

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

EASTERN PULASKI COMMUNITY
SCHOOL CORPORATION
PULASKI COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
03/15/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Angela Anspach	07-01-15 to 06-30-19
Superintendent of Schools	Dan L. Foster	07-01-15 to 06-30-19
President of the School Board	Joe Cunningham Deke DeMarco	01-01-15 to 12-31-17 01-01-18 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Eastern Pulaski Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2015 to June 30, 2017.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2015 to June 30, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis and Schedule of Leases and Debt, 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 December 20, 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

December 20, 2018



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

TO: THE OFFICIALS OF THE EASTERN PULASKI COMMUNITY
SCHOOL CORPORATION, PULASKI 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 Eastern Pulaski Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated December 20, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002, that we consider to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 items 2017-001 and 2017-002.

Eastern Pulaski Community 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

December 20, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 1,676,327	\$ 7,387,164	\$ 7,999,192	\$ 52,591	\$ 1,116,890	\$ 7,944,608	\$ 8,706,995	\$ 4,625	\$ 359,128
Debt Service	323,414	1,239,267	1,209,722	-	352,959	1,168,771	1,167,211	(21,640)	332,879
Retirement/Severance Bond Debt Service	(12,128)	353,649	275,435	-	66,086	264,649	278,327	-	52,408
Capital Projects	3,477,058	824,505	2,572,835	492	1,729,220	1,018,161	981,518	-	1,765,863
School Transportation	1,616,621	1,023,173	700,314	(600,000)	1,339,480	930,986	712,686	-	1,557,780
School Bus Replacement	410,020	157,090	165,958	-	401,152	256,593	164,098	-	493,647
Rainy Day	1,471,616	29,939	-	600,000	2,101,555	-	-	-	2,101,555
Post-Retirement/Severance Future Benefits	74,524	1,368	30,238	-	45,654	62	41,843	-	3,873
Construction	-	1,165	5,089,898	9,886,343	4,797,610	17,447	3,619,040	-	1,196,017
Infrastructure and Technology	965,833	-	718,057	-	247,776	72,645	320,421	-	-
School Lunch	(6,705)	985,202	577,513	-	400,984	669,698	663,353	-	407,329
Textbook Rental	162,200	110,122	82,440	-	189,882	115,490	63,222	21,640	263,790
Levy Excess	9,344	-	-	-	9,344	-	-	-	9,344
Joint Services and Supply - Special Education Cooperative	10,033	-	-	-	10,033	-	-	-	10,033
Joint Services and Supply - Other	3,376	-	-	-	3,376	-	-	-	3,376
Educational License Plates	1,556	225	-	-	1,781	206	-	-	1,987
Alternative Education	-	-	-	-	-	8,975	-	-	8,975
Early Intervention Grant	132	-	-	-	132	-	-	-	132
I Pad Insurance	21,124	27,825	12,538	-	36,411	26,563	8,357	-	54,617
Archery Program	1,000	-	-	-	1,000	-	-	-	1,000
Instructional Support	8,585	218	-	-	8,803	-	-	-	8,803
Indiana Virtual Academy	650	-	-	-	650	-	-	-	650
Scholarships and Awards	27,281	269	-	-	27,550	250	-	-	27,800
Pace Grant 2014 & 2015	22,618	329	9,460	-	13,487	-	-	-	13,487
IXL Student Software Service	-	5,680	-	-	5,680	-	5,680	-	-
Pace Grant 2016	-	19,635	4,520	-	15,115	318	15,433	-	-
Pace Grant 2017	-	-	-	-	-	19,857	4,849	-	15,008
Reading Specialist - Pace	125,250	-	-	-	125,250	-	-	-	125,250
Indiana Next	125	-	-	-	125	-	-	-	125
Formative Assessment	-	7,319	-	-	7,319	13,967	23,077	-	(1,791)
Gifted and Talented 2014-2015	7,554	-	10,575	-	(3,021)	-	-	-	(3,021)
Gifted and Talented 2015-2016	-	30,864	6,354	-	24,510	-	24,339	-	171
Gifted and Talented 2016-2017	-	-	-	-	-	30,019	12,922	-	17,097
Secured Schools Safety Grant	(29,180)	13,183	-	-	(15,997)	19,412	20,547	-	(17,132)
Non-English Speaking Programs	303	-	-	-	303	-	-	-	303
School Technology	26,558	6,564	28,700	-	4,422	83	32,309	-	(27,804)
Technology Grants [IC 20-40-15]	-	-	-	-	-	4,232	-	-	4,232
Performance Based Awards	-	-	-	-	-	57,068	57,013	-	55
Miscellaneous Programs	227	-	-	-	227	-	-	-	227
Special Services	51,121	2,000	-	-	53,121	-	-	-	53,121
Title One 2014-2015	48,070	-	48,070	-	-	-	-	-	-
Title One 2015-2016	-	145,463	176,071	523	(30,085)	64,184	33,574	-	525
Title One 2016-2017	-	-	-	-	-	145,271	159,159	-	(13,888)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	861	-	-	-	861	-	-	-	861
Education for Economic Security	30,708	14,774	1,483	-	43,999	19,684	1,567	-	62,116
Title II Improving Instruction	-	48,059	-	(48,059)	-	-	-	-	-
IDEA	-	-	-	-	-	69,678	48,431	-	21,247
Improving Teacher Quality, No Child Left, Title II, Part A	-	47,285	-	-	47,285	-	-	-	47,285
Title I - Grants to LEAs	20,114	-	-	-	20,114	-	-	-	20,114
Education Jobs	18,652	-	-	-	18,652	-	-	-	18,652
Prepaid School Lunch	255,412	260,169	634,271	-	(118,690)	270,572	271,218	-	(119,336)
Payroll Clearing	(4,085)	2,261,609	2,236,596	-	20,928	2,346,390	2,357,800	-	9,518
Totals	\$ 10,816,169	\$ 15,004,114	\$ 22,590,240	\$ 9,891,890	\$ 13,121,933	\$ 15,555,839	\$ 19,794,989	\$ 4,625	\$ 8,887,408

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

EASTERN PULASKI COMMUNITY 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.

