



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

April 11, 2023

To: The Officials of the Eastern Howard School Corporation
Eastern Howard School Corporation
221 West Main Street, Suite One
Greentown, IN 46936

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Eastern Howard School Corporation. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period July 1, 2020 to June 30, 2022. Per the *Independent Auditor's Report*, the financial statement referred to above present fairly, in all material respects, the cash and investment balances of the School Corporation as of June 30, 2022, and its cash receipts, cash disbursements, and other financing sources (uses) for the period of July 1, 2020 to June 30, 2022 in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

We call your attention to the findings included in the report on pages 32 through 35. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears on pages 36 and 37.

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

In addition to the report presented herein, a Supplemental Report for Eastern Howard School Corporation was prepared 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.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

EASTERN HOWARD SCHOOL CORPORATION
Howard County, Indiana

FINANCIAL STATEMENT
As of June 30, 2022, and for the
period of July 1, 2020 through June 30, 2022

EASTERN HOWARD SCHOOL CORPORATION
Howard County, Indiana

FINANCIAL STATEMENT
As of June 30, 2022, and for the
period of July 1, 2020 through June 30, 2022

CONTENTS

SCHEDULE OF OFFICIALS (Unaudited).....	1
INDEPENDENT AUDITOR'S REPORT.....	2
FINANCIAL STATEMENT	
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS.....	5
NOTES TO FINANCIAL STATEMENT.....	6
OTHER INFORMATION	
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS (Unaudited).....	12
SCHEDULE OF PAYABLES AND RECEIVABLES (Unaudited).....	19
SCHEDULE OF LEASES AND DEBT (Unaudited).....	20
SCHEDULE OF CAPITAL ASSETS (Unaudited).....	21
STATE REPORTING INFORMATION (Unaudited).....	22
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	23
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	25
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	26
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE.....	28
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	31

EASTERN HOWARD SCHOOL CORPORATION
SCHEDULE OF OFFICIALS (Unaudited)
For the period July 1, 2020 through June 30, 2022

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Travis Hueston	07-01-20 to 06-30-22
Superintendent of Schools	Keith Richie	07-01-20 to 06-30-22
President of the School Board	Matt Adams	07-01-20 to 12-31-20
	Brian Day	01-01-21 to 12-31-21
	Jordan Buckley	01-01-22 to 06-30-22

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
Eastern Howard School Corporation
Howard County, Indiana

Report on the Audit of the Financial Statement***Opinions***

We have audited the accompanying statement of receipts, disbursements, other financing sources (uses) and cash and investment balances of Eastern Howard School Corporation (the School Corporation) as of June 30, 2022 and for the period of July 1, 2020 through June 30, 2022, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement presents fairly, in all material respects, the cash and investment balances of the School Corporation as of June 30, 2022, and its cash receipts, cash disbursements, and other financing sources (uses) for the period of July 1, 2020 through June 30, 2022 in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

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 of the School Corporation as of June 30, 2022, or changes in net position for the period of July 1, 2020 through June 30, 2022.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 to the financial statement, the financial statement is prepared by the School Corporation 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.

(Continued)

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 and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the 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) as described in Note 1, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and are not a required part of the financial statement.

(Continued)

The Schedule of Expenditures of Federal Awards 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 themselves, 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 as a whole.

Other Information

Management is responsible for the other information included with the financial statement. The other information comprises the Schedule of Officials, Other Information Schedules, and State Reporting Information, marked as unaudited on the table of contents, but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023, on our consideration of the School Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
March 23, 2023

EASTERN HOWARD SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
As of June 30, 2022 and for the Period July 1, 2020 through June 30, 2022

