

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

EAST WASHINGTON SCHOOL CORPORATION
WASHINGTON COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
04/25/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jodi Cole	01-01-16 to 12-31-19
Superintendent of Schools	(Vacant) Dennis Stockdale	07-01-16 to 07-24-16 07-25-16 to 07-24-20
President of the School Board	Theresa Gottbrath Hector Nale Tom Coats	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-19



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the East Washington School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, 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, 2016 to June 30, 2018.

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, 2016 to June 30, 2018, 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, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 3, 2019, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

April 3, 2019



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the East Washington School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated April 3, 2019, 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 item 2018-001, that we consider to be a material weakness.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

East Washington School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

April 3, 2019

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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.

EAST WASHINGTON SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 3,039,364	\$ 9,557,284	\$ 10,321,298	\$ -	\$ 2,275,350	\$ 9,771,039	\$ 10,156,298	\$ -	\$ 1,890,091
Debt Service	864,140	1,388,306	1,417,196	(10,065)	825,185	1,424,277	1,417,234	(8,667)	823,561
Retirement/Severance Bond Debt Service	72,498	145,895	157,742	-	60,651	78,106	-	(138,757)	-
Capital Projects	161,268	974,803	1,046,098	-	89,973	1,012,774	1,102,485	-	262
School Transportation	139,296	846,537	787,295	(112,000)	86,538	904,715	757,415	-	233,838
School Bus Replacement	107,839	165,150	179,362	-	93,627	211,996	92,403	-	213,220
Rainy Day	25,614	-	(408,292)	112,000	545,906	19,385	379,143	138,757	324,905
Retirement/Severance Bond	694,085	-	105,086	-	588,999	313	495,462	-	93,850
School Lunch	61,739	664,744	1,010,303	335,109	51,289	632,467	576,936	(36,235)	70,585
Textbook Rental	301,253	131,580	50,297	-	382,536	128,392	321,274	-	189,654
Repair and Replacement	-	-	-	-	-	570	-	-	570
Levy Excess	459	-	-	-	459	-	-	-	459
Educational License Plates	862	75	508	-	429	349	102	-	676
Alternative Education 2015	761	-	761	-	-	-	-	-	-
Alternative Education 2016	-	10,676	10,676	-	-	-	-	-	-
Alternative Education 2017	-	-	-	-	-	10,008	1,100	-	8,908
Early Intervention 2015-16	5,000	2,500	7,500	-	-	-	-	-	-
Early Intervention 2017-18	-	-	-	-	-	6,869	5,293	-	1,576
VALIC Donation	225	200	313	-	112	384	496	-	-
First Harrison Donation	-	275	275	-	-	-	-	-	-
Community Foundation Donation	-	-	-	-	-	430	99	-	331
PAC Fundraiser	-	-	-	-	-	550	-	-	550
Staff Meal Donation 2018	-	-	-	-	-	500	374	-	126
Miscellaneous Programs	1,050	1,190	1,705	-	535	50	243	-	342
Washington Co Substance Abuse	1,407	-	1,407	-	-	-	-	-	-
Summer Success/Duke Energy	9,999	-	9,999	-	-	-	-	-	-
Generation-On Mini Grant 2016	-	250	250	-	-	-	-	-	-
Mahuron Education Grant 2016-17	-	1,986	1,957	-	29	-	29	-	-
Youth Foundation Grant 2016	-	440	440	-	-	-	-	-	-
McDonalds Grant 2017	-	991	991	-	-	-	-	-	-
Washington Co Substance Abuse 2017	-	700	-	-	700	-	700	-	-
Blue River Services 2017	-	5,699	5,699	-	-	-	-	-	-
Misc Survey Program	-	500	500	-	-	-	-	-	-
Generation-On Mini Grant	-	250	-	-	250	-	250	-	-
Out of School STEM Grant 2017	-	-	-	-	-	3,359	3,359	-	-
Mahuron Education Grant 2017	-	-	-	-	-	1,523	1,523	-	-
Generation-On Grant 2017	-	-	-	-	-	250	112	-	138

