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January 31, 2022

Board of Trustees  
Earlywood Educational Services  
500 Earlywood Dr.  
Franklin, IN 46131

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the review of Earlywood Educational Services. We have reviewed the review report concluded upon by Crowe LLP, Independent Public Accountants, for the period July 1, 2018 to June 30, 2020. Per the *Independent Accountant's Review Report*, Crowe concluded based on their reviews that they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with the regulatory basis of accounting.

In our opinion, Crowe LLP prepared the review report in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

  
Paul D. Joyce, CPA  
State Examiner

**EARLYWOOD EDUCATIONAL SERVICES**  
Johnson County, Indiana

**FINANCIAL STATEMENTS**  
June 30, 2019 and 2020

EARLYWOOD EDUCATIONAL SERVICES  
Johnson County, Indiana

FINANCIAL STATEMENTS  
June 30, 2019 and 2020

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EARLYWOOD EDUCATIONAL SERVICES  
SCHEDULE OF OFFICIALS (Unaudited)  
June 30, 2019 and 2020

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Paula Williams	07-01-18 to 6-30-20
Executive Director	Dr. Angela Balsley	07-01-18 to 6-30-20
President of the School Board	Mr. Shawn Price	07-01-18 to 6-30-19
	Dr. Paula Maurer	07-01-19 to 2-18-20
	Dr. Douglas Arnold	02-19-20 to 6-30-20

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Those Charged with Governance  
Earlywood Educational Services  
Johnson County, Indiana

**Report on the Financial Statement**

We have reviewed the accompanying statements of receipts, disbursements, other financing sources (uses), and cash and investment balances of the Earlywood Educational Services (School Corporation) as of and for the years ended June 30, 2019 and 2020, and the related notes (the financial statements). A review includes primarily applying analytical procedures to management's financial data and making inquiries of the School Corporation's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

***Management's Responsibility for the Financial Statement***

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

***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

***Accountant's Conclusion***

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the regulatory basis of accounting.

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(Continued)

***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the prescribed basis of accounting in accordance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). The financial statements are prepared in accordance with the prescribed basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, for the purpose of complying with state statute (IC 5-11-1-6). Our conclusion is not modified with respect to this matter.

***Other Matters***

The accompanying Schedule of Officials is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any assurance on it.

***Restriction on Use***

This report is intended solely for the information and use of the Earlywood Educational Services and the Indiana State Board of Accounts and is not intended to be and should not be, used by anyone other than these specified parties.



Crowe LLP

Indianapolis, Indiana  
January 28, 2022

EARLYWOOD EDUCATIONAL SERVICES  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),  
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2019 and 2020

Fund	Cash and	Receipts	Disbursements	Other	Cash and	Receipts	Disbursements	Other	Cash and
	Investments			Financing	Investments			Financing	Investments
	07-01-18			Sources (Uses)	06-30-19			Sources (Uses)	06-30-20
General	\$ 652,584	\$ 702,012	\$ 711,944	\$ (642,652)	\$ -	\$ -	\$ -	\$ -	\$ -
Education	-	644,003	636,594	651,961	659,370	1,397,350	1,536,415	(258,984)	261,321
Operations	-	34,591	38,108	156,540	153,023	79,741	147,147	-	85,617
Capital Projects	135,606	44,768	68,079	(112,295)	-	-	-	-	-
School Transportation	44,334	-	89	(44,245)	-	-	-	-	-
Local Rainy Day	457,908	-	50,789	-	407,119	-	-	-	407,119
Edinburgh Joint Services	40,517	6,587	18,841	-	28,263	99,749	65,014	4,233	67,231
Franklin Joint Services	3,195	19,250	31,614	-	(9,169)	20,380	4,012	-	7,199
Greenwood Joint Services	16,298	7,610	8,019	-	15,889	588	588	-	15,889
Nineveh-Hensley-Jackson Joint Services	(1,991)	10,724	16,302	-	(7,569)	24,254	15,909	-	776
Flat Rock-Hawcreek Joint Services	25,903	-	790	-	25,113	-	-	-	25,113
Southwestern Consolidated Joint Services	934	18,235	62,016	-	(42,847)	141,826	62,347	-	36,632
FY 2018 General Non-Publ APC	16,501	-	14,668	(1,833)	-	-	-	-	-
FY 2019 General Non-Publ APC	73,777	135,929	123,815	(66,663)	19,228	-	18,885	(343)	-
FY 2020 General Non-Publ APC	-	33,709	-	68,496	102,205	128,374	136,839	343	94,083
Local Special Educ Coop -Special Projects	-	-	-	-	-	23,382	5,864	190,194	207,712
Joint Operations-Special Educ Cooperative	-	-	-	-	-	1,331	1,331	-	-
JC Comm Found Donation	1,311	-	949	-	362	-	362	-	-
Special Education Excess Costs	78,299	474,088	586,148	-	(33,761)	570,998	553,433	64,557	48,361
School Technology	9,823	2,833	3,347	(9,309)	-	-	-	-	-
Teacher Appreciation Grant	-	-	-	-	-	22,243	22,243	-	-
IDEA Special Education Grant FY20	-	-	-	-	-	2,222,792	2,310,616	-	(87,824)
IDEA Special Education Grant FY18	(81,878)	839,670	758,886	-	(1,094)	1,285	191	-	-
IDEA Special Education Grant FY19	-	2,226,902	2,490,424	-	(263,522)	812,549	549,026	-	1
Preschool Handicap Grant FY18	(1,139)	9,123	7,984	-	-	-	-	-	-
Preschool Handicap Grant FY19	-	55,881	61,928	-	(6,047)	21,656	15,618	-	(9)
Preschool Handicap Grant FY20	-	-	-	-	-	58,333	61,242	-	(2,909)
Payroll Withholdings	58,084	633,181	589,925	-	101,340	2,362,655	2,383,354	-	80,641
Totals	\$ 1,530,066	\$ 5,899,096	\$ 6,281,259	\$ -	\$ 1,147,903	\$ 7,989,486	\$ 7,890,436	\$ -	\$ 1,246,953