Fund	Cash and Investments 07-01-2020	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-2021	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-2022
Education	\$ 2,704,135	\$ 10,169,127	\$ 8,237,896	\$ (1,876,175)	\$ 2,759,191	\$ 10,891,923	\$ 8,765,600	\$ (1,572,145)	\$ 3,313,369
Debt Service	187,208	3,395,006	3,258,541	10,410	334,083	3,591,790	2,400,169	-	1,525,704
Pension Debt	37,995	84,970	87,951	-	35,014	75,884	92,935	-	17,963
Operations	1,158,490	2,005,151	4,686,353	1,813,236	290,524	1,904,663	3,713,127	1,580,901	62,961
Rainy Day	96,848	-	142,938	200,000	153,910	-	-	-	153,910
Construction	-	-	-	-	-	-	32,490	50,000	17,510
School Lunch	152,156	630,261	557,852	-	224,565	804,509	639,410	-	389,664
Curricular Materials	6,561	188,727	34,190	-	161,098	187,543	218,511	-	130,130
Levy Excess	29	-	-	-	29	-	-	-	29
License Plate	187	113	-	-	300	75	-	-	375
Donations	10,575	12,167	6,219	-	16,523	19,723	12,494	-	23,752
Elem Lib/Peters Book	3,396	1,364	-	-	4,760	1,446	-	-	6,206
Scholarship Funds	61,200	-	7,500	-	53,700	-	2,500	-	51,200
Wellness Grant	7,615	-	2,299	-	5,316	-	2,632	-	2,684
Early Intervention	994	-	-	-	994	-	-	-	994
Formative Assessment	3,095	15,606	32,331	-	(13,630)	20,028	2,922	-	3,476
Gifted and Talented	13,112	-	13,112	-	-	-	-	-	-
Secured School Safety Grant	(7,546)	10,018	50,373	-	(47,901)	47,901	-	-	-
Monsanto	2,842	-	2,405	-	437	-	-	-	437
Career and Technical Performance Grant	2,890	-	-	-	2,890	-	-	-	2,890
Teacher Appreciation	674	56,336	56,742	-	268	58,065	58,133	-	200
High Ability	47,570	30,163	52,222	-	25,511	28,614	53,634	-	491
State Connectivity	9,538	7,920	-	-	17,458	12,760	-	-	30,218
Misc. Programs - Donations	57	-	-	-	57	-	-	-	57
Title I 2017-18	(528)	528	-	-	-	-	-	-	-
Title I 2019-20	(47,435)	61,447	14,012	-	-	-	-	-	-
Title I 20-21	-	45,345	45,345	-	-	34,191	34,191	-	-
Title I 21-22	-	-	-	-	-	41,908	41,908	-	-
Title Iv 2019-20	-	17,190	17,190	-	-	-	-	-	-
Title Iv 20-21	5,433	37,029	41,184	-	1,278	5,000	5,000	-	1,278
Title Iv 21-22	-	-	-	-	-	5,000	20,163	-	(15,163)
Esser I	-	101,195	101,120	-	75	-	75	-	-
Esser II	-	161,553	175,785	-	(14,232)	162,428	154,263	-	(6,067)
Esser III	-	-	-	-	-	241,950	245,390	-	(3,440)
Prepaid School Meal Accounts	26,282	99,842	77,841	-	48,283	73,183	-	-	121,466
Payroll Liabilities	(31,120)	-	5,665	-	(36,785)	-	20,976	-	(57,761)
Totals	\$ 4,452,253	\$ 17,131,058	\$ 17,707,066	\$ 147,471	\$ 4,023,716	\$ 18,208,584	\$ 16,516,523	\$ 58,756	\$ 5,774,533

See notes to financial statement.

EASTERN HOWARD SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2022, and for the period July 1, 2020 through June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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.

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.

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.

Temporary loans. Amounts received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

(Continued)

EASTERN HOWARD SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2022, and for the period July 1, 2020 through June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Debt services. 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.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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

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

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

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.

(Continued)

EASTERN HOWARD SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2022, and for the period July 1, 2020 through June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 - 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 December 31 of the year preceding the budget year or January 15 of the budget year if the School Corporation is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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 Depositary 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.

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 the period under audit.

(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

The School Corporation has purchased insurance to address the risks described above.

NOTE 6 - CASH BALANCE DEFICITS

The financial statement contain some funds with deficits in cash. This is a result of certain funds being set up for reimbursable grants, but for which reimbursement was not yet received by June 30, 2021, and 2022. The deficit in the Payroll Liabilities fund was the result of disbursements exceeding receipts due to under-estimating current requirements for the fund. The deficit is to be prepaid from future receipts.

NOTE 7 - HOLDING CORPORATION

The School Corporation has entered into capital leases with the Eastern Howard Multi-School Building Corporation and the Eastern Howard Third Millennium 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 years 2021 and 2022, totaled \$2,516,562 and \$2,025,000, respectively.