EASTERN PULASKI COMMUNITY 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.

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

Proceeds of long-term debt. Amounts received in relation to the issuance of bonds or other long-term debt issues.

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

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

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.

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.

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

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:

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.

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursements for expenditures made by the School Corporation that were not received by June 30, 2016 or 2017. The Gifted and Talented 2014-2015, Secured Schools Safety Grant, School Technology, and Prepaid School Lunch funds had negative cash balances due to expenditures exceeding revenues.

Note 8. Restatements

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

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

Fund	Balance as of June 30, 2015	Prior Period Adjustment	Balance as of July 1, 2015
Capital Projects	\$ 3,453,275	\$ 23,783	\$ 3,477,058
Post Retirement Severance Benefits	103,178	(103,178)	-
Joint Services and Supply - Special Education Cooperative	5,855	4,178	10,033
Reading Specialist - Pace	118,935	6,315	125,250
Gifted and Talented 2013-2014	8,505	(8,505)	-
Gifted and Talented 2014-2015	-	7,554	7,554
Title One 2013-2014	5,152	(5,152)	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	861	861
Title I - Grants to LEAs	-	20,114	20,114
Education Jobs	(72)	18,724	18,652

Note 9. Holding Corporation

The School Corporation has entered into a capital lease with Eastern Pulaski Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2016 and 2017, totaled \$710,000 and \$833,000, respectively.

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OTHER INFORMATION - UNAUDITED

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

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

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

EASTERN PULASKI COMMUNITY 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
Cash and investments - beginning	\$ 1,676,327	\$ 323,414	\$ (12,128)	\$ 3,477,058	\$ 1,616,621	\$ 410,020	\$ 1,471,616
Receipts:							
Local sources	28,982	1,239,267	353,649	824,505	1,021,584	157,090	29,939
Intermediate sources	541	-	-	-	-	-	-
State sources	7,357,641	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	1,589	-	-
Total receipts	<u>7,387,164</u>	<u>1,239,267</u>	<u>353,649</u>	<u>824,505</u>	<u>1,023,173</u>	<u>157,090</u>	<u>29,939</u>
Disbursements:							
Instruction	6,106,700	-	-	-	-	-	-
Support services	1,779,986	-	-	777,573	700,314	165,958	-
Noninstructional services	112,506	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,795,262	-	-	-
Debt service	-	1,209,722	275,435	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>7,999,192</u>	<u>1,209,722</u>	<u>275,435</u>	<u>2,572,835</u>	<u>700,314</u>	<u>165,958</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(612,028)</u>	<u>29,545</u>	<u>78,214</u>	<u>(1,748,330)</u>	<u>322,859</u>	<u>(8,868)</u>	<u>29,939</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	5,547	-	-	-	-	-	-
Transfers in	47,044	-	-	492	-	-	600,000
Transfers out	-	-	-	-	(600,000)	-	-
Total other financing sources (uses)	<u>52,591</u>	<u>-</u>	<u>-</u>	<u>492</u>	<u>(600,000)</u>	<u>-</u>	<u>600,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(559,437)</u>	<u>29,545</u>	<u>78,214</u>	<u>(1,747,838)</u>	<u>(277,141)</u>	<u>(8,868)</u>	<u>629,939</u>
Cash and investments - ending	<u>\$ 1,116,890</u>	<u>\$ 352,959</u>	<u>\$ 66,086</u>	<u>\$ 1,729,220</u>	<u>\$ 1,339,480</u>	<u>\$ 401,152</u>	<u>\$ 2,101,555</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Post- Retirement/ Severance Future Benefits	Construction	Infrastructure and Technology	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Special Education Cooperative
Cash and investments - beginning	\$ 74,524	\$ -	\$ 965,833	\$ (6,705)	\$ 162,200	\$ 9,344	\$ 10,033
Receipts:							
Local sources	1,368	1,165	-	639,502	68,134	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	5,143	41,535	-	-
Federal sources	-	-	-	340,557	-	-	-
Other receipts	-	-	-	-	453	-	-
Total receipts	1,368	1,165	-	985,202	110,122	-	-
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	30,238	-	-	29,667	82,440	-	-
Noninstructional services	-	-	-	547,846	-	-	-
Facilities acquisition and construction	-	5,089,898	-	-	-	-	-
Debt service	-	-	718,057	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	30,238	5,089,898	718,057	577,513	82,440	-	-
Excess (deficiency) of receipts over disbursements	(28,870)	(5,088,733)	(718,057)	407,689	27,682	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	9,886,343	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	9,886,343	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(28,870)	4,797,610	(718,057)	407,689	27,682	-	-
Cash and investments - ending	\$ 45,654	\$ 4,797,610	\$ 247,776	\$ 400,984	\$ 189,882	\$ 9,344	\$ 10,033

EASTERN PULASKI COMMUNITY 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

	Joint Services and Supply - Other	Educational License Plates	Alternative Education	Early Intervention Grant	I Pad Insurance	Archery Program	Instructional Support
Cash and investments - beginning	\$ 3,376	\$ 1,556	\$ -	\$ 132	\$ 21,124	\$ 1,000	\$ 8,585
Receipts:							
Local sources	-	-	-	-	27,825	-	218
Intermediate sources	-	225	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	225	-	-	27,825	-	218
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	-	-	12,538	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	12,538	-	-
Excess (deficiency) of receipts over disbursements	-	225	-	-	15,287	-	218
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
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	-	-	15,287	-	218
Cash and investments - ending	\$ 3,376	\$ 1,781	\$ -	\$ 132	\$ 36,411	\$ 1,000	\$ 8,803

