Program must enter into a permanent written agreement with the State agency. All sponsors must agree in writing to: . . ."

(12) Maintain a financial management system as prescribed by the State agency; . . ."

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

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). (The School Bulletin and Uniform Compliance Guidelines, September 2008)

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Program Income compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Program Income compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the grant agreement and the Program Income compliance requirement.

Views of Responsible Officials

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

FINDING 2016-007

Subject: Special Education Cluster (IDEA) - Cash Management and Reporting

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 (or Other Identifying Numbers): 14214-056-PN01, 14215-056-PN01,
45714-056-PN01, 45715-056-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Reporting

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2014-009.

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

Condition

The School Corporation was a member of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operated the Special Education program on behalf of the School Corporation and managed the Special Education grant funds. There was no oversight of the Cooperative by the School Corporation. Each member school corporation is ultimately responsible for ensuring compliance with the requirements.

An effective internal control system was not in place to ensure compliance with requirements related to the grant agreement and the Cash Management and Reporting compliance requirements.

The supporting documentation attached to the reimbursement forms was a detail subtotal by fund by object code report, which was a summary listing of expenses grouped by fund and object code with no detail of the actual expenses incurred. The supporting documentation did not consistently agree with the amounts requested for reimbursement or the total expenses to date that were reported on the reimbursement forms. The School Corporation claimed and received reimbursements for expenditures that were not incurred and/or paid prior to the date of claiming the reimbursement.

Context

The amount requested for reimbursement and the reported amount of total expenses to date did not consistently agree to supporting documentation for four of the eight reimbursement requests tested for fiscal year 2015. Although supporting documentation for some individual reimbursement requests did not agree, in total the amounts claimed for reimbursement for each individual grant agreed to the applicable grant award amounts.

Criteria

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. . . ."

34 CFR 80.20(b) states:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

34 CFR 80.21(d) states in part: ". . . Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. . . ."

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

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured that the Cooperative complied with the Cash Management and Reporting compliance requirements.

Effect

The failure to establish an effective internal control system caused the School Corporation to be in noncompliance with the grant agreement and the compliance requirements. A lack of an internal control system could have also allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management develop and implement procedures and establish controls to monitor the Cooperative to ensure compliance with the grant agreement and the Cash Management and Reporting compliance requirements.

Views of Responsible Officials

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

FINDING 2016-008

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

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 (or Other Identifying Numbers): 14215-056-PN01, 14216-054-PN01,
45715-056-PN01, 45716-054-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation was a member of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operated the Special Education program on behalf of the School Corporation and manages the Special Education grant funds. There was no oversight of the Cooperative by the School Corporation. Each member school corporation is ultimately responsible for ensuring compliance with the requirements.

An effective internal control system was not in place to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

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

No Semi-Annual Certifications or records of activity for School Corporation employees that were paid solely from Special Education funds were maintained during the audit period. No personal activity reports or records of activity for School Corporation employees paid from multiple cost objectives were maintained during the audit period.

Context

No evidence was presented that Semi-Annual Certifications were completed and certified during the audit period for any employees who were paid solely from Special Education Funds. No evidence was presented that personal activity reports were prepared and signed during the audit period for any employees who were paid from multiple cost objectives. In addition, no records of activity were presented for audit for any employees paid either solely or partially from Special Education funds.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

OMB Circular A-87, Attachment B, section 8(h) states in part:

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. . . ."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

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

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (iv) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system placed the Cooperative and the participating school corporations in noncompliance with grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management develop and implement procedures and establish controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

FINDING 2016-009

Subject: Special Education Grants to States - Suspension and Debarment

Federal Agency: Department of Education

Federal Program: Special Education Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-056-PN01, 14214-056-PN01,
14215-056-PN01, 14216-054-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

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

Condition

The School Corporation is a member of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operates the Special Education program on behalf of the School Corporation and manages the Special Education grant funds. There was no oversight of the Cooperative by the School Corporation. Each member school corporation is ultimately responsible for ensuring compliance with the requirements.

