

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, 2016 to June 30, 2018



FILED
05/10/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lisa M. Baker	07-01-16 to 06-30-19
Superintendent of Schools	Brett T. Garrett	07-01-16 to 06-30-19
President of the School Board	Dan Spencer Roger A. Richards Gregory Brankle	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-19



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Eastbrook Community 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 17, 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 17, 2019



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

Telephone: (317) 232-2513
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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 EASTBROOK COMMUNITY SCHOOL
CORPORATION, GRANT 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 Eastbrook Community 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 17, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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*.

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 17, 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.

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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, 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	\$ 1,420,218	\$ 10,069,197	\$ 9,283,491	\$ (95,895)	\$ 2,110,029	\$ 10,538,301	\$ 9,685,310	\$ (212,450)	\$ 2,750,570
Debt Service	547,337	932,474	895,348	(19,496)	564,967	869,857	893,551	(25,493)	515,780
Retirement/Severance Bond Debt Service	205,614	372,801	352,461	-	225,954	353,708	356,273	-	223,389
Capital Projects	300,496	1,396,190	1,232,281	-	464,405	1,124,723	933,342	-	655,786
School Transportation	277,104	590,758	672,339	2,000	197,523	636,588	608,964	1,600	226,747
School Bus Replacement	87,076	100,240	96,594	-	90,722	126,016	100,000	-	116,738
Rainy Day	157,971	-	51,080	96,000	202,891	-	63,347	212,460	352,004
School Lunch	68,604	724,565	684,684	-	108,485	743,774	700,303	-	151,956
Textbook Rental	67,817	150,799	119,643	19,496	118,469	145,490	192,330	25,493	97,122
Educational License Plates	581	131	693	-	19	38	-	-	57
Early Intervention Grant	(1,166)	3,599	2,433	-	-	-	-	-	-
Indiana Literacy Early Intervention 2017	-	8,119	-	-	8,119	-	8,119	-	-
Indiana Literacy Early Intervention 2018	-	-	-	-	-	7,547	7,153	-	394
Various Gifts, Donations, and Grants	87,893	35,270	91,617	-	31,546	26,950	14,125	-	44,371
Boren Foundation Grant Funds	98,284	125,000	80,459	-	142,825	115,500	50,445	-	207,880
Lilly Endowment Grant Funds	-	-	-	-	-	153,900	3,777	-	150,123
Formative Assessment	-	18,776	18,776	-	-	19,327	19,327	-	-
High Ability Grant	2,773	30,770	25,941	-	7,602	30,835	34,005	-	4,432
Secured Schools Safety Grant	-	8,005	8,005	-	-	-	25,885	-	(25,885)
Non-English Speaking Programs	-	2,136	2,136	-	-	2,500	1,700	-	800
School Technology	1,704	42,408	40,504	-	3,608	14,542	13,069	-	5,081
Career and Technical Performance Grant	-	1,997	1,997	-	-	3,912	2,288	-	1,624
Performance Based Awards	-	61,511	61,511	-	-	48,121	48,121	-	-
Title I FY 15-16	(3,421)	13,086	9,665	-	-	-	-	-	-
Title I FY 16-17	-	146,278	153,760	-	(7,482)	18,864	11,382	-	-
Title I FY 17-18	-	-	-	-	-	98,385	132,099	-	(33,714)
Special Education FY 15-16	(16,911)	56,323	39,412	-	-	-	-	-	-
Special Education FY 16-17	-	274,491	289,183	-	(14,692)	77,970	63,278	-	-
Special Education FY 17-18	-	-	-	-	-	301,993	330,325	-	(28,332)
Special Education Part B 619 - Preschool Handicap FY 16-17	-	11,069	11,069	-	-	-	-	-	-
Special Education Part B 619 - Preschool Handicap FY 17-18	-	-	-	-	-	10,984	10,984	-	-
Medicaid Reimbursement - Federal	-	-	-	-	-	46,845	13,542	-	33,303
Title II, Part A FY 14	-	1,753	1,753	-	-	-	-	-	-
Title II, Part A FY 15	-	22,318	22,318	-	-	132	132	-	-
Title II, Part A FY 16	-	7,749	12,225	-	(4,476)	31,119	26,794	-	(151)
Title II, Part A FY 17	-	-	-	-	-	16,000	16,000	-	-
Clearing	(8,401)	2,442,579	2,400,690	-	33,488	2,405,674	2,412,242	-	26,920
Prepaid Lunch	8,846	308,153	305,680	-	11,319	291,980	293,042	-	10,257
Totals	\$ 3,302,419	\$ 17,958,545	\$ 16,967,748	\$ 2,105	\$ 4,295,321	\$ 18,261,575	\$ 17,071,254	\$ 1,610	\$ 5,487,252

The notes to the financial statement 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, 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.