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Indiana Virtual Academy	Scholarships and Awards	Pace Grant 2014 & 2015	IXL Student Software Service	Pace Grant 2016	Pace Grant 2017	Reading Specialist - Pace
Cash and investments - beginning	\$ 650	\$ 27,281	\$ 22,618	\$ -	\$ -	\$ -	\$ 125,250
Receipts:							
Local sources	-	269	329	-	19,635	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	5,680	-	-	-
Total receipts	-	269	329	5,680	19,635	-	-
Disbursements:							
Instruction	-	-	9,460	-	4,520	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	9,460	-	4,520	-	-
Excess (deficiency) of receipts over disbursements	-	269	(9,131)	5,680	15,115	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
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	-	269	(9,131)	5,680	15,115	-	-
Cash and investments - ending	\$ 650	\$ 27,550	\$ 13,487	\$ 5,680	\$ 15,115	\$ -	\$ 125,250

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2016

	Indiana Next	Formative Assessment	Gifted and Talented 2014-2015	Gifted and Talented 2015-2016	Gifted and Talented 2016-2017	Secured Schools Safety Grant	Non-English Speaking Programs
Cash and investments - beginning	\$ 125	\$ -	\$ 7,554	\$ -	\$ -	\$ (29,180)	\$ 303
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	7,319	-	30,864	-	13,183	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	7,319	-	30,864	-	13,183	-
Disbursements:							
Instruction	-	-	10,575	6,354	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	10,575	6,354	-	-	-
Excess (deficiency) of receipts over disbursements	-	7,319	(10,575)	24,510	-	13,183	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
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	-	7,319	(10,575)	24,510	-	13,183	-
Cash and investments - ending	\$ 125	\$ 7,319	\$ (3,021)	\$ 24,510	\$ -	\$ (15,997)	\$ 303

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	School Technology	Technology Grants [IC 20-40-15]	Performance Based Awards	Miscellaneous Programs	Special Services	Title One 2014-2015
Cash and investments - beginning	\$ 26,558	\$ -	\$ -	\$ 227	\$ 51,121	\$ 48,070
Receipts:						
Local sources	6,564	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	2,000	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>6,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Disbursements:						
Instruction	-	-	-	-	-	30,930
Support services	28,700	-	-	-	-	16,901
Noninstructional services	-	-	-	-	-	239
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>28,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,070</u>
Excess (deficiency) of receipts over disbursements	<u>(22,136)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>(48,070)</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(22,136)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>(48,070)</u>
Cash and investments - ending	<u>\$ 4,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227</u>	<u>\$ 53,121</u>	<u>\$ -</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2016

	Title One 2015-2016	Title One 2016-2017	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Education for Economic Security	Title II Improving Instruction	IDEA
Cash and investments - beginning	\$ -	\$ -	\$ 861	\$ 30,708	\$ -	\$ -
Receipts:						
Local sources	-	-	-	14,774	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	145,463	-	-	-	48,059	-
Other receipts	-	-	-	-	-	-
Total receipts	145,463	-	-	14,774	48,059	-
Disbursements:						
Instruction	172,875	-	-	-	-	-
Support services	3,196	-	-	-	-	-
Noninstructional services	-	-	-	1,483	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	176,071	-	-	1,483	-	-
Excess (deficiency) of receipts over disbursements	(30,608)	-	-	13,291	48,059	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	523	-	-	-	-	-
Transfers out	-	-	-	-	(48,059)	-
Total other financing sources (uses)	523	-	-	-	(48,059)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(30,085)	-	-	13,291	-	-
Cash and investments - ending	\$ (30,085)	\$ -	\$ 861	\$ 43,999	\$ -	\$ -

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
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 For the Year Ended June 30, 2016

	Improving Teacher Quality, No Child Left, Title II, Part A	Title I - Grants to LEAs	Education Jobs	Prepaid School Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ 20,114	\$ 18,652	\$ 255,412	\$ (4,085)	\$ 10,816,169
Receipts:						
Local sources	-	-	-	-	-	4,434,799
Intermediate sources	-	-	-	-	-	766
State sources	-	-	-	-	-	7,455,685
Federal sources	47,285	-	-	-	-	583,364
Other receipts	-	-	-	260,169	2,261,609	2,529,500
Total receipts	47,285	-	-	260,169	2,261,609	15,004,114
Disbursements:						
Instruction	-	-	-	-	-	6,341,414
Support services	-	-	-	-	-	3,627,511
Noninstructional services	-	-	-	-	-	662,074
Facilities acquisition and construction	-	-	-	-	-	6,885,160
Debt service	-	-	-	-	-	2,203,214
Nonprogrammed charges	-	-	-	634,271	2,236,596	2,870,867
Total disbursements	-	-	-	634,271	2,236,596	22,590,240
Excess (deficiency) of receipts over disbursements	47,285	-	-	(374,102)	25,013	(7,586,126)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	9,886,343
Sale of capital assets	-	-	-	-	-	5,547
Transfers in	-	-	-	-	-	648,059
Transfers out	-	-	-	-	-	(648,059)
Total other financing sources (uses)	-	-	-	-	-	9,891,890
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	47,285	-	-	(374,102)	25,013	2,305,764
Cash and investments - ending	\$ 47,285	\$ 20,114	\$ 18,652	\$ (118,690)	\$ 20,928	\$ 13,121,933