An effective internal control system was not in place to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

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

Context

There were three contracts during fiscal year 2015 and three contracts during fiscal year 2016 that exceeded \$25,000; however, the Cooperative did not verify that the vendors were not suspended or debarred prior to awarding these contracts for covered transactions.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

2 CFR 180.300 states:

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

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

Cause

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

Effect

The failure to establish an effective internal control system enabled the School Corporation to be in noncompliance with the Procurement and Suspension and Debarment compliance requirement and the grant agreement.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENTS

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

East Washington School Corporation



"All for one and one for all"

1050 North Eastern School Road ☐ Pekin, IN 47165

Phone 812-967-3926 ☐ Fax 812-967-5797

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003 Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Jodi Cole, Corporation Treasurer

Contact Phone Number: 812-967-3929

Status of Audit Finding: The Human Resource Director updates the benefits spreadsheet monthly and insures that the correct amount is charged to the school lunch account. This practice was implemented October 2013.

FINDING 2014-004 Cash Management and Reporting

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Greg Hopkins, Assistant to the Superintendent

Contact Phone Number: 812-967-3929

Status of Audit Finding: The Food Service Director verifies the Annual Financial Report and the Verification Summary which is composed by the Lunch Treasurer. This practice was implemented December 2015. The Lunch Treasurer will verify cash collected by ECA Treasurers for the lunch account at each building; this practice will be implemented April 2018. The monthly sponsor claim will be approved by the Food Service Director; this practice will be implemented July 2018.

FINDING 2014-005 Eligibility

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Greg Hopkins, Assistant to the Superintendent

Contact Phone Number: 812-967-3929

Status of Audit Finding: The Food Service Director reviews the approval process to insure oversight in determining eligibility for free/reduced lunch. This practice will be implemented August 2018.

FINDING 2014-006 Special Tests and Provisions-Verification of Free and Reduced Price Lunch Applications

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Greg Hopkins, Assistant to the Superintendent
Contact Phone Number: 812-967-3929

Status of Audit Finding: The Food Service Director has created procedures to be followed by the school treasurers to ensure applications for free and reduced lunch is verified. The food Service Director reviews and documents with signature. These procedures were implemented July 2016.

FINDING 2014-007 Special Tests and Provisions- Paid Lunch Equity

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Greg Hopkins, Assistant to the Superintendent
Contact Phone Number: 812-967-3929

Status of Audit Finding: The Deputy Treasurer completes the PLE to ensure proper amount are being charged for the school meals. This information is obtained from the DOE and enters into the PLE calculator to generate lunch prices. Lunch prices are approved annually by the School Board of Trustees. The PLE will be reviewed by the Food Service Director. This practice will be implemented July 2018.

FINDING 2014-008 Allowable Costs/Cost Principles, Cash Management, and Reporting

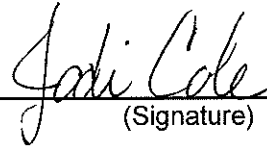
Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Jodi Cole, Corporation Treasurer
Contact Phone Number: 812-967-3929

Status of Audit Finding: The Title I Semi-Annual Certification Activity Reports are completed by the building principal and the Title I director. The Title I monthly reimbursement requests are prepared by the Treasurer and reviewed the superintendent, building principal and Title I director. This practice was implemented December 2015.

FINDING 2014-009 Cash Management and Reporting

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Jodi Cole, Corporation Treasurer
Contact Phone Number: 812-967-3929

Status of Audit Finding: Contracts and Subcontracts will be presented by the Cooperative to the SCASEC Board of Directors, Superintendents, and be reviewed by the corporation's superintendent prior to approval. This practice will be implemented April 2018.