EAST WASHINGTON SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
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INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
Youth Foundation Grant 2018	-	-	-	-	-	345	-	-	345
Washington Co Substance Abuse 2018	-	-	-	-	-	400	-	-	400
Formative Assessment	-	-	-	-	-	17,385	17,385	-	-
High Ability Grant 2015-16 SY	1,838	-	1,838	-	-	-	-	-	-
High Ability Grant 2016-17 SY	-	31,082	28,407	-	2,675	-	2,675	-	-
High Ability Grant 2017-18 SY	-	-	-	-	-	30,945	30,770	-	175
Secured Schools Safety Grant	(60,233)	163,241	103,008	-	-	-	-	-	-
Secured Schools Safety Grant 2018	-	-	-	-	-	50,000	50,000	-	-
Connectivity Grant 2015-16	1,704	-	1,704	-	-	-	-	-	-
Connectivity Grant 2016-17	-	8,468	5,250	-	3,218	-	3,218	-	-
Connectivity Grant 2017-18	-	-	-	-	-	11,010	4,500	-	6,510
Career and Technical Performance Grant	-	14,571	10,360	-	4,211	6,189	-	-	10,400
Digital Learning Grant 2017-18	-	-	-	-	-	67,138	70,714	-	(3,576)
Title I 2015-16	(65,632)	91,604	25,972	-	-	-	-	-	-
Title I 1003 (A) Tier III	(4,831)	10,000	5,169	-	-	-	-	-	-
Title I 2016-17	-	320,183	340,317	-	(20,134)	37,254	17,120	-	-
Title I School Improvement	-	15,000	24,931	-	(9,931)	30,000	20,069	-	-
Title I 2017-18	-	-	-	-	-	273,984	290,262	-	(16,278)
IDEA	-	-	-	-	-	127,801	152,951	-	(25,150)
Medicaid Reimbursement - Federal	3,797	30,963	28,572	-	6,188	17,121	20,299	-	3,010
21st Century Learning Center	-	-	8,770	-	(8,770)	232,000	283,997	-	(60,767)
21st Century Learning Center 2018-19	-	-	-	-	-	-	7,378	-	(7,378)
Title II A FFY 2014	(3,591)	5,883	2,292	-	-	-	-	-	-
Title II A FFY 2015-17	-	18,812	18,812	-	-	-	-	-	-
Title II A FFY 2016-18	-	45,232	48,442	-	(3,210)	25,109	21,899	-	-
Title II A FFY 2017-19	-	-	-	-	-	32,444	34,352	-	(1,908)
Title VI Rural Low Income 2015	(70)	7,450	7,380	-	-	-	-	-	-
Title VI Rural Low Income 2016	-	18,869	18,869	-	-	15,252	15,252	-	-
Title VI Rural Low Income 2017	-	-	-	-	-	13,237	15,887	-	(2,650)
Petty Cash	50	-	-	-	50	-	-	-	50
Prepaid Food	-	-	-	-	-	255,171	217,172	-	37,999
Clearing Account	(34,468)	2,667,984	2,663,654	-	(30,138)	2,790,118	2,801,245	-	(41,265)
Totals	\$ 5,325,423	\$ 17,349,373	\$ 18,053,113	\$ 325,044	\$ 4,946,727	\$ 18,241,209	\$ 19,389,475	\$ (44,902)	\$ 3,753,559

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

EAST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

EAST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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:

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

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

EAST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

EAST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

EAST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

C. Additional Pension Plan

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

Note 7. Negative Disbursement

The financial statement contains a disbursement which appears as a negative entry. This is a result of the correction of errors from prior periods. The errors made in the prior period were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative disbursement was shown in the current period.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of some funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2017, and June 30, 2018. Additionally, the Clearing Account fund had a deficit balance due to a payroll reimbursement from the School Lunch fund not being received by June 30, 2018.

EAST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporations*

The School Corporation has entered into a capital lease with the East Washington Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2017 and 2018 totaled \$1,220,000 and \$1,220,000, respectively.

Note 10. *Other Postemployment Benefits*

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

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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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 3,039,364	\$ 864,140	\$ 72,498	\$ 161,268	\$ 139,296	\$ 107,839	\$ 25,614	\$ 694,085	\$ 61,739
Receipts:									
Local sources	62,728	1,388,306	145,895	974,803	846,537	165,150	-	-	263,625
Intermediate sources	34	-	-	-	-	-	-	-	-
State sources	9,494,522	-	-	-	-	-	-	-	6,469
Federal sources	-	-	-	-	-	-	-	-	394,650
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	9,557,284	1,388,306	145,895	974,803	846,537	165,150	-	-	664,744
Disbursements:									
Instruction	7,493,220	-	-	-	-	-	(432,702)	94,213	-
Support services	2,692,529	-	-	857,095	787,295	179,362	(2,485)	10,873	-
Noninstructional services	135,549	-	-	-	-	-	-	-	1,010,303
Facilities acquisition and construction	-	-	-	167,926	-	-	26,895	-	-
Debt service	-	1,417,196	157,742	21,077	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	10,321,298	1,417,196	157,742	1,046,098	787,295	179,362	(408,292)	105,086	1,010,303
Excess (deficiency) of receipts over disbursements	(764,014)	(28,890)	(11,847)	(71,295)	59,242	(14,212)	408,292	(105,086)	(345,559)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	335,109
Transfers in	-	-	-	-	-	-	112,000	-	-
Transfers out	-	(10,065)	-	-	(112,000)	-	-	-	-
Total other financing sources (uses)	-	(10,065)	-	-	(112,000)	-	112,000	-	335,109
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(764,014)	(38,955)	(11,847)	(71,295)	(52,758)	(14,212)	520,292	(105,086)	(10,450)
Cash and investments - ending	\$ 2,275,350	\$ 825,185	\$ 60,651	\$ 89,973	\$ 86,538	\$ 93,627	\$ 545,906	\$ 588,999	\$ 51,289

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

	Textbook Rental	Repair and Replacement	Levy Excess	Educational License Plates	Alternative Education 2015	Alternative Education 2016	Alternative Education 2017	Early Intervention 2015-16	Early Intervention 2017-18
Cash and investments - beginning	\$ 301,253	\$ -	\$ 459	\$ 862	\$ 761	\$ -	\$ -	\$ 5,000	\$ -
Receipts:									
Local sources	68,413	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	75	-	-	-	-	-
State sources	63,167	-	-	-	-	10,676	-	2,500	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	131,580	-	-	75	-	10,676	-	2,500	-
Disbursements:									
Instruction	-	-	-	-	761	10,676	-	7,500	-
Support services	50,297	-	-	58	-	-	-	-	-
Noninstructional services	-	-	-	450	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	50,297	-	-	508	761	10,676	-	7,500	-
Excess (deficiency) of receipts over disbursements	81,283	-	-	(433)	(761)	-	-	(5,000)	-
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	81,283	-	-	(433)	(761)	-	-	(5,000)	-
Cash and investments - ending	\$ 382,536	\$ -	\$ 459	\$ 429	\$ -	\$ -	\$ -	\$ -	\$ -