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 1,116,890	\$ 352,959	\$ 66,086	\$ 1,729,220	\$ 1,339,480	\$ 401,152	\$ 2,101,555
Receipts:							
Local sources	38,379	1,168,771	264,649	1,018,161	930,986	256,593	-
Intermediate sources	541	-	-	-	-	-	-
State sources	7,905,688	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	7,944,608	1,168,771	264,649	1,018,161	930,986	256,593	-
Disbursements:							
Instruction	6,570,655	-	-	-	-	-	-
Support services	2,024,596	-	-	590,826	712,686	164,098	-
Noninstructional services	111,744	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	390,692	-	-	-
Debt service	-	1,167,211	278,327	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	8,706,995	1,167,211	278,327	981,518	712,686	164,098	-
Excess (deficiency) of receipts over disbursements	(762,387)	1,560	(13,678)	36,643	218,300	92,495	-
Other financing sources (uses):							
Sale of capital assets	4,625	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(21,640)	-	-	-	-	-
Total other financing sources (uses)	4,625	(21,640)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(757,762)	(20,080)	(13,678)	36,643	218,300	92,495	-
Cash and investments - ending	\$ 359,128	\$ 332,879	\$ 52,408	\$ 1,765,863	\$ 1,557,780	\$ 493,647	\$ 2,101,555

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	Post- Retirement/ Severance Future Benefits	Construction	Infrastructure and Technology	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Special Education Cooperative
Cash and investments - beginning	\$ 45,654	\$ 4,797,610	\$ 247,776	\$ 400,984	\$ 189,882	\$ 9,344	\$ 10,033
Receipts:							
Local sources	62	17,447	72,645	277,659	72,093	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	9,956	43,177	-	-
Federal sources	-	-	-	382,083	-	-	-
Other receipts	-	-	-	-	220	-	-
Total receipts	62	17,447	72,645	669,698	115,490	-	-
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	41,843	-	-	15,118	63,222	-	-
Noninstructional services	-	-	-	579,229	-	-	-
Facilities acquisition and construction	-	3,619,040	-	55,117	-	-	-
Debt service	-	-	320,421	13,889	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	41,843	3,619,040	320,421	663,353	63,222	-	-
Excess (deficiency) of receipts over disbursements	(41,781)	(3,601,593)	(247,776)	6,345	52,268	-	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	21,640	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	21,640	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(41,781)	(3,601,593)	(247,776)	6,345	73,908	-	-
Cash and investments - ending	\$ 3,873	\$ 1,196,017	\$ -	\$ 407,329	\$ 263,790	\$ 9,344	\$ 10,033

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 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Joint Services and Supply - Other	Educational License Plates	Alternative Education	Early Intervention Grant	I Pad Insurance	Archery Program	Instructional Support
Cash and investments - beginning	\$ 3,376	\$ 1,781	\$ -	\$ 132	\$ 36,411	\$ 1,000	\$ 8,803
Receipts:							
Local sources	-	-	-	-	26,563	-	-
Intermediate sources	-	206	-	-	-	-	-
State sources	-	-	8,975	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	206	8,975	-	26,563	-	-
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	-	-	8,357	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	8,357	-	-
Excess (deficiency) of receipts over disbursements	-	206	8,975	-	18,206	-	-
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	-	206	8,975	-	18,206	-	-
Cash and investments - ending	\$ 3,376	\$ 1,987	\$ 8,975	\$ 132	\$ 54,617	\$ 1,000	\$ 8,803

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

	Indiana Virtual Academy	Scholarships and Awards	Pace Grant 2014 & 2015	IXL Student Software Service	Pace Grant 2016	Pace Grant 2017	Reading Specialist - Pace
Cash and investments - beginning	\$ 650	\$ 27,550	\$ 13,487	\$ 5,680	\$ 15,115	\$ -	\$ 125,250
Receipts:							
Local sources	-	250	-	-	318	19,857	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	250	-	-	318	19,857	-
Disbursements:							
Instruction	-	-	-	5,680	15,433	4,849	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	-	5,680	15,433	4,849	-
Excess (deficiency) of receipts over disbursements	-	250	-	(5,680)	(15,115)	15,008	-
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	-	250	-	(5,680)	(15,115)	15,008	-
Cash and investments - ending	\$ 650	\$ 27,800	\$ 13,487	\$ -	\$ -	\$ 15,008	\$ 125,250

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

	Indiana Next	Formative Assessment	Gifted and Talented 2014-2015	Gifted and Talented 2015-2016	Gifted and Talented 2016-2017	Secured Schools Safety Grant	Non-English Speaking Programs
Cash and investments - beginning	\$ 125	\$ 7,319	\$ (3,021)	\$ 24,510	\$ -	\$ (15,997)	\$ 303
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	13,967	-	-	30,019	19,412	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	13,967	-	-	30,019	19,412	-
Disbursements:							
Instruction	-	23,077	-	24,339	12,922	-	-
Support services	-	-	-	-	-	20,547	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	23,077	-	24,339	12,922	20,547	-
Excess (deficiency) of receipts over disbursements	-	(9,110)	-	(24,339)	17,097	(1,135)	-
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	-	(9,110)	-	(24,339)	17,097	(1,135)	-
Cash and investments - ending	\$ 125	\$ (1,791)	\$ (3,021)	\$ 171	\$ 17,097	\$ (17,132)	\$ 303

