

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

EASTBROOK COMMUNITY SCHOOL CORPORATION
GRANT COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
03/01/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-4
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	5-6
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	9
Notes to Financial Statement	10-14
Supplementary Information - Unaudited: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	16-23
Schedule of Leases and Debt	24
Schedule of Capital Assets	25
Audit Results and Comments: Appropriations	26
Investments in Certificates of Deposit	26
Rainy Day Fund Transfers	26-27
Retirement/Severance Bond Fund Sources	27
Collection of Amounts Due	27
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance With OMB Circular A-133	30-31
Schedule of Expenditures of Federal Awards	34
Notes to Schedule of Expenditures of Federal Awards	35
Schedule of Findings and Questioned Costs	36
Exit Conference	37

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Linda J. Embry	07-01-10 to 06-30-13
Superintendent of Schools	Jerry L. Harshman Brett T. Garrett	07-01-10 to 06-30-12 07-01-12 to 06-30-13
President of the School Board	Daniel E. Spencer Steve Greene Roger Richards	07-01-10 to 06-30-11 07-01-11 to 12-31-12 01-01-13 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE EASTBROOK COMMUNITY
SCHOOL CORPORATION, GRANT COUNTY, INDIANA

We have audited the accompanying financial statement of the Eastbrook Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity 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, 2010 to June 30, 2012.

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, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated February 11, 2013, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports 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.

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 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.

STATE BOARD OF ACCOUNTS

February 11, 2013



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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 EASTBROOK COMMUNITY
SCHOOL CORPORATION, GRANT COUNTY, INDIANA

We have audited the financial statement of the Eastbrook Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 11, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the School Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 11, 2013

FINANCIAL STATEMENT

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

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EASTBROOK COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

Fund	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 553,348	\$ 9,952,083	\$ 9,261,645	\$ (117,214)	\$ 1,126,572	\$ 9,856,298	\$ 9,555,960	\$ 3,135	\$ 1,430,045
Debt Service	279,594	1,191,023	905,627	(400,000)	164,990	923,839	902,681	-	186,148
Retirement/Severance Bond Debt Service	(94,482)	491,386	352,713	-	44,191	394,902	352,521	-	86,572
Capital Projects	251,239	1,121,779	850,593	(25,050)	497,375	805,709	931,570	-	371,514
Transportation	103,204	545,732	581,894	38,726	105,768	581,506	623,877	-	63,397
Bus Replacement	128,820	291,773	158,644	-	261,949	181,101	344,957	-	98,093
Rainy Day	-	-	-	276,440	276,440	-	-	-	276,440
Retirement/Severance Bond	28,119	-	222,214	325,000	130,905	-	70,052	-	60,853
School Lunch	127,804	708,692	681,045	-	155,451	741,694	732,975	-	164,170
Textbook Rental	175,844	136,782	124,420	-	188,206	133,500	45,084	-	276,622
Levy Excess	-	13,726	-	(13,726)	-	-	-	-	-
Educational License Plates	168	263	319	-	112	188	225	-	75
Boren Foundation - Band Donation	606	-	521	-	85	-	85	-	-
Gifts/Donations/Grants	5,467	24,672	14,941	-	15,198	15,274	22,148	-	8,324
Boren Foundation Grant	49,158	47,098	56,563	-	39,693	47,580	68,115	-	19,158
Minds in Motion Grant	2,667	-	2,667	-	-	-	-	-	-
High Ability Grant	2,784	32,021	33,606	-	1,199	31,125	29,457	-	2,867
Non-English Speaking Programs	444	573	1,017	-	-	1,092	1,092	-	-
School Technology	-	4,200	2,800	-	1,400	5,590	4,194	-	2,796
Title I	9,955	140,821	161,979	-	(11,203)	127,020	127,036	-	(11,219)
Special Education Part B FY 2010	40,765	-	40,765	-	-	-	-	-	-
Special Education Part B FY 2011	-	302,522	323,662	(25,000)	(46,140)	62,033	15,893	-	-
Special Education Part B FY 2012	-	-	-	-	-	267,843	294,696	-	(26,853)
Drug Free Schools	2,119	3,080	34,458	27,487	(1,772)	2,810	26,145	16,738	(8,369)
Improving Teaching Quality FY 2010	9,288	50,629	35,153	(27,487)	(2,723)	47,847	28,386	(16,738)	-
Improving Teaching Quality FY 2011	-	-	-	-	-	6,412	12,781	-	(6,369)
Title I - Stimulus	20,019	12,700	39,954	-	(7,235)	42,100	34,865	-	-
Special Education - Part B - Stimulus	98,868	95,263	195,368	-	(1,237)	41,265	40,028	-	-
Special Education - Part B - Preschool - Stimulus	4,355	3,731	8,086	-	-	-	-	-	-
Qualified School Construction Bond	346,547	-	330,603	-	15,944	-	15,944	-	-
Educational Jobs	-	317,584	317,584	-	-	4,691	4,691	-	-
Clearing	17,039	2,430,595	2,475,593	-	(27,959)	2,494,258	2,362,855	-	103,444
Totals	\$ 2,163,739	\$ 17,918,728	\$ 17,214,434	\$ 59,176	\$ 2,927,209	\$ 16,815,677	\$ 16,648,313	\$ 3,135	\$ 3,097,708