EASTBROOK COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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.

EASTBROOK COMMUNITY 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.

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 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.

EASTBROOK COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of grant expenditure reimbursements not being received by the end of the fiscal year.

Note 8. Restatement

For the year ended June 30, 2017, a certain change has been made to a beginning balance of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents the restated beginning balance:

EASTBROOK COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENT
 (Continued)

Fund	Balance as of June 30, 2016	New Fund	Balance as of July 1, 2016
Prepaid Lunch	\$ -	\$ 8,846	\$ 8,846

Note 9. Holding Corporations

The School Corporation has entered into capital leases with Eastbrook Multi-School Building Corporation and Eastbrook School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Lease payments during the fiscal years 2017 and 2018 totaled \$755,000 and \$754,500, respectively.

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OTHER INFORMATION - UNAUDITED

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

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

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

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, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,420,218	\$ 547,337	\$ 205,614	\$ 300,496	\$ 277,104	\$ 87,076	\$ 157,971	\$ 68,604	\$ 67,817
Receipts:									
Local sources	50,111	932,474	372,801	1,127,637	587,563	100,240	-	347,131	105,500
Intermediate sources	42	-	-	-	-	-	-	-	-
State sources	10,018,730	-	-	-	-	-	-	8,484	45,299
Federal sources	-	-	-	-	-	-	-	368,950	-
Other receipts	314	-	-	268,553	3,195	-	-	-	-
Total receipts	10,069,197	932,474	372,801	1,396,190	590,758	100,240	-	724,565	150,799
Disbursements:									
Instruction	5,706,719	-	-	-	-	-	-	-	-
Support services	3,377,183	-	-	606,841	672,339	96,594	-	-	119,643
Noninstructional services	199,589	-	-	-	-	-	-	677,119	-
Facilities acquisition and construction	-	-	-	625,440	-	-	48,880	-	-
Debt service	-	895,348	352,461	-	-	-	2,200	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	7,565	-
Total disbursements	9,283,491	895,348	352,461	1,232,281	672,339	96,594	51,080	684,684	119,643
Excess (deficiency) of receipts over disbursements	785,706	37,126	20,340	163,909	(81,581)	3,646	(51,080)	39,881	31,156
Other financing sources (uses):									
Sale of capital assets	105	-	-	-	2,000	-	-	-	-
Transfers in	-	-	-	-	-	-	96,000	-	19,496
Transfers out	(96,000)	(19,496)	-	-	-	-	-	-	-
Total other financing sources (uses)	(95,895)	(19,496)	-	-	2,000	-	96,000	-	19,496
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	689,811	17,630	20,340	163,909	(79,581)	3,646	44,920	39,881	50,652
Cash and investments - ending	\$ 2,110,029	\$ 564,967	\$ 225,954	\$ 464,405	\$ 197,523	\$ 90,722	\$ 202,891	\$ 108,485	\$ 118,469

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, 2017

	Educational License Plates	Early Intervention Grant	Indiana Literacy Early Intervention 2017	Indiana Literacy Early Intervention 2018	Various Gifts, Donations, and Grants	Boren Foundation Grant Funds	Lilly Endowment Grant Funds	Formative Assessment
Cash and investments - beginning	\$ 581	\$ (1,166)	\$ -	\$ -	\$ 87,893	\$ 98,284	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	35,270	125,000	-	-
Intermediate sources	131	-	-	-	-	-	-	-
State sources	-	3,599	8,119	-	-	-	-	18,776
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	131	3,599	8,119	-	35,270	125,000	-	18,776
Disbursements:								
Instruction	-	-	-	-	14,863	-	-	18,776
Support services	693	2,433	-	-	76,754	80,459	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	693	2,433	-	-	91,617	80,459	-	18,776
Excess (deficiency) of receipts over disbursements	(562)	1,166	8,119	-	(56,347)	44,541	-	-
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	(562)	1,166	8,119	-	(56,347)	44,541	-	-
Cash and investments - ending	\$ 19	\$ -	\$ 8,119	\$ -	\$ 31,546	\$ 142,825	\$ -	\$ -