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

	School Technology	Technology Grants [IC 20-40-15]	Performance Based Awards	Miscellaneous Programs	Special Services	Title One 2014-2015
Cash and investments - beginning	\$ 4,422	\$ -	\$ -	\$ 227	\$ 53,121	\$ -
Receipts:						
Local sources	83	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	57,068	-	-	-
Federal sources	-	4,232	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	83	4,232	57,068	-	-	-
Disbursements:						
Instruction	-	-	57,013	-	-	-
Support services	32,309	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	32,309	-	57,013	-	-	-
Excess (deficiency) of receipts over disbursements	(32,226)	4,232	55	-	-	-
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	(32,226)	4,232	55	-	-	-
Cash and investments - ending	\$ (27,804)	\$ 4,232	\$ 55	\$ 227	\$ 53,121	\$ -

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

	Title One 2015-2016	Title One 2016-2017	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Education for Economic Security	Title II Improving Instruction	IDEA
Cash and investments - beginning	\$ (30,085)	\$ -	\$ 861	\$ 43,999	\$ -	\$ -
Receipts:						
Local sources	-	-	-	19,684	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	64,184	145,271	-	-	-	69,678
Other receipts	-	-	-	-	-	-
Total receipts	64,184	145,271	-	19,684	-	69,678
Disbursements:						
Instruction	10,592	158,137	-	-	-	12,001
Support services	22,982	52	-	-	-	36,430
Noninstructional services	-	970	-	1,567	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	33,574	159,159	-	1,567	-	48,431
Excess (deficiency) of receipts over disbursements	30,610	(13,888)	-	18,117	-	21,247
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	30,610	(13,888)	-	18,117	-	21,247
Cash and investments - ending	\$ 525	\$ (13,888)	\$ 861	\$ 62,116	\$ -	\$ 21,247

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

	Improving Teacher Quality, No Child Left, Title II, Part A	Title I - Grants to LEAs	Education Jobs	Prepaid School Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ 47,285	\$ 20,114	\$ 18,652	\$ (118,690)	\$ 20,928	\$ 13,121,933
Receipts:						
Local sources	-	-	-	-	-	4,184,200
Intermediate sources	-	-	-	-	-	747
State sources	-	-	-	-	-	8,088,262
Federal sources	-	-	-	-	-	665,448
Other receipts	-	-	-	270,572	2,346,390	2,617,182
Total receipts	-	-	-	270,572	2,346,390	15,555,839
Disbursements:						
Instruction	-	-	-	-	-	6,894,698
Support services	-	-	-	-	-	3,733,066
Noninstructional services	-	-	-	-	-	693,510
Facilities acquisition and construction	-	-	-	-	-	4,064,849
Debt service	-	-	-	-	-	1,779,848
Nonprogrammed charges	-	-	-	271,218	2,357,800	2,629,018
Total disbursements	-	-	-	271,218	2,357,800	19,794,989
Excess (deficiency) of receipts over disbursements	-	-	-	(646)	(11,410)	(4,239,150)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	4,625
Transfers in	-	-	-	-	-	21,640
Transfers out	-	-	-	-	-	(21,640)
Total other financing sources (uses)	-	-	-	-	-	4,625
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(646)	(11,410)	(4,234,525)
Cash and investments - ending	\$ 47,285	\$ 20,114	\$ 18,652	\$ (119,336)	\$ 9,518	\$ 8,887,408

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EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Eastern Pulaski Community School Building Corporation	Capital Improvements	<u>\$ 1,127,000</u>	06/30/2016	12/31/2034
Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year	
Governmental activities:				
General obligation bonds	Pension Bonds	\$ 1,147,230	\$ 275,268	
General obligation bonds	Improvements	<u>335,031</u>	<u>335,031</u>	
Totals		<u>\$ 1,482,261</u>	<u>\$ 610,299</u>	

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

Report on Compliance for the Major Federal Program

We have audited the Eastern Pulaski Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the period of July 1, 2015 to June 30, 2017. The School Corporation's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the School Corporation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on the Child Nutrition Cluster

As described in items 2017-004 and 2017-005 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management, Program Income, and Reporting that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on the Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Child Nutrition Cluster* paragraph, 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 the Child Nutrition Cluster for the period of July 1, 2015 to June 30, 2017.

Other 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.


A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-003, 2017-004, and 2017-005, that we consider 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.

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

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


Paul D. Joyce, CPA
State Examiner

December 20, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 15-16	\$ -	\$ 57,609	\$ -	\$ -
			FY 16-17	-	-	-	45,928
Total - School Breakfast Program				-	57,609	-	45,928
National School Lunch Program	Indiana Department of Education	10.555	FY 15-16	-	348,911	-	-
			FY 16-17	-	-	-	260,863
			Commodities	-	53,868	-	57,984
Total - National School Lunch Program				-	402,779	-	318,847
Total - Child Nutrition Cluster				-	460,388	-	364,775
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027	14214-037-PN01	-	11,240	-	-
			14215-037-PN01	-	213,724	-	-
			14216-035-PN01	-	44,627	-	223,412
			99914-037-PN01	-	1,517	-	-
			14217-035-PN01	-	-	-	82,956
Total - Special Education_Grants to States				-	271,108	-	306,368
Special Education_Preschool Grants	Indiana Department of Education	84.173	45714-037-PN01	-	921	-	-
			45715-037-PN01	-	10,432	-	-
			45716-035-PN01	-	2,160	-	11,320
			45717-035-PN01	-	-	-	5,178
Total - Special Education_Preschool Grants				-	13,513	-	16,498
Total - Special Education Cluster (IDEA)				-	284,621	-	322,866
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	15-6620	-	121,331	-	-
			16-6620	-	24,132	-	64,184
			17-6620	-	-	-	145,271
Total - Title I Grants to Local Educational Agencies				-	145,463	-	209,455
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	13-6620	-	47,285	-	-
			14-6620	-	48,059	-	-
			15-6620	-	-	-	48,430
			16-6620	-	-	-	21,248
Total - Supporting Effective Instruction State Grants				-	95,344	-	69,678
Total - Department of Education				-	525,428	-	601,999
Total federal awards expended				\$ -	\$ 985,816	\$ -	\$ 966,774

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Special Education Cooperative

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

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Qualified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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

Section II - Financial Statement Findings

FINDING 2017-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

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

Condition

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. There was a lack of segregation of duties as the School Corporation had not separated incompatible activities related to cash and investments, receipts, disbursements, and financial reporting.