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

EASTBROOK COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, 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 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. Receipts are recorded when received and disbursements are recorded when paid.

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

C. Cash and Investments

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

D. Receipts

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

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

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

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

EASTBROOK COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

E. Disbursements

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

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient, 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 which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

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

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

EASTBROOK COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

EASTBROOK COMMUNITY 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 an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in 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
1 North Capital Street, 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.

EASTBROOK COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teacher's Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
1 North Capital Street, 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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

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

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

EASTBROOK COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	Transportation	Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 553,348	\$ 279,594	\$ (94,482)	\$ 251,239	\$ 103,204	\$ 128,820	\$ -	\$ 28,119
Receipts:								
Local sources	92,917	1,191,023	491,386	1,121,779	545,732	291,773	-	-
Intermediate sources	639	-	-	-	-	-	-	-
State sources	9,858,516	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	11	-	-	-	-	-	-	-
Total receipts	<u>9,952,083</u>	<u>1,191,023</u>	<u>491,386</u>	<u>1,121,779</u>	<u>545,732</u>	<u>291,773</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	5,532,887	-	-	-	-	-	-	-
Support services	3,585,961	-	-	676,655	581,894	158,644	-	222,214
Noninstructional services	142,797	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	173,938	-	-	-	-
Debt services	-	905,627	352,713	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>9,261,645</u>	<u>905,627</u>	<u>352,713</u>	<u>850,593</u>	<u>581,894</u>	<u>158,644</u>	<u>-</u>	<u>222,214</u>
Excess (deficiency) of receipts over disbursements	<u>690,438</u>	<u>285,396</u>	<u>138,673</u>	<u>271,186</u>	<u>(36,162)</u>	<u>133,129</u>	<u>-</u>	<u>(222,214)</u>
Other financing sources (uses):								
Sale of capital assets	7,786	-	-	51,390	-	-	-	-
Transfers in	-	-	-	-	38,726	-	476,440	325,000
Transfers out	(125,000)	(400,000)	-	(76,440)	-	-	(200,000)	-
Total other financing sources (uses)	<u>(117,214)</u>	<u>(400,000)</u>	<u>-</u>	<u>(25,050)</u>	<u>38,726</u>	<u>-</u>	<u>276,440</u>	<u>325,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>573,224</u>	<u>(114,604)</u>	<u>138,673</u>	<u>246,136</u>	<u>2,564</u>	<u>133,129</u>	<u>276,440</u>	<u>102,786</u>
Cash and investments - ending	<u>\$ 1,126,572</u>	<u>\$ 164,990</u>	<u>\$ 44,191</u>	<u>\$ 497,375</u>	<u>\$ 105,768</u>	<u>\$ 261,949</u>	<u>\$ 276,440</u>	<u>\$ 130,905</u>