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, 2017

	High Ability Grant	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Performance Based Awards	Title I FY 15-16	Title I FY 16-17	Title I FY 17-18
Cash and investments - beginning	\$ 2,773	\$ -	\$ -	\$ 1,704	\$ -	\$ -	\$ (3,421)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	33,940	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	30,770	8,005	2,136	8,468	1,997	61,511	-	-	-
Federal sources	-	-	-	-	-	-	13,086	146,278	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	30,770	8,005	2,136	42,408	1,997	61,511	13,086	146,278	-
Disbursements:									
Instruction	25,941	-	2,136	-	1,997	61,511	8,465	153,180	-
Support services	-	8,005	-	40,504	-	-	1,200	580	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	25,941	8,005	2,136	40,504	1,997	61,511	9,665	153,760	-
Excess (deficiency) of receipts over disbursements	4,829	-	-	1,904	-	-	3,421	(7,482)	-
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	4,829	-	-	1,904	-	-	3,421	(7,482)	-
Cash and investments - ending	\$ 7,602	\$ -	\$ -	\$ 3,608	\$ -	\$ -	\$ -	\$ (7,482)	\$ -

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, 2017

	Special Education FY 15-16	Special Education FY 16-17	Special Education FY 17-18	Special Education Part B 619 - Preschool Handicap FY 16-17	Special Education Part B 619 - Preschool Handicap FY 17-18	Medicaid Reimbursement - Federal	Title II, Part A FY 14	Title II, Part A FY 15
Cash and investments - beginning	\$ (16,911)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	56,323	274,491	-	11,069	-	-	1,753	22,318
Other receipts	-	-	-	-	-	-	-	-
Total receipts	56,323	274,491	-	11,069	-	-	1,753	22,318
Disbursements:								
Instruction	35,786	289,183	-	11,069	-	-	-	20,000
Support services	3,626	-	-	-	-	-	1,753	2,318
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	39,412	289,183	-	11,069	-	-	1,753	22,318
Excess (deficiency) of receipts over disbursements	16,911	(14,692)	-	-	-	-	-	-
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	16,911	(14,692)	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ (14,692)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2017

	Title II, Part A FY 16	Title II, Part A FY 17	Clearing	Prepaid Lunch	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (8,401)	\$ 8,846	\$ 3,302,419
Receipts:					
Local sources	-	-	-	-	3,817,667
Intermediate sources	-	-	-	-	173
State sources	-	-	-	-	10,215,894
Federal sources	7,749	-	-	-	902,017
Other receipts	-	-	2,442,579	308,153	3,022,794
Total receipts	7,749	-	2,442,579	308,153	17,958,545
Disbursements:					
Instruction	9,687	-	-	-	6,359,313
Support services	2,538	-	-	-	5,093,463
Noninstructional services	-	-	-	-	876,708
Facilities acquisition and construction	-	-	-	-	674,320
Debt service	-	-	-	-	1,250,009
Nonprogrammed charges	-	-	2,400,690	305,680	2,713,935
Total disbursements	12,225	-	2,400,690	305,680	16,967,748
Excess (deficiency) of receipts over disbursements	(4,476)	-	41,889	2,473	990,797
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	2,105
Transfers in	-	-	-	-	115,496
Transfers out	-	-	-	-	(115,496)
Total other financing sources (uses)	-	-	-	-	2,105
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,476)	-	41,889	2,473	992,902
Cash and investments - ending	\$ (4,476)	\$ -	\$ 33,488	\$ 11,319	\$ 4,295,321