(Signature)

Corporation Treasurer
(Title)

March 7, 2018
(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) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

East Washington School Corporation



"All for one and one for all"

1050 North Eastern School Road ♦ Pekin, IN 47165

Phone 812-967-3926 ♦ Fax 812-967-5797

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Jodi Cole
Contact Phone Number: 812-967-3926

Views of Responsible Official:
We concur with the finding

Description of Corrective Action Plan:

The Corporation Treasurer prepares the Schedule of Expenditures of Federal Awards (SEFA). In order to improve the corporation's system of internal controls, the SEFA will be reviewed by the Superintendent to ensure assurance regarding the reliability of financial information maintained on the SEFA.

Anticipated Completion Date: Effective Immediately

FINDING 2016-002

Contact Person Responsible for Corrective Action: Greg Hopkins
Contact Phone Number: 812-967-3926

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

Description of Corrective Action Plan:

Building treasurers will receipt money in, post, and create daily deposit tickets. One of the treasurers will take the deposit to the bank. The Lunch Treasurer will maintain the Lunch Fund and reconcile the account each month. The Food Service Director will verify all reports and processes.

Anticipated Completion Date: July 1, 2018

FINDING 2016-003

Contact Person Responsible for Corrective Action: Greg Hopkins
Contact Phone Number: 812-967-3926

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

Description of Corrective Action Plan:

The school will research and find out the accurate way to calculate and determine that the school lunch fund balance does not exceed three months average expenditures. Proper rules and procedures will be reviewed and implemented. The Food Service Director to review the claims before they are submitted and the Food Service Director and Lunch Treasurer will sign off on the claims.

Anticipated Completion Date: July 1, 2018

FINDING 2016-004

Contact Person Responsible for Corrective Action: Greg Hopkins
Contact Phone Number: 812-967-3926

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

Description of Corrective Action Plan:

Management will receive further training on this process to ensure the correct calculation. The treasurer will review the calculation with the Food Service Director and submit to the DOE as required.

Anticipated Completion Date: July 1, 2018

FINDING 2016-005

Contact Person Responsible for Corrective Action: Greg Hopkins
Contact Phone Number: 812-967-3926

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

Description of Corrective Action Plan:

Management will check applications after they are entered at the building level. The Food Service Director and Lunch Treasurer will set up procedures to check the applications that are entered.

Anticipated Completion Date: August 2018

FINDING 2016-006

Contact Person Responsible for Corrective Action: Greg Hopkins
Contact Phone Number: 812-967-3926

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

Description of Corrective Action Plan:

The School Lunch Treasurer created a separate prepaid account to distinguish between program revenue and student prepaid monies. The Food Service Director will review reports on transfers between prepaid and lunch fund accounts.

Anticipated Completion Date: Immediately April 2018

Contact Person Responsible for Corrective Action: Greg Hopkins
Contact Phone Number: 812-967-3926

Views of the Responsible Official:
We will begin this practice immediately.

FINDING 2016-007

Contact Person Responsible for Corrective Action: Jodi Cole
Contact Phone Number: 812-967-3926

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

Description of Corrective Action Plan:

Reports will be generated by the Cooperative and signed by the Board President and verified by the Superintendent.

Anticipated Completion Date: Effective Immediately

FINDING 2016-008

Contact Person Responsible for Corrective Action: Jodi Cole
Contact Phone Number: 812-967-3926

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

Description of Corrective Action Plan:
The corporation treasurer will maintain records of school corporation employees that were paid from the Special Education funds by completing Semi-Annual Certifications.

Anticipated Completion Date: Effective Immediately

FINDING 2016-009

Contact Person Responsible for Corrective Action: Jodi Cole
Contact Phone Number: 812-967-3926

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

Description of Corrective Action Plan:
Contracts and Subcontracts will be presented by the Cooperative to the SCASEC Board of Directors, Superintendents, and be reviewed by the corporation's superintendent prior to approval.

Anticipated Completion Date:
Effective Immediately

(Signature)

Jodi Cole

(Title)

Corporation Treasurer

(Date)

4/10/18

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/>.