EASTBROOK COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Boren Foundation - Band Donation	Gifts/ Donations/ Grants	Boren Foundation Grant	Minds in Motion Grant
Cash and investments - beginning	\$ 127,804	\$ 175,844	\$ -	\$ 168	\$ 606	\$ 5,467	\$ 49,158	\$ 2,667
Receipts:								
Local sources	357,356	136,782	13,726	-	-	24,672	47,098	-
Intermediate sources	-	-	-	263	-	-	-	-
State sources	10,132	-	-	-	-	-	-	-
Federal sources	341,204	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>708,692</u>	<u>136,782</u>	<u>13,726</u>	<u>263</u>	<u>-</u>	<u>24,672</u>	<u>47,098</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	521	3,774	56,563	2,667
Support services	-	124,420	-	319	-	11,167	-	-
Noninstructional services	681,045	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>681,045</u>	<u>124,420</u>	<u>-</u>	<u>319</u>	<u>521</u>	<u>14,941</u>	<u>56,563</u>	<u>2,667</u>
Excess (deficiency) of receipts over disbursements	<u>27,647</u>	<u>12,362</u>	<u>13,726</u>	<u>(56)</u>	<u>(521)</u>	<u>9,731</u>	<u>(9,465)</u>	<u>(2,667)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(13,726)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(13,726)</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>27,647</u>	<u>12,362</u>	<u>-</u>	<u>(56)</u>	<u>(521)</u>	<u>9,731</u>	<u>(9,465)</u>	<u>(2,667)</u>
Cash and investments - ending	<u>\$ 155,451</u>	<u>\$ 188,206</u>	<u>\$ -</u>	<u>\$ 112</u>	<u>\$ 85</u>	<u>\$ 15,198</u>	<u>\$ 39,693</u>	<u>\$ -</u>

EASTBROOK COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	High Ability Grant	Non-English Speaking Programs	School Technology	Title I	Special Education Part B FY 2010	Special Education Part B FY 2011	Drug Free Schools	Improving Teaching Quality FY 2010
Cash and investments - beginning	\$ 2,784	\$ 444	\$ -	\$ 9,955	\$ 40,765	\$ -	\$ 2,119	\$ 9,288
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	32,021	573	4,200	-	-	-	-	-
Federal sources	-	-	-	140,821	-	302,522	3,080	50,629
Other	-	-	-	-	-	-	-	-
Total receipts	<u>32,021</u>	<u>573</u>	<u>4,200</u>	<u>140,821</u>	<u>-</u>	<u>302,522</u>	<u>3,080</u>	<u>50,629</u>
Disbursements:								
Current:								
Instruction	33,606	1,017	-	120,168	12,278	211,710	34,458	25,865
Support services	-	-	2,800	40,699	28,487	111,952	-	9,288
Noninstructional services	-	-	-	1,112	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>33,606</u>	<u>1,017</u>	<u>2,800</u>	<u>161,979</u>	<u>40,765</u>	<u>323,662</u>	<u>34,458</u>	<u>35,153</u>
Excess (deficiency) of receipts over disbursements	<u>(1,585)</u>	<u>(444)</u>	<u>1,400</u>	<u>(21,158)</u>	<u>(40,765)</u>	<u>(21,140)</u>	<u>(31,378)</u>	<u>15,476</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	27,487	-
Transfers out	-	-	-	-	-	(25,000)	-	(27,487)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>27,487</u>	<u>(27,487)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,585)</u>	<u>(444)</u>	<u>1,400</u>	<u>(21,158)</u>	<u>(40,765)</u>	<u>(46,140)</u>	<u>(3,891)</u>	<u>(12,011)</u>
Cash and investments - ending	<u>\$ 1,199</u>	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ (11,203)</u>	<u>\$ -</u>	<u>\$ (46,140)</u>	<u>\$ (1,772)</u>	<u>\$ (2,723)</u>