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, 2018

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch
Cash and investments - beginning	\$ 2,110,029	\$ 564,967	\$ 225,954	\$ 464,405	\$ 197,523	\$ 90,722	\$ 202,891	\$ 108,485
Receipts:								
Local sources	40,503	869,857	353,708	1,124,723	636,588	126,016	-	330,631
Intermediate sources	45	-	-	-	-	-	-	-
State sources	10,497,169	-	-	-	-	-	-	8,802
Federal sources	-	-	-	-	-	-	-	404,341
Other receipts	584	-	-	-	-	-	-	-
Total receipts	10,538,301	869,857	353,708	1,124,723	636,588	126,016	-	743,774
Disbursements:								
Instruction	6,082,421	-	-	-	-	-	-	-
Support services	3,406,053	-	-	553,609	608,964	100,000	3,128	-
Noninstructional services	196,836	-	-	-	-	-	-	699,982
Facilities acquisition and construction	-	-	-	379,733	-	-	60,219	-
Debt service	-	893,551	356,273	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	321
Total disbursements	9,685,310	893,551	356,273	933,342	608,964	100,000	63,347	700,303
Excess (deficiency) of receipts over disbursements	852,991	(23,694)	(2,565)	191,381	27,624	26,016	(63,347)	43,471
Other financing sources (uses):								
Sale of capital assets	10	-	-	-	1,600	-	-	-
Transfers in	-	-	-	-	-	-	212,460	-
Transfers out	(212,460)	(25,493)	-	-	-	-	-	-
Total other financing sources (uses)	(212,450)	(25,493)	-	-	1,600	-	212,460	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	640,541	(49,187)	(2,565)	191,381	29,224	26,016	149,113	43,471
Cash and investments - ending	\$ 2,750,570	\$ 515,780	\$ 223,389	\$ 655,786	\$ 226,747	\$ 116,738	\$ 352,004	\$ 151,956

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, 2018

	Textbook Rental	Educational License Plates	Early Intervention Grant	Indiana Literacy Early Intervention 2017	Indiana Literacy Early Intervention 2018	Various Gifts, Donations, and Grants	Boren Foundation Grant Funds	Lilly Endowment Grant Funds
Cash and investments - beginning	\$ 118,469	\$ 19	\$ -	\$ 8,119	\$ -	\$ 31,546	\$ 142,825	\$ -
Receipts:								
Local sources	93,000	-	-	-	-	26,950	115,500	153,900
Intermediate sources	-	38	-	-	-	-	-	-
State sources	52,490	-	-	-	7,547	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	145,490	38	-	-	7,547	26,950	115,500	153,900
Disbursements:								
Instruction	-	-	-	-	-	12,575	3,141	-
Support services	192,330	-	-	8,119	7,153	1,550	46,120	3,777
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	1,184	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	192,330	-	-	8,119	7,153	14,125	50,445	3,777
Excess (deficiency) of receipts over disbursements	(46,840)	38	-	(8,119)	394	12,825	65,055	150,123
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	25,493	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	25,493	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(21,347)	38	-	(8,119)	394	12,825	65,055	150,123
Cash and investments - ending	\$ 97,122	\$ 57	\$ -	\$ -	\$ 394	\$ 44,371	\$ 207,880	\$ 150,123

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, 2018

	Formative Assessment	High Ability Grant	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Performance Based Awards	Title I FY 15-16
Cash and investments - beginning	\$ -	\$ 7,602	\$ -	\$ -	\$ 3,608	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	3,532	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	19,327	30,835	-	2,500	11,010	3,912	48,121	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	19,327	30,835	-	2,500	14,542	3,912	48,121	-
Disbursements:								
Instruction	19,327	34,005	-	1,700	-	2,288	48,121	-
Support services	-	-	25,885	-	13,069	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	19,327	34,005	25,885	1,700	13,069	2,288	48,121	-
Excess (deficiency) of receipts over disbursements	-	(3,170)	(25,885)	800	1,473	1,624	-	-
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	-	(3,170)	(25,885)	800	1,473	1,624	-	-
Cash and investments - ending	\$ -	\$ 4,432	\$ (25,885)	\$ 800	\$ 5,081	\$ 1,624	\$ -	\$ -

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, 2018

	Title I FY 16-17	Title I FY 17-18	Special Education FY 15-16	Special Education FY 16-17	Special Education FY 17-18	Special Education Part B 619 - Preschool Handicap FY 16-17	Special Education Part B 619 - Preschool Handicap FY 17-18	Medicaid Reimbursement - Federal
Cash and investments - beginning	\$ (7,482)	\$ -	\$ -	\$ (14,692)	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	18,864	98,385	-	77,970	301,993	-	10,984	46,845
Other receipts	-	-	-	-	-	-	-	-
Total receipts	18,864	98,385	-	77,970	301,993	-	10,984	46,845
Disbursements:								
Instruction	11,382	132,099	-	63,278	269,620	-	10,984	-
Support services	-	-	-	-	60,705	-	-	13,542
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	11,382	132,099	-	63,278	330,325	-	10,984	13,542
Excess (deficiency) of receipts over disbursements	7,482	(33,714)	-	14,692	(28,332)	-	-	33,303
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	7,482	(33,714)	-	14,692	(28,332)	-	-	33,303
Cash and investments - ending	\$ -	\$ (33,714)	\$ -	\$ -	\$ (28,332)	\$ -	\$ -	\$ 33,303