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

	VALIC Donation	First Harrison Donation	Communty Foundation Donation	PAC Fundraiser	Staff Meal Donation 2018	Miscellaneous Programs	Washington Co Substance Abuse	Summer Success/ Duke Energy	Generation-On Mini Grant 2016
Cash and investments - beginning	\$ 225	\$ -	\$ -	\$ -	\$ -	\$ 1,050	\$ 1,407	\$ 9,999	\$ -
Receipts:									
Local sources	-	-	-	-	-	1,190	-	-	250
Intermediate sources	200	275	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	200	275	-	-	-	1,190	-	-	250
Disbursements:									
Instruction	-	-	-	-	-	-	1,407	9,175	250
Support services	313	275	-	-	-	-	-	824	-
Noninstructional services	-	-	-	-	-	1,705	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	313	275	-	-	-	1,705	1,407	9,999	250
Excess (deficiency) of receipts over disbursements	(113)	-	-	-	-	(515)	(1,407)	(9,999)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(113)	-	-	-	-	(515)	(1,407)	(9,999)	-
Cash and investments - ending	\$ 112	\$ -	\$ -	\$ -	\$ -	\$ 535	\$ -	\$ -	\$ -

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

	Mahuron Education Grant 2016-17	Youth Foundation Grant 2016	McDonalds Grant 2017	Washington Co Substance Abuse 2017	Blue River Services 2017	Misc Survey Program	Generation-On Mini Grant	Out of School STEM Grant 2017	Mahuron Education Grant 2017
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	1,986	440	991	700	5,699	500	250	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>1,986</u>	<u>440</u>	<u>991</u>	<u>700</u>	<u>5,699</u>	<u>500</u>	<u>250</u>	<u>-</u>	<u>-</u>
Disbursements:									
Instruction	1,957	440	991	-	5,699	500	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>1,957</u>	<u>440</u>	<u>991</u>	<u>-</u>	<u>5,699</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>29</u>	<u>-</u>	<u>-</u>	<u>700</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
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>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>29</u>	<u>-</u>	<u>-</u>	<u>700</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Generation-On Grant 2017	Youth Foundation Grant 2018	Washington Co Substance Abuse 2018	Formative Assessment	High Ability Grant 2015-16 SY	High Ability Grant 2016-17 SY	High Ability Grant 2017-18 SY	Secured Schools Safety Grant	Secured Schools Safety Grant 2018
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 1,838	\$ -	\$ -	\$ (60,233)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	31,082	-	163,241	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	31,082	-	163,241	-
Disbursements:									
Instruction	-	-	-	-	1,838	28,407	-	-	-
Support services	-	-	-	-	-	-	-	103,008	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	1,838	28,407	-	103,008	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	(1,838)	2,675	-	60,233	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(1,838)	2,675	-	60,233	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,675	\$ -	\$ -	\$ -

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

	Connectivity Grant 2015-16	Connectivity Grant 2016-17	Connectivity Grant 2017-18	Career and Technical Performance Grant	Digital Learning Grant 2017-18	Title I 2015-16	Title I 1003 (A) Tier III	Title I 2016-17	Title I School Improvement
Cash and investments - beginning	\$ 1,704	\$ -	\$ -	\$ -	\$ -	\$ (65,632)	\$ (4,831)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	8,468	-	14,571	-	-	-	-	-
Federal sources	-	-	-	-	-	91,604	10,000	320,183	15,000
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	8,468	-	14,571	-	91,604	10,000	320,183	15,000
Disbursements:									
Instruction	-	-	-	-	-	25,798	-	294,404	7,500
Support services	1,704	5,250	-	10,360	-	21	5,169	40,813	17,431
Noninstructional services	-	-	-	-	-	153	-	5,100	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,704	5,250	-	10,360	-	25,972	5,169	340,317	24,931
Excess (deficiency) of receipts over disbursements	(1,704)	3,218	-	4,211	-	65,632	4,831	(20,134)	(9,931)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,704)	3,218	-	4,211	-	65,632	4,831	(20,134)	(9,931)
Cash and investments - ending	\$ -	\$ 3,218	\$ -	\$ 4,211	\$ -	\$ -	\$ -	\$ (20,134)	\$ (9,931)

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

	Title I 2017-18	IDEA	Medicaid Reimbursement - Federal	21st Century Learning Center	21st Century Learning Center 2018-19	Title II A FFY 2014	Title II A FFY 2015-17	Title II A FFY 2016-18
Cash and investments - beginning	\$ -	\$ -	\$ 3,797	\$ -	\$ -	\$ (3,591)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	30,963	-	-	5,883	18,812	45,232
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	30,963	-	-	5,883	18,812	45,232
Disbursements:								
Instruction	-	-	5,513	-	-	2,292	-	39,056
Support services	-	-	23,059	8,770	-	-	18,812	9,386
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	28,572	8,770	-	2,292	18,812	48,442
Excess (deficiency) of receipts over disbursements	-	-	2,391	(8,770)	-	3,591	-	(3,210)
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	-	-	2,391	(8,770)	-	3,591	-	(3,210)
Cash and investments - ending	\$ -	\$ -	\$ 6,188	\$ (8,770)	\$ -	\$ -	\$ -	\$ (3,210)