EASTBROOK COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title I - Stimulus	Special Education - Part B - Stimulus	Special Education - Part B - Preschool - Stimulus	Qualified School Construction Bond	Educational Jobs	Clearing	Totals
Cash and investments - beginning	\$ 20,019	\$ 98,868	\$ 4,355	\$ 346,547	\$ -	\$ 17,039	\$ 2,163,739
Receipts:							
Local sources	-	-	-	-	-	-	4,314,244
Intermediate sources	-	-	-	-	-	-	902
State sources	-	-	-	-	-	-	9,905,442
Federal sources	12,700	95,263	3,731	-	317,584	-	1,267,534
Other	-	-	-	-	-	2,430,595	2,430,606
Total receipts	<u>12,700</u>	<u>95,263</u>	<u>3,731</u>	<u>-</u>	<u>317,584</u>	<u>2,430,595</u>	<u>17,918,728</u>
Disbursements:							
Current:							
Instruction	21,077	85,511	8,086	-	300,228	-	6,450,416
Support services	17,564	109,857	-	-	17,356	-	5,699,277
Noninstructional services	1,313	-	-	-	-	-	826,267
Facilities acquisition and construction	-	-	-	330,603	-	-	504,541
Debt services	-	-	-	-	-	-	1,258,340
Nonprogrammed charges	-	-	-	-	-	2,475,593	2,475,593
Total disbursements	<u>39,954</u>	<u>195,368</u>	<u>8,086</u>	<u>330,603</u>	<u>317,584</u>	<u>2,475,593</u>	<u>17,214,434</u>
Excess (deficiency) of receipts over disbursements	<u>(27,254)</u>	<u>(100,105)</u>	<u>(4,355)</u>	<u>(330,603)</u>	<u>-</u>	<u>(44,998)</u>	<u>704,294</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	59,176
Transfers in	-	-	-	-	-	-	867,653
Transfers out	-	-	-	-	-	-	(867,653)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,176</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(27,254)</u>	<u>(100,105)</u>	<u>(4,355)</u>	<u>(330,603)</u>	<u>-</u>	<u>(44,998)</u>	<u>763,470</u>
Cash and investments - ending	<u>\$ (7,235)</u>	<u>\$ (1,237)</u>	<u>\$ -</u>	<u>\$ 15,944</u>	<u>\$ -</u>	<u>\$ (27,959)</u>	<u>\$ 2,927,209</u>

EASTBROOK COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	Transportation	Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,126,572	\$ 164,990	\$ 44,191	\$ 497,375	\$ 105,768	\$ 261,949	\$ 276,440	\$ 130,905
Receipts:								
Local sources	97,060	923,839	394,902	804,824	581,506	181,101	-	-
Intermediate sources	6,775	-	-	-	-	-	-	-
State sources	9,752,393	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	70	-	-	885	-	-	-	-
Total receipts	<u>9,856,298</u>	<u>923,839</u>	<u>394,902</u>	<u>805,709</u>	<u>581,506</u>	<u>181,101</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	6,098,208	-	-	-	-	-	-	-
Support services	3,312,059	-	-	581,073	623,877	344,957	-	70,052
Noninstructional services	145,693	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	350,497	-	-	-	-
Debt services	-	902,681	352,521	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>9,555,960</u>	<u>902,681</u>	<u>352,521</u>	<u>931,570</u>	<u>623,877</u>	<u>344,957</u>	<u>-</u>	<u>70,052</u>
Excess (deficiency) of receipts over disbursements	<u>300,338</u>	<u>21,158</u>	<u>42,381</u>	<u>(125,861)</u>	<u>(42,371)</u>	<u>(163,856)</u>	<u>-</u>	<u>(70,052)</u>
Other financing sources (uses):								
Sale of capital assets	3,135	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>3,135</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>303,473</u>	<u>21,158</u>	<u>42,381</u>	<u>(125,861)</u>	<u>(42,371)</u>	<u>(163,856)</u>	<u>-</u>	<u>(70,052)</u>
Cash and investments - ending	<u>\$ 1,430,045</u>	<u>\$ 186,148</u>	<u>\$ 86,572</u>	<u>\$ 371,514</u>	<u>\$ 63,397</u>	<u>\$ 98,093</u>	<u>\$ 276,440</u>	<u>\$ 60,853</u>