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

In addition, the School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting would have required the School Corporation to monitor and assess the quality of the system of internal control.

Cash and Investments

The School Corporation was responsible for ensuring that the accounting record balances were reconciled with the bank depository balances at least monthly as required by Indiana Code. Controls had not been developed to ensure that reconcilements were completed.

Reconciliations of the record balances to the depository balances were not properly completed for any of the 24 months of the audit period. Differences between record and depository balances varied monthly and were not identified or adjusted timely.

Receipts

The School Corporation had not properly designed or implemented adequate policies and procedures to ensure that receipts were properly recorded. An oversight or review process had not been established.

Disbursements

The School Corporation had not properly designed or implemented policies and procedures to ensure that disbursements, including vendor and payroll disbursements, were properly recorded. One employee prepared and recorded the accounts payable vouchers without evidence of a proper system of oversight or review to ensure that vendor disbursements were accurately recorded in the proper funds. One employee recorded the payroll transactions without evidence of an oversight, review, or approval process.

Financial Reporting

The School Corporation had not properly designed or implemented policies and procedures to ensure that the financial statement was accurate and complete and agreed with the accounting records. There was no evidence of an adequate oversight or review process to detect and correct errors.

Context

The lack of controls and lack of bank reconcilements were systemic problems 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:

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

"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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

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

Cause

Management of the School Corporation had not established a proper system of internal control that segregated key functions and would have ensured accurate monthly bank reconciliations.

Effect

The failure to establish and properly implement controls over financial transactions and reporting could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, misstatements in a timely manner.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to financial transactions and reporting.

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

We also recommended that the School Corporation establish a system of internal controls to ensure that depository reconcilements will be accurately performed on a timely basis.

Views of Responsible Officials

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

FINDING 2017-002

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2015-002.

Condition

The School Corporation did not have an effective system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. An oversight or review process had not been established by the School Corporation to ensure that the information entered was accurate.

Context

Due to a lack of internal controls, the following errors resulted in the understatement of the total federal awards expended on the SEFA by \$760,061 and \$751,494 as of June 30, 2016, and June 30, 2017, respectively:

1. The Child Nutrition Cluster was omitted. This resulted in the understatement of the School Breakfast Program expenditures by \$57,609 and \$45,928 for the 2015-2016 and 2016-2017 school years, respectively. In addition, the National School Lunch Program expenditures were understated by \$402,779 and \$318,847 for the 2015-2016 and 2016-2017 school years, respectively.
2. The Special Education Cluster (IDEA) was omitted. This resulted in the understatement of the Special Education_Grants to States expenditures by \$271,108 and \$306,368 for the 2015-2016 and 2016-2017 school years, respectively. In addition, the Special Education_Preschool Grants expenditures were understated by \$13,513 and \$16,498 for the 2015-2016 and 2016-2017 school years, respectively.
3. The Supporting Effective Instruction State Grants were omitted, which understated federal expenditures by \$95,344 and \$69,678, for the 2015-2016 and 2016-2017 school years, respectively.
4. The Title I Grants to Local Educational Agencies were overstated by \$80,292 and \$5,825 for the 2015-2016 and 2016-2017 school years, respectively.

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

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

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must be included.

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

- (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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

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 establish a system of internal controls to ensure that federal expenditures will be properly reported on the SEFA.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-003

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Number): FY 15-16, FY 16-17

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Procurement and Suspension and Debarment, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts, Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

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

Repeat Finding

This is a repeat finding from the immediately prior audit related to Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, and Reporting. The prior audit finding number was 2015-004.

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 compliance requirements listed above.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

The School Corporation had not designed or implemented procedures to ensure compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles requirements. There was no documented oversight or review process to ensure that vendor and payroll expenditures were for activities or costs that were allowable for the programs and were properly posted to the School Lunch fund.

Eligibility

Eligibility determinations were performed by one individual. Although a review was indicated, there was no documentation of this review and we were not able to verify that a review took place.

Procurement

There was not a consistently documented procedure in place to ensure that purchases made without a contract followed the correct procurement policy. One individual reviewed claims to ensure that they followed the correct procurement policy, but this control was not consistently documented.

Reporting

One person was responsible for preparing the monthly Sponsor Claims (claims for reimbursement) and the School Food Authority (SFA) Verification Collection Reports without a proper system or oversight or review.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Eligibility verifications performed as part of the Verification Summary Report were performed by one individual. There was no documented oversight, review process, or other compensating control to ensure that eligibility determinations were correct.

Special Tests and Provisions - School Food Accounts

A school food account had been established for the School Corporation; however, an oversight or review process of the amounts recorded in the school food account had not been established. One individual was responsible for posting receipts to the financial system with no documented control in place to ensure that the receipts were recorded properly or promptly to the School Lunch fund.

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

Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program Only)

One individual completed the paid lunch equity calculation without an oversight or review process to ensure the accuracy of the calculation.

Context

The lack of controls was a systemic issue throughout the 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. . . ."

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

The School Corporation's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the compliance requirements listed above.

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 listed above. 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 to ensure compliance with the grant agreement and the compliance requirements listed above.

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

Views of Responsible Officials

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

FINDING 2017-004

Subject: Child Nutrition Cluster - Cash Management
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-004.