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

	Title II A FFY 2017-19	Title VI Rural Low Income 2015	Title VI Rural Low Income 2016	Title VI Rural Low Income 2017	Petty Cash	Prepaid Food	Clearing Account	Totals
Cash and investments - beginning	\$ -	\$ (70)	\$ -	\$ -	\$ 50	\$ -	\$ (34,468)	\$ 5,325,423
Receipts:								
Local sources	-	-	-	-	-	-	-	3,927,463
Intermediate sources	-	-	-	-	-	-	-	584
State sources	-	-	-	-	-	-	-	9,794,696
Federal sources	-	7,450	18,869	-	-	-	-	958,646
Other receipts	-	-	-	-	-	-	2,667,984	2,667,984
Total receipts	-	7,450	18,869	-	-	-	2,667,984	17,349,373
Disbursements:								
Instruction	-	-	-	-	-	-	-	7,598,895
Support services	-	7,380	18,869	-	-	-	-	4,846,468
Noninstructional services	-	-	-	-	-	-	-	1,153,260
Facilities acquisition and construction	-	-	-	-	-	-	-	194,821
Debt service	-	-	-	-	-	-	-	1,596,015
Nonprogrammed charges	-	-	-	-	-	-	2,663,654	2,663,654
Total disbursements	-	7,380	18,869	-	-	-	2,663,654	18,053,113
Excess (deficiency) of receipts over disbursements	-	70	-	-	-	-	4,330	(703,740)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	335,109
Transfers in	-	-	-	-	-	-	-	112,000
Transfers out	-	-	-	-	-	-	-	(122,065)
Total other financing sources (uses)	-	-	-	-	-	-	-	325,044
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	70	-	-	-	-	4,330	(378,696)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ -	\$ (30,138)	\$ 4,946,727

EAST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 2,275,350	\$ 825,185	\$ 60,651	\$ 89,973	\$ 86,538	\$ 93,627	\$ 545,906	\$ 588,999	\$ 51,289
Receipts:									
Local sources	107,770	1,424,277	78,106	1,012,774	904,715	211,996	19,385	313	235,651
Intermediate sources	56	-	-	-	-	-	-	-	-
State sources	9,644,543	-	-	-	-	-	-	-	5,953
Federal sources	-	-	-	-	-	-	-	-	390,863
Other receipts	18,670	-	-	-	-	-	-	-	-
Total receipts	9,771,039	1,424,277	78,106	1,012,774	904,715	211,996	19,385	313	632,467
Disbursements:									
Instruction	7,417,162	-	-	-	-	-	110,556	86,728	-
Support services	2,627,674	-	-	889,770	757,415	92,403	268,587	15,373	-
Noninstructional services	111,462	-	-	-	-	-	-	-	576,936
Facilities acquisition and construction	-	-	-	212,715	-	-	-	-	-
Debt service	-	1,417,234	-	-	-	-	-	393,361	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	10,156,298	1,417,234	-	1,102,485	757,415	92,403	379,143	495,462	576,936
Excess (deficiency) of receipts over disbursements	(385,259)	7,043	78,106	(89,711)	147,300	119,593	(359,758)	(495,149)	55,531
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	(36,235)
Transfers in	-	-	-	-	-	-	138,757	-	-
Transfers out	-	(8,667)	(138,757)	-	-	-	-	-	-
Total other financing sources (uses)	-	(8,667)	(138,757)	-	-	-	138,757	-	(36,235)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(385,259)	(1,624)	(60,651)	(89,711)	147,300	119,593	(221,001)	(495,149)	19,296
Cash and investments - ending	\$ 1,890,091	\$ 823,561	\$ -	\$ 262	\$ 233,838	\$ 213,220	\$ 324,905	\$ 93,850	\$ 70,585

EAST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Textbook Rental	Repair and Replacement	Levy Excess	Educational License Plates	Alternative Education 2015	Alternative Education 2016	Alternative Education 2017	Early Intervention 2015-16	Early Intervention 2017-18
Cash and investments - beginning	\$ 382,536	\$ -	\$ 459	\$ 429	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	40,360	570	-	330	-	-	-	-	-
Intermediate sources	-	-	-	19	-	-	-	-	-
State sources	88,032	-	-	-	-	-	10,008	-	6,869
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	128,392	570	-	349	-	-	10,008	-	6,869
Disbursements:									
Instruction	-	-	-	-	-	-	1,100	-	5,293
Support services	321,274	-	-	102	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	321,274	-	-	102	-	-	1,100	-	5,293
Excess (deficiency) of receipts over disbursements	(192,882)	570	-	247	-	-	8,908	-	1,576
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	(192,882)	570	-	247	-	-	8,908	-	1,576
Cash and investments - ending	\$ 189,654	\$ 570	\$ 459	\$ 676	\$ -	\$ -	\$ 8,908	\$ -	\$ 1,576

EAST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	VALIC Donation	First Harrison Donation	Communty Foundation Donation	PAC Fundraiser	Staff Meal Donation 2018	Miscellaneous Programs	Washington Co Substance Abuse	Summer Success/ Duke Energy	Generation-On Mini Grant 2016
Cash and investments - beginning	\$ 112	\$ -	\$ -	\$ -	\$ -	\$ 535	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	430	550	500	50	-	-	-
Intermediate sources	384	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	384	-	430	550	500	50	-	-	-
Disbursements:									
Instruction	-	-	99	-	-	-	-	-	-
Support services	496	-	-	-	374	-	-	-	-
Noninstructional services	-	-	-	-	-	243	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	496	-	99	-	374	243	-	-	-
Excess (deficiency) of receipts over disbursements	(112)	-	331	550	126	(193)	-	-	-
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	(112)	-	331	550	126	(193)	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ 331	\$ 550	\$ 126	\$ 342	\$ -	\$ -	\$ -