EASTBROOK COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	School Lunch	Textbook Rental	Educational License Plates	Boren Foundation - Band Donation	Gifts/ Donations/ Grants	Boren Foundation Grant	High Ability Grant
Cash and investments - beginning	\$ 155,451	\$ 188,206	\$ 112	\$ 85	\$ 15,198	\$ 39,693	\$ 1,199
Receipts:							
Local sources	376,768	133,500	-	-	15,274	47,580	-
Intermediate sources	-	-	188	-	-	-	-
State sources	10,520	-	-	-	-	-	31,125
Federal sources	354,406	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>741,694</u>	<u>133,500</u>	<u>188</u>	<u>-</u>	<u>15,274</u>	<u>47,580</u>	<u>31,125</u>
Disbursements:							
Current:							
Instruction	-	-	-	85	6,258	68,115	29,457
Support services	-	45,084	225	-	15,890	-	-
Noninstructional services	732,975	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>732,975</u>	<u>45,084</u>	<u>225</u>	<u>85</u>	<u>22,148</u>	<u>68,115</u>	<u>29,457</u>
Excess (deficiency) of receipts over disbursements	<u>8,719</u>	<u>88,416</u>	<u>(37)</u>	<u>(85)</u>	<u>(6,874)</u>	<u>(20,535)</u>	<u>1,668</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>8,719</u>	<u>88,416</u>	<u>(37)</u>	<u>(85)</u>	<u>(6,874)</u>	<u>(20,535)</u>	<u>1,668</u>
Cash and investments - ending	<u>\$ 164,170</u>	<u>\$ 276,622</u>	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ 8,324</u>	<u>\$ 19,158</u>	<u>\$ 2,867</u>

EASTBROOK COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Non-English Speaking Programs	School Technology	Title I	Special Education Part B FY 2011	Special Education Part B FY 2012	Drug Free Schools	Improving Teaching Quality FY 2010
Cash and investments - beginning	\$ -	\$ 1,400	\$ (11,203)	\$ (46,140)	\$ -	\$ (1,772)	\$ (2,723)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	1,092	5,590	-	-	-	-	-
Federal sources	-	-	127,020	62,033	267,843	2,810	47,847
Other	-	-	-	-	-	-	-
Total receipts	1,092	5,590	127,020	62,033	267,843	2,810	47,847
Disbursements:							
Current:							
Instruction	1,092	-	125,403	10,534	239,990	26,145	28,386
Support services	-	4,194	1,633	5,359	54,706	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,092	4,194	127,036	15,893	294,696	26,145	28,386
Excess (deficiency) of receipts over disbursements	-	1,396	(16)	46,140	(26,853)	(23,335)	19,461
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	16,738	-
Transfers out	-	-	-	-	-	-	(16,738)
Total other financing sources (uses)	-	-	-	-	-	16,738	(16,738)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,396	(16)	46,140	(26,853)	(6,597)	2,723
Cash and investments - ending	\$ -	\$ 2,796	\$ (11,219)	\$ -	\$ (26,853)	\$ (8,369)	\$ -