NOTE 8 - PENSION PLANS

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund Defined Benefit Plan (PERF DB) is a cost sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the School Corporation authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

NOTE 8 - PENSION PLANS (Continued)

Financial Report

INPRS 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. (844) 464-6777

Contributions

Members' contributions are set by state statute at 3 percent of compensation for the defined contribution component of PERF Hybrid. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid.

Teachers' Retirement Fund

Plan Descriptions

The Indiana Teachers' Hybrid Plan (TRF Hybrid) consists of two components: Indiana Teachers' Pre-1996 Defined Benefit Account (Teachers' Pre-1996 DB) or Indiana Teachers' 1996 Defined Benefit Account (Teachers' 1996 DB) the monthly employer-funded defined benefit components, along with the Indiana Teachers' Defined Contribution Account (TRF DC), the defined contribution component. Generally, members hired before 1996 participate in the Teachers' Pre-1996 DB and members hired after 1995 participate in the Teachers' 1996 DB.

The Teachers' 1996 DB is a cost-sharing multiple-employer defined benefit pension plan and provides retirement, disability, and survivor benefits to plan members. All legally qualified and regularly employed licensed teachers serving in State of Indiana public schools are eligible to participate in the Teachers' 1996 DB.

The Teachers' Pre-1996 DB is a pay-as-you-go, cost-sharing multiple-employer defined benefit pension plan and provides retirement, disability, and survivor benefits to plan members. Membership in the Teachers' Pre-1996 DB is closed to new entrants.

The TRF DC is a multiple-employer defined contribution plan providing supplemental retirement benefits to Teachers' 1996 DB and Teachers' Pre-1996 DB members.

The Retirement Savings Plan for Public Teachers (My Choice) is a multiple-employer defined contribution plan. New employees hired after June 30, 2019, have a one-time election to join either the TRF Hybrid plan that is not closed to new entrants or the My Choice plan.

All these plans are administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2, IC 5-10.3, and IC 5-10.4) and administrative code (35 IAC 14), which govern most requirements of the system and give the School Corporation authority to contribute to the plan when applicable.

(Continued)

NOTE 8 - PENSION PLANS (Continued)

Financial Report

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. (844) 464-6777

Contributions

The School Corporation contributes the employer's share to Teachers' 1996 DB 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. These contributions are determined by the INPRS Board based on actuarial valuation. 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 (Teachers' Pre-1996 DB) is an obligation of, and is paid by, the State of Indiana.

Contributions for the defined contribution component of TRF Hybrid are determined by statute and the INPRS Board at 3 percent of covered payroll. The employer may choose to make these contributions on behalf of the member. Under certain limitations, voluntary contributions up to 10 percent can be made solely by the member.

My Choice plan is funded with employer contributions and member contributions. The employer contributions must equal the contribution rate for monthly employer-funded defined benefit components of TRF Hybrid. The amount deposited into the employer contribution subaccount for the member is the normal cost of participation. The variable rate contribution can be no less than 3 percent. Member contributions are determined by statute and the Board at 3 percent of covered payroll. The employer must make these contributions on behalf of the member. Under certain limitations, voluntary contributions up to 10 percent can be made solely by the member.

NOTE 9 - SUBSEQUENT EVENTS

In December 2022, the School Corporation issued the EHSC General Obligations Bond 2022 in the amount of \$2,275,000 for the renovation and improvement to school facilities, including site and athletics, as well as the purchase of equipment and busses.