EAST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Mahuron Education Grant 2016-17	Youth Foundation Grant 2016	McDonalds Grant 2017	Washington Co Substance Abuse 2017	Blue River Services 2017	Misc Survey Program	Generation-On Mini Grant	Out of School STEM Grant 2017	Mahuron Education Grant 2017
Cash and investments - beginning	\$ 29	\$ -	\$ -	\$ 700	\$ -	\$ -	\$ 250	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	3,359	1,523
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	3,359	1,523
Disbursements:									
Instruction	29	-	-	700	-	-	250	3,359	1,523
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	29	-	-	700	-	-	250	3,359	1,523
Excess (deficiency) of receipts over disbursements	(29)	-	-	(700)	-	-	(250)	-	-
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	(29)	-	-	(700)	-	-	(250)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

EAST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Generation-On Grant 2017	Youth Foundation Grant 2018	Washington Co Substance Abuse 2018	Formative Assessment	High Ability Grant 2015-16 SY	High Ability Grant 2016-17 SY	High Ability Grant 2017-18 SY	Secured Schools Safety Grant	Secured Schools Safety Grant 2018
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,675	\$ -	\$ -	\$ -
Receipts:									
Local sources	250	345	400	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	17,385	-	-	30,945	-	50,000
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	250	345	400	17,385	-	-	30,945	-	50,000
Disbursements:									
Instruction	112	-	-	-	-	2,675	30,770	-	-
Support services	-	-	-	17,385	-	-	-	-	50,000
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	112	-	-	17,385	-	2,675	30,770	-	50,000
Excess (deficiency) of receipts over disbursements	138	345	400	-	-	(2,675)	175	-	-
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	138	345	400	-	-	(2,675)	175	-	-
Cash and investments - ending	\$ 138	\$ 345	\$ 400	\$ -	\$ -	\$ -	\$ 175	\$ -	\$ -

EAST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Connectivity Grant 2015-16	Connectivity Grant 2016-17	Connectivity Grant 2017-18	Career and Technical Performance Grant	Digital Learning Grant 2017-18	Title I 2015-16	Title I 1003 (A) Tier III	Title I 2016-17	Title I School Improvement
Cash and investments - beginning	\$ -	\$ 3,218	\$ -	\$ 4,211	\$ -	\$ -	\$ -	\$ (20,134)	\$ (9,931)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	11,010	6,189	67,138	-	-	-	-
Federal sources	-	-	-	-	-	-	-	37,254	30,000
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	11,010	6,189	67,138	-	-	37,254	30,000
Disbursements:									
Instruction	-	-	-	-	-	-	-	11,783	20,069
Support services	-	3,218	4,500	-	70,714	-	-	5,087	-
Noninstructional services	-	-	-	-	-	-	-	250	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	3,218	4,500	-	70,714	-	-	17,120	20,069
Excess (deficiency) of receipts over disbursements	-	(3,218)	6,510	6,189	(3,576)	-	-	20,134	9,931
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	-	(3,218)	6,510	6,189	(3,576)	-	-	20,134	9,931
Cash and investments - ending	\$ -	\$ -	\$ 6,510	\$ 10,400	\$ (3,576)	\$ -	\$ -	\$ -	\$ -

EAST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Title I 2017-18	IDEA	Medicaid Reimbursement - Federal	21st Century Learning Center	21st Century Learning Center 2018-19	Title II A FFY 2014	Title II A FFY 2015-17	Title II A FFY 2016-18
Cash and investments - beginning	\$ -	\$ -	\$ 6,188	\$ (8,770)	\$ -	\$ -	\$ -	\$ (3,210)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	273,984	127,801	17,121	232,000	-	-	-	25,109
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>273,984</u>	<u>127,801</u>	<u>17,121</u>	<u>232,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,109</u>
Disbursements:								
Instruction	230,174	152,951	1,193	-	-	-	-	1,705
Support services	54,588	-	19,106	283,997	7,378	-	-	20,194
Noninstructional services	5,500	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>290,262</u>	<u>152,951</u>	<u>20,299</u>	<u>283,997</u>	<u>7,378</u>	<u>-</u>	<u>-</u>	<u>21,899</u>
Excess (deficiency) of receipts over disbursements	<u>(16,278)</u>	<u>(25,150)</u>	<u>(3,178)</u>	<u>(51,997)</u>	<u>(7,378)</u>	<u>-</u>	<u>-</u>	<u>3,210</u>
Other financing sources (uses):								
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>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(16,278)</u>	<u>(25,150)</u>	<u>(3,178)</u>	<u>(51,997)</u>	<u>(7,378)</u>	<u>-</u>	<u>-</u>	<u>3,210</u>
Cash and investments - ending	<u>\$ (16,278)</u>	<u>\$ (25,150)</u>	<u>\$ 3,010</u>	<u>\$ (60,767)</u>	<u>\$ (7,378)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Title II A FFY 2017-19	Title VI Rural Low Income 2015	Title VI Rural Low Income 2016	Title VI Rural Low Income 2017	Petty Cash	Prepaid Food	Clearing Account	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ -	\$ (30,138)	\$ 4,946,727
Receipts:								
Local sources	-	-	-	-	-	-	-	4,043,654
Intermediate sources	-	-	-	-	-	-	-	459
State sources	-	-	-	-	-	-	-	9,938,072
Federal sources	32,444	-	15,252	13,237	-	-	-	1,195,065
Other receipts	-	-	-	-	-	255,171	2,790,118	3,063,959
Total receipts	32,444	-	15,252	13,237	-	255,171	2,790,118	18,241,209
Disbursements:								
Instruction	26,681	-	-	-	-	-	-	8,104,912
Support services	7,671	-	15,252	15,887	-	-	-	5,548,445
Noninstructional services	-	-	-	-	-	-	-	694,391
Facilities acquisition and construction	-	-	-	-	-	-	-	212,715
Debt service	-	-	-	-	-	-	-	1,810,595
Nonprogrammed charges	-	-	-	-	-	217,172	2,801,245	3,018,417
Total disbursements	34,352	-	15,252	15,887	-	217,172	2,801,245	19,389,475
Excess (deficiency) of receipts over disbursements	(1,908)	-	-	(2,650)	-	37,999	(11,127)	(1,148,266)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	(36,235)
Transfers in	-	-	-	-	-	-	-	138,757
Transfers out	-	-	-	-	-	-	-	(147,424)
Total other financing sources (uses)	-	-	-	-	-	-	-	(44,902)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,908)	-	-	(2,650)	-	37,999	(11,127)	(1,193,168)
Cash and investments - ending	\$ (1,908)	\$ -	\$ -	\$ (2,650)	\$ 50	\$ 37,999	\$ (41,265)	\$ 3,753,559