EASTBROOK COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Improving Teaching Quality FY 2011	Title I - Stimulus	Special Education - Part B - Stimulus	Qualified School Construction Bond	Educational Jobs	Clearing	Totals
Cash and investments - beginning	\$ -	\$ (7,235)	\$ (1,237)	\$ 15,944	\$ -	\$ (27,959)	\$ 2,927,209
Receipts:							
Local sources	-	-	-	-	-	-	3,556,354
Intermediate sources	-	-	-	-	-	-	6,963
State sources	-	-	-	-	-	-	9,800,720
Federal sources	6,412	42,100	41,265	-	4,691	-	956,427
Other	-	-	-	-	-	2,494,258	2,495,213
Total receipts	<u>6,412</u>	<u>42,100</u>	<u>41,265</u>	<u>-</u>	<u>4,691</u>	<u>2,494,258</u>	<u>16,815,677</u>
Disbursements:							
Current:							
Instruction	-	11,236	7,897	-	4,691	-	6,657,497
Support services	12,781	22,721	29,632	-	-	-	5,124,243
Noninstructional services	-	908	-	-	-	-	879,576
Facilities acquisition and construction	-	-	-	15,944	-	-	366,441
Debt services	-	-	-	-	-	-	1,255,202
Nonprogrammed charges	-	-	2,499	-	-	2,362,855	2,365,354
Total disbursements	<u>12,781</u>	<u>34,865</u>	<u>40,028</u>	<u>15,944</u>	<u>4,691</u>	<u>2,362,855</u>	<u>16,648,313</u>
Excess (deficiency) of receipts over disbursements	<u>(6,369)</u>	<u>7,235</u>	<u>1,237</u>	<u>(15,944)</u>	<u>-</u>	<u>131,403</u>	<u>167,364</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	3,135
Transfers in	-	-	-	-	-	-	16,738
Transfers out	-	-	-	-	-	-	(16,738)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,135</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(6,369)</u>	<u>7,235</u>	<u>1,237</u>	<u>(15,944)</u>	<u>-</u>	<u>131,403</u>	<u>170,499</u>
Cash and investments - ending	<u>\$ (6,369)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,444</u>	<u>\$ 3,097,708</u>

EASTBROOK COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
JUNE 30, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Eastbrook Multi-School Building Corporation	2002 School construction	\$ 473,000	03-19-02	12-31-22
Eastbrook School Building Corporation	2010 School construction	<u>206,000</u>	09-01-09	12-31-20
Total of annual lease payments		<u>\$ 679,000</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	2004 common school loan	\$ 1,620,644	\$ 145,534
General obligation bonds	2004 pension bonds	<u>2,165,000</u>	<u>356,539</u>
Totals		<u>\$ 3,785,644</u>	<u>\$ 502,073</u>

EASTBROOK COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
JUNE 30, 2012

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 20,378
Buildings	22,467,825
Improvements other than buildings	1,063,757
Machinery, equipment and vehicles	<u>3,539,480</u>
Total capital assets	<u><u>\$ 27,091,440</u></u>

EASTBROOK COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

Expenditures exceeded budgeted appropriations for the Debt Service Fund (2010) and Transportation Fund (2011) by \$2,000 and \$46,060, respectively. On January 9, 2012, the School Board adopted a resolution after-the-fact approving an additional appropriation in the amount of \$46,100 for the Transportation Fund for 2011. School officials did not obtain Department of Local Government Finance approval for the required additional appropriation.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

Indiana Code 6-1.1-18-5(b) states in part:

"If the additional appropriation by the political subdivision is made from a fund that receives:

. . . (2) revenue from property taxes levied under IC 6-1.1; the political subdivision must report the additional appropriation to the department of local government finance."

INVESTMENTS IN CERTIFICATES OF DEPOSIT

The Treasurer did not request quotes of the specific rates of interest when purchasing certificates of deposit from local depositories. A similar comment appeared in the prior Report B38357.

Indiana Code 5-13-9-4(b) states:

"The investing officer making a deposit in a certificate of deposit shall obtain quotes of the specific rates of interest for the term of that certificate of deposit that each designated depository will pay on the certificate of deposit. Quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3. If the deposit is not placed in the designated depository quoting the highest rate of interest, the investing officer shall: (1) place the deposit in the depository quoting the second or third highest rate of interest; and (2) note the reason for placing the deposit on the memorandum of quotes."

RAINY DAY FUND TRANSFERS

School Corporation officials transferred a total of \$200,000 from the Rainy Day Fund during the 2010-11 school year to the Retirement/Severance Bond Fund. The transferred funds were used to pay accounts payable of the fund. The School Corporations permitted to transfer funds from the Rainy Day Fund to other funds per Indiana Code 38-1-8-5.1(g) does not include school corporations.