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, 2018

	Title II, Part A FY 14	Title II, Part A FY 15	Title II, Part A FY 16	Title II, Part A FY 17	Clearing	Prepaid Lunch	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (4,476)	\$ -	\$ 33,488	\$ 11,319	\$ 4,295,321
Receipts:							
Local sources	-	-	-	-	-	-	3,874,908
Intermediate sources	-	-	-	-	-	-	83
State sources	-	-	-	-	-	-	10,681,713
Federal sources	-	132	31,119	16,000	-	-	1,006,633
Other receipts	-	-	-	-	2,405,674	291,980	2,698,238
Total receipts	-	132	31,119	16,000	2,405,674	291,980	18,261,575
Disbursements:							
Instruction	-	-	23,220	16,000	-	-	6,730,161
Support services	-	132	3,574	-	-	-	5,047,710
Noninstructional services	-	-	-	-	-	-	896,818
Facilities acquisition and construction	-	-	-	-	-	-	441,136
Debt service	-	-	-	-	-	-	1,249,824
Nonprogrammed charges	-	-	-	-	2,412,242	293,042	2,705,605
Total disbursements	-	132	26,794	16,000	2,412,242	293,042	17,071,254
Excess (deficiency) of receipts over disbursements	-	-	4,325	-	(6,568)	(1,062)	1,190,321
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	1,610
Transfers in	-	-	-	-	-	-	237,953
Transfers out	-	-	-	-	-	-	(237,953)
Total other financing sources (uses)	-	-	-	-	-	-	1,610
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	4,325	-	(6,568)	(1,062)	1,191,931
Cash and investments - ending	\$ -	\$ -	\$ (151)	\$ -	\$ 26,920	\$ 10,257	\$ 5,487,252

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EASTBROOK COMMUNITY 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>\$ 165,080</u>	<u>\$ 62,197</u>

EASTBROOK COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2018

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	2014 School Construction	281,000	09/01/09	06/30/26
Mail Finance	Postage Meter	2,000	01/16/18	03/31/23
US Bancorp Government Leasing	2016 Technology Equipment & Software	187,943	05/10/16	07/15/20
US Bank Equipment Finance	Copiers	<u>17,509</u>	10/24/16	07/01/21
Total of annual lease payments		<u>\$ 961,452</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2004 Pension Bonds	\$ 505,000	\$ 358,687
Notes and loans payable	2004 Common School Loan	<u>842,735</u>	<u>137,755</u>
Totals		<u>\$ 1,347,735</u>	<u>\$ 496,442</u>

EASTBROOK COMMUNITY 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	\$ 20,378
Buildings	22,990,774
Improvements other than buildings	2,165,537
Machinery, equipment, and vehicles	4,282,708
Books and other	<u>755,455</u>
Total capital assets	<u>\$ 30,214,852</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the 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 its major federal program for the period of July 1, 2016 to June 30, 2018.

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

Report on Internal Control over Compliance


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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a material weakness.