EAST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 216,274</u>	<u>\$ 117,708</u>

EAST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
East Washington Multi-School Building Corporation	Building Improvements	\$ 1,475,000	10/2/2001	7/15/2028
Kubota Leasing	Skid Steer	5,770	1/15/2017	12/31/2018
Wells Fargo Financial Services LLC	Copiers/Printers Lease	36,439	11/10/2016	11/10/2021
Wells Fargo Financial Services LLC	Copiers/Printers Lease	309	12/10/2016	12/10/2021
Wells Fargo Financial Services LLC	Copiers/Printers Lease	<u>2,266</u>	2/23/2017	2/23/2022
Total governmental activities		<u>1,519,784</u>		
Total of annual lease payments		<u>\$ 1,519,784</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	HVAC Projects - Main Gym Aux Gym and MS Gym		\$ 645,000	\$ 70,025
Notes and loans payable	Common School - ES/MS Loan #A0428		342,000	93,148
Notes and loans payable	Common School - Technology 2013		<u>14,210</u>	<u>14,210</u>
Total governmental activities			<u>1,001,210</u>	<u>177,383</u>
Totals			<u>\$ 1,001,210</u>	<u>\$ 177,383</u>

EAST WASHINGTON SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

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

	Ending Balance
Governmental activities:	
Land	\$ 1,293,608
Infrastructure	422,070
Buildings	34,483,032
Improvements other than buildings	2,574,619
Machinery, equipment, and vehicles	7,469,729
Books and other	<u>1,274,580</u>
Total governmental activities	<u>47,517,638</u>
Total capital assets	<u><u>\$ 47,517,638</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the East Washington School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with 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 each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-003, 2018-004, and 2018-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 2018-002, 2018-003, 2018-004, and 2018-005, 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 EACH 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

April 3, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

EAST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 16-17	\$ -	\$ 71,439	\$ -	\$ -
School Breakfast Program			FY 17-18	-	-	-	65,665
Total - School Breakfast Program				-	71,439	-	65,665
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 16-17	-	318,496	-	-
School Lunch Program - Commodities			FY 16-17	-	55,129	-	-
School Lunch Program			FY 17-18	-	-	-	320,773
School Lunch Program - Commodities			FY 17-18	-	-	-	53,116
Total - National School Lunch Program				-	373,625	-	373,889
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program			FY 16-17	-	6,009	-	-
Summer Food Service Program			FY 17-18	-	-	-	5,534
Total - Summer Food Service Program for Children				-	6,009	-	5,534
Total - Child Nutrition Cluster				-	451,073	-	445,088
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education	10.579					
School Meal Equipment Grant			FY 17-18	-	-	-	5,986
Total - Department of Agriculture				-	451,073	-	451,074
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY 2015 Federal Part B 611 Grant			14215-056-PN01	-	4,014	-	-
FY 2016 Federal Part B 611 Grant			14216-054-PN01	-	122,494	-	213
FY 2017 Federal Part B 611 Grant			14217-054-PN01	-	231,455	-	154,269
FY 2018 Federal Part B 611 Grant			18611-054-PN01	-	-	-	219,977
Total - Special Education Grants to States				-	357,963	-	374,459
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY 2015 Federal Preschool 619 Grant			45715-056-PN01	-	277	-	-
FY 2016 Federal Preschool 619 Grant			45716-054-PN01	-	4,607	-	276
FY 2017 Federal Preschool 619 Grant			45717-054-PN01	-	5,754	-	3,952
FY 2018 Federal Preschool 619 Grant			18619-054-PN01	-	-	-	6,743
Total - Special Education Preschool Grants				-	10,638	-	10,971
Total - Special Education Cluster (IDEA)				-	368,601	-	385,430