EASTBROOK COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 36-1-8-5.1(g) states:

"A county, city, or town may at any time, by ordinance or resolution, transfer to:

- (1) its general fund; or
- (2) any other appropriated funds of the county, city, or town; money that has been deposited in the rainy day fund of the county, city, or town."

RETIREMENT/SEVERANCE BOND FUND SOURCES

During the 2010-11 school year, the School Corporation transferred \$125,000 from the General Fund and \$200,000 from the Rainy Day Fund to the Retirement/Severance Bond Fund to pay obligations of the fund. The Retirement/Severance Bond Fund was established to account for the proceeds of the 2004 Pension Bonds.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

COLLECTION OF AMOUNTS DUE (Applies to Eastbrook High School)

In the 2010-11 school year, Eastbrook High School held separate candy and cookie fundraisers for DECA (Distributive Education Clubs of America). In DECA, students account for and sell items in a business atmosphere. Amounts receipted and disbursed per the ledger documented a candy fundraiser loss of \$279 and a cookie fundraiser profit of \$69. Estimated uncollected amounts due for the candy and cookie fundraisers were \$1,200 and \$900, respectively. These losses are the result of alleged thefts of money and product by students. As of January 2013, no additional collections have been made and the School Corporation has no intent of pursuing collection of the amounts due.

Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE EASTBROOK COMMUNITY
SCHOOL CORPORATION, GRANT COUNTY, INDIANA

Compliance

We have audited the Eastbrook Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied, in all material respects, with the 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, 2010 to June 30, 2012.

Internal Control Over Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

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

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 11, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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.

EASTBROOK COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 10-11 FY 11-12	\$ 63,500 -	\$ - 73,043
Total for program			63,500	73,043
National School Lunch Program	10.555	FY 10-11 FY 11-12	321,965 -	- 333,428
Total for program			321,965	333,428
Summer Food Service Program for Children	10.559	FY 10-11 FY 11-12	4,186 -	- 6,679
Total for program			4,186	6,679
Total for cluster			389,651	413,150
Child and Adult Care Food Program	10.558	FY 10-11 FY 11-12	544 -	- 1,034
Total for program			544	1,034
Total for federal grantor agency			390,195	414,184
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	11-2815 12-2815	161,979 -	1,547 114,270
Total for program			161,979	115,817
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY 10-11 FY 11-12	13,107 26,846	- 34,866
Total for program			39,953	34,866
Total for cluster			201,932	150,683
Pass-Through Mississinewa Community School Corporation				
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027	14210-021-PN01 14211-021-PN01 14212-021-PN01	40,765 348,662 -	- 15,893 267,843
Total for program			389,427	283,736
ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-021-SN01	195,368	40,028
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	44410-021-SN01	8,086	-
Total for cluster			592,881	323,764
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants				
	84.186	08-2815 09-2815 10-2815	2,119 32,339 -	- 1,038 16,737
Total for program			34,458	17,775
Improving Teacher Quality State Grants	84.367	08-2815 09-2815 10-2815 11-2815	9,288 25,865 - -	- 1,622 26,765 6,412
Total for program			35,153	34,799
Education Jobs Fund	84.410	11-2815	317,584	4,691
Total for federal grantor agency			1,182,008	531,712
Total federal awards expended			<u>\$ 1,572,203</u>	<u>\$ 945,896</u>

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

EASTBROOK COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	For the Year Ended June 30, 2011	For the Year Ended June 30, 2012
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ 7,432	\$ 9,484
National School Lunch Program	10.555	<u>37,372</u>	<u>43,274</u>
Totals for Cluster		<u>\$ 44,804</u>	<u>\$ 52,758</u>

EASTBROOK COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.410	Child Nutrition Cluster Title I, Part A Cluster Special Education Cluster (IDEA) Education Jobs Fund

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

EASTBROOK COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 11, 2013, with Linda J. Embry, Treasurer; Brett T. Garrett, Superintendent of Schools; and Greg Brankle, Vice President of the School Board. The officials concurred with our audit findings.