Condition

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

The School Corporation did not have documented controls in place to ensure that the three month average expenditures were calculated for comparison to monthly cash balances or to verify that the comparison was performed.

The School Corporation did not comply with the cash management requirements that cash balances (net cash resources) be limited to three months average expenditures during the audit period. The School Lunch fund monthly net cash resources exceeded three months average expenditures during the audit period.

Although the School Corporation indicated that a spending plan was in place, the plan was not provided for audit.

Context

The lack of controls and noncompliance were systemic issues during the audit period. The School Lunch fund monthly net cash resources exceeded the 3 months average expenditures for 15 of the 24 months in the 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. . . ."

EASTERN PULASKI COMMUNITY 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(b) states: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

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

(iv) Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Cash Management compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

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 Cash Management compliance requirement.

Views of Responsible Officials

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

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

FINDING 2017-005

Subject: Child Nutrition Cluster - Program Income, Reporting
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Program Income, Reporting
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding numbers were 2015-003 and 2015-004.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance related to the grant agreement and the Program Income and Reporting compliance requirements.

The School Corporation did not have documented controls in place to ensure that program income was properly recorded and reported on the Annual Financial Report (AFR). An oversight or review process of the amounts recorded in the school food account had not been established to ensure the proper reporting on the AFR.

The School Corporation did not comply with program income requirements that program income be correctly recorded in the School Lunch fund. This resulted in program income being incorrectly reported on the AFR since the recorded amount was inaccurate.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period. A transfer was made in April 2016 to account for the 2014 annual calendar year program income. However, the School Corporation had previously transferred \$123,924 of the January through June 2014 program income in 2014. Therefore, the School Corporation overstated program income by \$123,924 in the fiscal year 2015-2016. The inaccurate recording resulted in an overstatement of program income on the AFR.

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. . . ."

EASTERN PULASKI COMMUNITY 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 nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

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. . . . 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; . . ."

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 Administrator and Uniform Compliance Guidelines, September 2008)

7 CFR 3016.20(b) states in part:

"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. . . ."

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

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:

...

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Program Income and Reporting compliance requirements.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

Known questioned costs of \$123,924 were identified for Program Income as identified in the *Context*.

Recommendation

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

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AUDITEE-PREPARED DOCUMENTS

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



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Angie Anspach

Contact Phone Number: 574-946-4010

Status of Audit Finding: Still being corrected. We have taken steps to implement Internal Controls. However, being a small school corporation, with limited staff and resources, implementing internal controls so more than one person deals with activities is hard to do.

Angie Anspach
(Signature)

Treasurer
(Title)

12/17/18
(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).)



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FINDING 2015-002

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Angie Anspach

Contact Phone Number: 574-946-4010

Status of Audit Finding: Still being corrected. We have taken steps to implement Internal Controls. However, being a small school corporation, with limited staff and resources, implementing internal controls so more than one person deals with activities is hard to do.

Angie Anspach
(Signature)

Treasurer
(Title)

12/17/18
(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).)



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FINDING 2015-003

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Angie Anspach

Contact Phone Number: 574-946-4010

Status of Audit Finding: Still being corrected. We have taken steps to implement Internal Controls. However, being a small school corporation, with limited staff and resources, implementing internal controls so more than one person deals with activities is hard to do.

Angie Anspach
(Signature)

Treasurer
(Title)

12/17/18
(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).)



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FINDING 2015-004

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Angie Anspach

Contact Phone Number: 574-946-4010

Status of Audit Finding: Still being corrected. We have taken steps to implement Internal Controls. However, being a small school corporation, with limited staff and resources, implementing internal controls so more than one person deals with activities is hard to do.

Angie Anspach
(Signature)

Treasurer
(Title)

12/17/18
(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).)



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FINDING 2015-005

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Angie Anspach

Contact Phone Number: 574-946-4010

Status of Audit Finding: Still being corrected. We have taken steps to implement Internal Controls. However, being a small school corporation, with limited staff and resources, implementing internal controls so more than one person deals with activities is hard to do.

Angie Anspach
(Signature)

Treasurer
(Title)

12/17/18
(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).)



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FINDING 2015-006

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Angie Anspach

Contact Phone Number: 574-946-4010

Status of Audit Finding: Still being corrected. We have taken steps to implement Internal Controls. However, being a small school corporation, with limited staff and resources, implementing internal controls so more than one person deals with activities is hard to do.

Angie Anspach
(Signature)

Treasurer
(Title)

12/17/18
(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).)



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FINDING 2015-007

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Angie Anspach

Contact Phone Number: 574-946-4010

Status of Audit Finding: Still being corrected. We have taken steps to implement Internal Controls. However, being a small school corporation, with limited staff and resources, implementing internal controls so more than one person deals with activities is hard to do.

Angie Anspach
(Signature)

Treasurer
(Title)

12/17/18
(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).)



EASTERN PULASKI COMMUNITY SCHOOL CORPORATION

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CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Angie Anspach, Treasurer/Business Manager

Contact Phone Number: (574) 946-4010 ext. 229

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Treasurer will implement more stringent internal controls in the business office to prevent or detect and correct errors related to financial transactions and reporting. A more stringent checklist will be developed to provide reasonable assurances that material noncompliance with the financial transactions and reporting will be prevented.

The Treasurer or Assistant Treasurer will record transactions and the Treasurer or Assistant Treasurer will review the transactions. No one individual will be allowed to record financial transactions without a different individual checking those transactions.

Reconciliation was done monthly, however, the Treasurer could not convince the Assistant Treasurer to comply with controls in place, such as using the same check number over and over for ACH payments, and receipting in funds incorrectly, specifically matured CD's were receipted in that were already recorded thus double receipting in of funds. Again, reconciliation did take place, however, the Treasurer could not get the accounts to balance due to the above issues.