EAST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
2015 Title I Grant			S010A150014	-	91,604	-	-
2016 Title I Grant			S010A160014	-	320,183	-	37,254
2016 School Improvement Grant			S010A150014	-	10,000	-	-
2017 Title I Grant			S010A170014	-	-	-	273,984
2017 School Improvement Grant			S010A160014	-	15,000	-	30,000
Total - Title I Grants to Local Educational Agencies				-	436,787	-	341,238
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287					
2017 21st CCLC Grant			S287C160014	-	-	-	232,000
Rural Education	Indiana Department of Education	84.358					
Rural & Low Income			S358B150014	-	7,450	-	-
Rural & Low Income			S358B160014	-	18,869	-	15,252
Rural & Low Income			S358B170014	-	-	-	13,237
Total - Rural Education				-	26,319	-	28,489
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Supporting Effective Instruction State Grants			S367A140013	-	5,883	-	-
Supporting Effective Instruction State Grants			S367A150013	-	18,812	-	-
Supporting Effective Instruction State Grants			S367A160013	-	45,232	-	25,109
Supporting Effective Instruction State Grants			S367A170013	-	-	-	32,444
Total - Supporting Effective Instruction State Grants				-	69,927	-	57,553
Total - Department of Education				-	901,634	-	1,044,710
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid Administrative Claiming			FY 16-17	-	18,360	-	-
Medicaid Administrative Claiming			FY 17-18	-	-	-	17,581
Total - Medicaid Cluster				-	18,360	-	-
Total - Department of Health and Human Services				-	18,360	-	17,581
Total federal awards expended				\$ -	\$ 1,371,067	\$ -	\$ 1,513,365

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

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

Note 1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2017 and 2018. 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 the South Central Area Special Education Cooperative (Cooperative). The Cooperative operates the special education programs for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the 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 Cooperative.

EAST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency 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 Programs and type of auditor's report issued on compliance for each:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified
Special Education Cluster (IDEA)	Unmodified
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 2018-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2016-002 from the immediately prior audit report.

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

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

Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts for the School Lunch fund. The School Lunch fund was maintained on the extracurricular records. Financial activity of the School Lunch fund was compiled by the School Lunch fund Treasurer and submitted to the School Corporation for inclusion in the School Corporation's financial statement. The School Lunch fund Treasurer is responsible for verifying collections with the daily register reports, issuing receipts, recording receipts, preparing deposit tickets, and making bank deposits. There was no evidence of a proper oversight, review, or approval process over the School Lunch fund receipts.

Context

The lack of internal controls was a systemic issue throughout the audit period.

Criteria

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

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

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

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

Cause

Management of the School Corporation had not established a proper system of internal controls over the financial transactions and reporting of the School Lunch fund receipts.

Effect

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

Recommendation

We recommended that the School Corporation establish a system of internal controls related to financial transactions and reporting of the School Lunch fund receipts.

Views of Responsible Officials

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

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-002

Subject: Child Nutrition Cluster - Internal Controls
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Reporting, Program Income
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-003.

Condition

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

Reporting

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the Monthly Sponsor Claims were accurate prior to submission. One person prepared and submitted the reports without any oversight, review, or approval process to ensure their accuracy.

Program Income

The School Corporation had not designed or implemented adequate policies and procedures to ensure that program income was properly recorded. There was no evidence presented for audit that anyone other than the School Lunch fund Treasurer reviewed program income to ensure that it was accurately reported.

Context

The lack of controls was a systemic problem throughout the audit period.

Criteria

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

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

award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements 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, review, and approval over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2018-003

Subject: National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity
Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat of finding number 2016-004 from the immediately prior audit report.

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 Special Tests and Provisions - Paid Lunch Equity compliance requirement.

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the paid lunch equity calculations were correct. The weighted average lunch meal price required to be charged for fiscal year 2017-2018 was \$2.63, but the actual weighted average amount charged was \$2.56.

Context

The lack of controls was a systemic issue throughout the audit period. The noncompliance was isolated to 2017-2018.

Criteria

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(e) states in part:

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

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

- (i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.
 - (ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (i.e., the reimbursement difference);
 - (iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . .
- (3) *Average lunch price is lower than the reimbursement difference.* When the average price from the prior school year is lower than the difference in reimbursement rates as determined in paragraph (e)(1)(iii) of this section, the school food authority shall establish an average price for the current school year that is not less than the average price charged in the previous school year as adjusted by a percentage equal to the sum obtained by adding:

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

(i) 2 percent; and

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

(4) *Price Adjustments—*

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

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

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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

FINDING 2018-004

Subject: Special Education Cluster (IDEA) - Reporting
Federal Agency: Department of Education
Federal Programs: Special Education Grants to States, Special Education Preschool Grants
CFDA Numbers: 84.027, 84.173
Federal Award Numbers and Years (or Other Identifying Numbers): 14215-056-PN01, 14216-054-PN01,
14217-054-PN01, 18611-054-PN01,
45715-056-PN01, 45716-054-PN01,
45717-054-PN01, 18619-054-PN01

Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-007.

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 Reporting compliance requirement.

The School Corporation was a participating member school corporation of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grant funds. Because the grant agreements were between the Indiana Department of Education (IDOE) and each member of the Cooperative, the School Corporation was ultimately responsible for ensuring compliance with the requirements.

The required Final Financial Reports were not completed and submitted to the IDOE.

Context

The lack of controls was a systemic issue throughout the audit period. The noncompliance was isolated to the Final Financial Reports.

Criteria

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

"The auditee shall: . . .

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.20(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 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 . . ."

Cause

Management had not developed a system of internal controls related to the grant agreement and the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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

FINDING 2018-005

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14215-056-PN01, 14216-054-PN01,
14217-054-PN01, 18611-054-PN01,
45715-056-PN01, 45716-054-PN01,
45717-054-PN01, 18619-054-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-009.