See independent accountant's review report and notes to financial statements.

EARLYWOOD EDUCATIONAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: The Earlywood Educational Services (the School Corporation) was established under the laws of the State of Indiana. The School Corporation operates under an appointed governing board.

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

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 (GAAP), 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. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

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.

*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.

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.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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:

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

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

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 School Corporation itself.

**NOTE 2 - 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 (PDIF). This includes any deposit accounts issued or offered by a qualifying financial institution.

The School Corporation held cash deposits with financial institutions that maintained FDIC and PDIF coverages, as applicable. The School Corporation did not hold investments for any of the years under review.

**NOTE 3 - PENSION PLAN**

*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.

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**NOTE 3 - PENSION PLAN** (Continued)

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.

*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.

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EARLYWOOD EDUCATIONAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2020

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**NOTE 4 – CASH BALANCE DEFICITS**

The financial statement contains the, IDEA Special Education Grant FY18, IDEA Special Education grant FY19, and Preschool Handicap Grant FY19 funds with deficits in cash for the year end June 30, 2019. This is a result of the funds being set up for reimbursable grants. Additionally, the Franklin Joint Services, Nineveh-Hensley-Jackson Joint Services, Southwestern Consolidated Joint Services, Special Education Excess Costs funds have a deficit in cash for the year ended June 30, 2019. This is a result of outstanding invoices not received yet from school districts.

The financial statement contains the IDEA Special Education Grant FY20, Preschool Handicap Grant F19, and Preschool Handicap Grant FY20 funds with deficits in cash for the year end June 30, 2020. This is a result of the funds being set up for reimbursable grants.

**NOTE 5 - ESTABLISHMENT OF THE EDUCATION FUND AND OPERATIONS FUND**

State statute (IC 20-40-2-2) required the establishment of an Education Fund to be used to pay expenses allocated to student instruction and learning. The balance in the School Corporation's General Fund as of December 31, 2018, was required to be transferred to the Education Fund on January 1, 2019 (IC 20-40-2-7).

In addition, an Operations Fund was required to be established under state statute (IC 20-40-18-1). The fund may be used to carry out capital project plans; pay transportation costs attributable to the transportation of school children; carry out a school bus replacement plan; pay expenses that are allocated to overhead and operational expenditures; provide funds to an art association or a historical society; and establish, maintain, and equip a public playground. The Indiana Codes establishing the Capital Projects Fund (IC 20-40-8-6); School Transportation (IC 20-40-6-4); School Bus Replacement (IC 20-40-7-5); Historical Fund; Playground Fund; and Art Fund were repealed effective January 1, 2019. Guidance was provided by the Indiana Department of Education to transfer the balances remaining in these funds as of December 31, 2018, to the Operations Fund.

The Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, issued by the Indiana State Board of Accounts, includes the chart of accounts used by school corporations which coincides with the State Board of Education's determined categories in accordance with state statute (IC 20-42.5-3-7).

EARLYWOOD EDUCATIONAL SERVICES  
EXIT CONFERENCE  
June 30, 2019 and 2020

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The contents of this report were discussed on January 28, 2022 with Dr. Angela Balsley, Executive Director, Shawn Price, Board Secretary and Paula Williams, Treasurer.