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

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


Paul D. Joyce, CPA
State Examiner

April 17, 2019

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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EASTBROOK COMMUNITY 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	FY 2016-17	\$ -	\$ 73,038	\$ -	\$ -
			FY 2017-18	-	-	-	75,283
Total - School Breakfast Program				-	73,038	-	75,283
National School Lunch Program	Indiana Department of Education	10.555	FY 2016-17	-	295,825	-	-
			FY 2017-18	-	-	-	327,098
			Commodities	-	53,494	-	57,869
Total - National School Lunch Program				-	349,319	-	384,967
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2015-16	-	4,241	-	-
			FY 2016-17	-	-	-	2,274
Total - Summer Food Service Program for Children				-	4,241	-	2,274
Total - Child Nutrition Cluster				-	426,598	-	462,524
Child and Adult Care Food Program	Indiana Department of Education	10.558	FY 2015-16	-	87	-	-
Total - Department of Agriculture				-	426,685	-	462,524
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027	14216-019-PN01	-	56,322	-	-
			14217-019-PN01	-	274,491	-	77,970
			14218-019-PN01	-	-	-	301,993
Total - Special Education Grants to States				-	330,813	-	379,963
Special Education Preschool Grants	Indiana Department of Education	84.173	45716-021-PN01	-	10,549	-	-
			45717-019-PN01	-	11,069	-	-
			45718-020-PN01	-	-	-	10,984
Total - Special Education Preschool Grants				-	21,618	-	10,984
Total - Special Education Cluster (IDEA)				-	352,431	-	390,947
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	16-2815	-	13,086	-	-
			17-2815	-	146,278	-	18,864
			18-2815	-	-	-	98,385
Total - Title I Grants to Local Educational Agencies				-	159,364	-	117,249
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	FY 2014	-	1,753	-	-
			FY 2015	-	22,318	-	132
			FY 2016	-	7,749	-	31,119
			FY 2017	-	-	-	16,000
Total - Supporting Effective Instruction State Grants				-	31,820	-	47,251
Total - Department of Education				-	543,615	-	555,447
Total federal awards expended				\$ -	\$ 970,300	\$ -	\$ 1,017,971

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 (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.

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; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Any audit finding disclosed that is required to be reported in accordance with section 2 CFR 200.516(a)?	yes

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

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

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

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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-001

Subject: School Breakfast Program, National School Lunch Program - Eligibility
 Federal Agency: Department of Agriculture
 Federal Programs: School Breakfast Program, National School Lunch Program
 CFDA Numbers: 10.553, 10.555
 Federal Award Numbers (or Other Identifying Numbers): FY 2015-16, FY 2016-17, FY 2017-18
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Eligibility
 Audit Finding: Material Weakness

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

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 Eligibility compliance requirement.

The School Corporation had not designed or implemented adequate internal controls to ensure that all eligibility determinations for free and reduced price meals were correct. Applicants completed free and reduced applications either by preparing a hardcopy paper form or by entering their information online directly into the food service software used in eligibility determination. The hardcopy paper application eligibility was then determined as the Food Service Director entered the information from the paper application into the software. A kitchen manager then reviewed those particular applications. However, there was no oversight or review of the applications, which parents entered directly online into the software.

Context

The lack of controls were systemic 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 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 implemented an adequate system of internal controls that would have ensured compliance with the Eligibility compliance requirement.

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 requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, or approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

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

Views of Responsible Officials

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

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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.



EASTBROOK COMMUNITY SCHOOLS CORP.

Brett T. Garrett, Ed.S., Superintendent
560 South 900 East • Marion, IN 46953
765-664-0624 • 765-664-0626 (Fax)
www.eastbrook.k12.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal Year in Which the Finding Initially Occurred: 2012-2013 and 2013-2014 and 2014-2015 and 2015-2016

Contact Person Responsible for Corrective Action: Lisa Baker, Business Manager

Contact Phone Number: 765-664-0624

Status of Audit Finding:

The Business Manager prepared the Schedule of Expenditures of Federal Awards as required at the end of each fiscal year. The Deputy Treasurer was not provided with the list of all federal awards for the fiscal year and, therefore, could not review all documentation supporting the Schedule's contents for accuracy and completeness prior to the Schedule's submission.

The Business Manager provided Schedule preparation training to the Deputy Treasurer on or about August 25, 2017, prior to the submission of the 2016-2017 Schedule. The Deputy Treasurer was assigned review of the documentation prior to the submission of future Schedules as part of her regular duties. The Deputy Treasurer is now reviewing the Schedule prior to submission. She reviewed the 2016-2017 and 2017-2018 Schedules prior to submission.

Lisa M Baker

Signature

Business Manager

Title

March 7, 2019

Date



EASTBROOK COMMUNITY SCHOOLS CORP.

Brett T. Garrett, Ed. S., Superintendent
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EastbrookSchools.net

CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Kathy Bernaix, Food Service Director
Lisa Baker, Business Manager

Contact Phone Number: 765-664-0624

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

Eastbrook Community Schools Board of Trustees will adopt an updated Internal Control Policy for Approving Free/Reduced Applications.

The policy requires a school employee to print all Free and Reduced Lunch applications completed on-line (without interference of an employee). An employee will be assigned the task of printing these on-line applications. The Food Service Director will review and sign all of these applications.

Anticipated Completion Date: June 1, 2019

Lisa M Baker

Signature

Business Manager
Title

April 17, 2019
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/>.