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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation was a participating member school corporation of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grant funds. Because the grant agreements were between the Indiana Department of Education and each member of the Cooperative, the School Corporation was ultimately responsible for ensuring compliance with the requirements. The School Corporation was relying on the Cooperative for compliance with requirements pertaining to Procurement and Suspension and Debarment.

Procurement - General Procurement Standards

The Cooperative had a written procurement policy; however, it did not reflect the required state and federal laws and regulations.

The Cooperative did not maintain written standards of conduct covering conflicts of interest concerning employees engaged in the selection, award, and administration of contracts supported by federal awards.

Suspension and Debarment

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

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

Context

The lack of an adequate written procurement policy and the lack of a written conflict of interest policy were isolated to fiscal year 2017-2018.

There were three contracts during 2016-2017 and five contracts during 2017-2018 that exceeded \$25,000; however, the Cooperative could not provide documentation that a verification that the vendor was not suspended and debarred was performed prior to entering into covered transactions with these vendors.

Criteria

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

"The auditee shall: . . .

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 3016.36(b) states in part: "*Procurement standards.* (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section. . . ."

2 CFR 200.318(a) states: "The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

2 CFR 200.318(c)(1) states in part: "The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. . . ."

2 CFR 180.300 states:

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

You do this by:

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

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

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

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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.

East Washington School Corporation



"All for one and one for all"

1050 North Eastern School Road ☐ Pekin, IN 47165
Phone 812-967-3926 ☐ Fax 812-967-5797

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Jodi Cole
Contact Phone Number: 812-967-3926

Status of Audit Finding: The superintendent reviews the information on the SEFA. This practice was implemented and the issue is resolved.

FINDING 2016-002

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Greg Hopkins
Contact Phone Number: 812-967-3926

Status of Audit Finding: The Food Service Director will verify reports and processes for receipting and reconciling the Lunch Fund. This practice was implemented July 2018.

FINDING 2016-003

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Greg Hopkins
Contact Phone Number: 812-967-3926

Status of Audit Finding: The Lunch Treasurer will ensure the school lunch balance does not exceed three months average expenditures. This will be verified by the Food Service Director. This practice was implemented annually July 2018 and monthly February 2019.

FINDING 2016-004

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Greg Hopkins
Contact Phone Number: 812-967-3926

Status of Audit Finding: The Lunch Treasurer reviews the lunch fund balance calculation with the Food Service Director. This practice was implemented for the 2018/19 school year.

FINDING 2016-005

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Greg Hopkins
Contact Phone Number: 812-967-3926

Status of Audit Finding: The Food Service Director and Lunch Treasurer review applications after they are entered at the building level. This practice was implemented August 2018.

FINDING 2016-006

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Greg Hopkins
Contact Phone Number: 812-967-3926

Status of Audit Finding: The Lunch Treasurer created a separate prepaid account to distinguish between program revenue and student prepaid monies. This practice was implemented July 2018.

FINDING 2016-007

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Jodi Cole
Contact Phone Number: 812-967-3926

Status of Audit Finding: Reports are generated by the Special Ed Cooperative and signed by the Board President and verified by the superintendent. This implementation is ongoing.

FINDING 2016-008

Fiscal year in which the finding initially occurred: 2016

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

Contact Person Responsible for Corrective Action: Jodi Cole

Contact Phone Number: 812-967-3926

Status of Audit Finding: The Corporation Treasurer completes the Semi-Annual Certifications for employees paid from Special Education funds. This was implemented July 2018.

FINDING 2016-009

Fiscal year in which the finding initially occurred: 2016

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

Contact Person Responsible for Corrective Action: Jodi Cole

Contact Phone Number: 812-967-3926

Status of Audit Finding: Contracts are presented to the SCASEC Board of Directors, Superintendents, and reviewed by the corporation's superintendent prior to approval. This was implemented September 2018

Jodi Cole
(Signature)

Corporation Treasurer
(Title)

March 13, 2019
(Date)

East Washington School Corporation



"All for one and one for all"

1050 North Eastern School Road ♦Pekin, IN 47165

Phone 812-967-3926 ♦Fax 812-967-5797

CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Greg Hopkins

Contact Phone Number: 812-967-3926

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

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

Anticipated Completion Date: July 2018

FINDING 2018-002

Contact Person Responsible for Corrective Action: Greg Hopkins

Contact Phone Number: 812-967-3926

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

Proper rules and procedures will be reviewed and implemented. The Food Service Director will review the claims before they are submitted and the Food Service Director and Lunch Treasurer will sign off on the claims. The transfers made from the prepaid lunch fund to the 0800 fund will be reconciled by the Lunch Treasurer and reviewed by the Food Service Director.

Anticipated Completion Date: July 2018

FINDING 2018-003

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

Views of Responsible Official:
We concur with the finding.

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

Anticipated Completion Date: March 2019

FINDING 2018-004

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

Views of Responsible Official:
We concur with the finding.

Description of Corrective Action Plan:
Reports will be generated by the Cooperative and signed by the Board President and verified by the Superintendent.

Anticipated Completion Date: December 2019

FINDING 2018-005

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

Views of Responsible Official:
We concur with the finding.

Description of Corrective Action Plan:
Contracts and subcontracts will be presented by the Cooperative to the SCASEC Board of Directors, Superintendents, and be reviewed by the corporation's superintendent prior to approval. The Cooperative will update their policy to reflect the required state and federal laws.

Anticipated Completion Date: Suspension and Debarment September 2018
: Procurement December 2019.

Jodi Cole
(Signature)

Corporation Treasurer
(Title)

3/18/19
(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/>.