The Assistant Treasurer during the audit period is no longer with the school corporation.

Receipts:

Corrective action has already taken place on receipts. Receipts are being processed by the Treasurer and checked by the Corporation Secretary before posting. Both are signing off that receipts are processed properly.

Disbursements:

Corrective action has already taken place on disbursements. Disbursements are being processed by the Treasurer and checked by the Superintendent before any disbursements are posted or checks processed. Both are signing off that disbursements are processed properly.

Financial Reporting:

Financial Reporting will be done by the Treasurer and checked by Assistant Treasurer or Superintendent before submitted.

We understand the importance of Internal Controls, however, small school corporations have few employees with many duties.

Anticipated Completion Date: Immediately.



(Signature)

Treasurer/Business Manager
(Title)

December 18, 2018
(Date)



EASTERN PULASKI COMMUNITY SCHOOL CORPORATION

711 School Drive
Winamac, IN 46996

Phone: 574-946-4010
Fax: 574-946-4510

FINDING 2017-002

Contact Person Responsible for Corrective Action: Angie Anspach, Treasurer/Business Manager
Contact Phone Number: (574) 946-4010 ext. 229

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Treasurer will implement more stringent internal controls in the business office to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). A more stringent checklist will be developed to provide reasonable assurances that material noncompliance with the SEFA and reporting will be prevented.

The Treasurer or Assistant Treasurer will record information in Gateway and the Treasurer or Assistant Treasurer will review the information. No one individual will be allowed to record and submit information without a different individual checking the information.

We understand the importance of Internal Controls, however, small school corporations have few employees with many duties.

Anticipated Completion Date: Immediately.


(Signature)

Treasurer/Business Manager
(Title)

December 18, 2018
(Date)



EASTERN PULASKI COMMUNITY SCHOOL CORPORATION

711 School Drive
Winamac, IN 46996

Phone: 574-946-4010
Fax: 574-946-4510

FINDING 2017-003

Contact Person Responsible for Corrective Action: Angie Anspach, Treasurer/Business Manager

Contact Phone Number: (574) 946-4010 ext. 229

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Treasurer will implement more stringent internal controls in the business office to prevent or detect and correct errors related to grant agreement and the compliance requirements listed. A more stringent checklist will be developed to provide reasonable assurances that material noncompliance with the financial transactions and reporting will be prevented. The Treasurer or Assistant Treasurer will record transactions and the Treasurer or Assistant Treasurer will review the transactions. No one individual will be allowed to record financial transactions without a different individual checking those transactions.

Eligibility/Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP):

Corrective action has already taken place on eligibility. Eligibility is being processed by the Food Service Director and entered into our software for the lunch program. All of our lunch applications are checked, as well, by the Treasurer, Assistant Treasurer or the Corporation Secretary for accuracy. If errors are found, corrections are immediately made.

Procurement:

All claims will be reviewed by more than one person with knowledge of Procurement before being processed.

Reporting:

The Sponsor Claims and the School Food Authority Verification Collection Reports will be reviewed by more than one person with knowledge of the reporting before processed.

Special Tests and Provisions – Paid Lunch Equity (National School Lunch program only):

The paid lunch equity calculation will be reviewed by more than one person with knowledge of the Paid Lunch Equity process before being processed.

We understand the importance of Internal Controls, however, small school corporations have few employees with many duties.

Anticipated Completion Date: Immediately.



(Signature)

Treasurer/Business Manager
(Title)

December 18, 2018
(Date)



EASTERN PULASKI COMMUNITY SCHOOL CORPORATION

711 School Drive
Winamac, IN 46996

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FINDING 2017-004

Contact Person Responsible for Corrective Action: Angie Anspach, Treasurer/Business Manager
Contact Phone Number: (574) 946-4010 ext. 229

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Treasurer will implement more stringent internal controls in the business office to prevent or detect and correct errors related to the grant agreement and the Cash Management compliance requirement.

A more stringent checklist will be developed to provide reasonable assurances that material noncompliance with the grant agreement and the Cash Management compliance requirement will be prevented.

The Treasurer will take steps to ensure that the three month average expenditures will be calculated and compared to the monthly cash balance and to ensure that those balances do not exceed three months average expenditures. This will be checked by the Assistant Treasurer.

We understand the importance of Internal Controls, however, small school corporations have few employees with many duties.

Anticipated Completion Date: Immediately.



(Signature)

Treasurer/Business Manager
(Title)

December 18, 2018
(Date)



EASTERN PULASKI COMMUNITY SCHOOL CORPORATION

711 School Drive
Winamac, IN 46996

Phone: 574-946-4010
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FINDING 2017-005

Contact Person Responsible for Corrective Action: Angie Anspach, Treasurer/Business Manager
Contact Phone Number: (574) 946-4010 ext. 229

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Treasurer will implement more stringent internal controls in the business office to prevent or detect and correct errors related to grant agreement and the Program Income and Reporting compliance requirements.

A more stringent checklist will be developed to provide reasonable assurances that material noncompliance with the grant agreement and the Program Income and Reporting compliance requirements will be prevented on the Annual Financial Report.

The Treasurer will take steps to ensure that program income will be correctly recorded in the School Lunch Fund. The Treasurer will record the income and the Assistant Treasurer will check that the income was recorded properly.

The Assistant Treasurer taking care of transfers, during the audit period, is no longer with the school corporation. The Treasurer will do the transfers and ensure that the transfers are done correctly and checked by the Assistant Treasurer.

We understand the importance of Internal Controls, however, small school corporations have few employees with many duties.

Anticipated Completion Date: Immediately.


(Signature)

Treasurer/Business Manager
(Title)

December 18, 2018
(Date)

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/>.