SUPPLEMENTARY INFORMATION

EASTERN HOWARD SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	Education	Debt Service	Pension Debt	Operations	Rainy Day	Construction	School Lunch	Curricular Materials	Levy Excess
Cash and investments - beginning	\$ 2,704,135	\$ 187,208	\$ 37,995	\$ 1,158,490	\$ 96,848	\$ -	\$ 152,156	\$ 6,561	\$ 29
Receipts:									
Local sources	116,982	3,394,906	84,970	1,882,717	-	-	78,849	141,760	-
Intermediate sources	240	-	-	-	-	-	-	-	-
State sources	10,051,905	-	-	-	-	-	7,864	46,967	-
Federal sources	-	-	-	-	-	-	543,548	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	100	-	122,434	-	-	-	-	-
Total receipts	10,169,127	3,395,006	84,970	2,005,151	-	-	630,261	188,727	-
Disbursements:									
Instruction	6,172,944	-	-	-	-	-	-	-	-
Support services	1,889,933	-	-	3,336,220	-	-	14,711	34,190	-
Noninstructional services	175,019	-	-	-	-	-	543,141	-	-
Facilities acquisition and construction	-	-	-	312,812	-	-	-	-	-
Debt services	-	3,258,541	87,951	1,037,321	142,938	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	8,237,896	3,258,541	87,951	4,686,353	142,938	-	557,852	34,190	-
Excess (deficiency) of receipts over disbursements	1,931,231	136,465	(2,981)	(2,681,202)	(142,938)	-	72,409	154,537	-
Other financing sources (uses):									
Proceeds of long-term debt	-	10,410	-	112,161	-	-	-	-	-
Sale of capital assets	-	-	-	24,900	-	-	-	-	-
Transfers in	-	-	-	1,676,175	200,000	-	-	-	-
Transfers out	(1,876,175)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,876,175)	10,410	-	1,813,236	200,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	55,056	146,875	(2,981)	(867,966)	57,062	-	72,409	154,537	-
Cash and investments - ending	\$ 2,759,191	\$ 334,083	\$ 35,014	\$ 290,524	\$ 153,910	\$ -	\$ 224,565	\$ 161,098	\$ 29

(Continued)

EASTERN HOWARD SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	License Plate	Donations	Elm Lib/Peters Book	Scholarship Funds	Wellness Grant	Early Intervention	Formative Assessment	Gifted/Talented	Secured School Safety Grant	Monsanto
Cash and investments - beginning	\$ 187	\$ 10,575	\$ 3,396	\$ 61,200	\$ 7,615	\$ 994	\$ 3,095	\$ 13,112	\$ (7,546)	\$ 2,842
Receipts:										
Local sources	-	12,167	1,364	-	-	-	-	-	-	-
Intermediate sources	113	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	15,606	-	10,018	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	113	12,167	1,364	-	-	-	15,606	-	10,018	-
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	-	2,405
Support services	-	6,219	-	-	-	-	32,331	-	50,373	-
Noninstructional services	-	-	-	7,500	2,299	-	-	13,112	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	6,219	-	7,500	2,299	-	32,331	13,112	50,373	2,405
Excess (deficiency) of receipts over disbursements	113	5,948	1,364	(7,500)	(2,299)	-	(16,725)	(13,112)	(40,355)	(2,405)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	113	5,948	1,364	(7,500)	(2,299)	-	(16,725)	(13,112)	(40,355)	(2,405)
Cash and investments - ending	\$ 300	\$ 16,523	\$ 4,760	\$ 53,700	\$ 5,316	\$ 994	\$ (13,630)	\$ -	\$ (47,901)	\$ 437

(Continued)

EASTERN HOWARD SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	Career and Technical Performance Grant	Teacher Appreciation	High Ability	State Connectivity	Misc. Programs - Donations	Title I 2017-2018	Title I 2019-20	Title I 20-21	Title I 21-22
Cash and investments - beginning	\$ 2,890	\$ 674	\$ 47,570	\$ 9,538	\$ 57	\$ (528)	\$ (47,435)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	56,336	30,163	7,920	-	-	-	-	-
Federal sources	-	-	-	-	-	528	61,447	45,345	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	56,336	30,163	7,920	-	528	61,447	45,345	-
Disbursements:									
Instruction	-	56,742	50,765	-	-	-	14,012	45,345	-
Support services	-	-	1,457	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	56,742	52,222	-	-	-	14,012	45,345	-
Excess (deficiency) of receipts over disbursements	-	(406)	(22,059)	7,920	-	528	47,435	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(406)	(22,059)	7,920	-	528	47,435	-	-
Cash and investments - ending	\$ 2,890	\$ 268	\$ 25,511	\$ 17,458	\$ 57	\$ -	\$ -	\$ -	\$ -

(Continued)

EASTERN HOWARD SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	Title Iv 2019-20	Title Iv 20-21	Title Iv 21-22	Esser I	Esser li	Esser lii	Prepaid Lunch	Payroll Liabilities	Totals
Cash and investments - beginning	\$ -	\$ 5,433	\$ -	\$ -	\$ -	\$ -	\$ 26,282	\$ (31,120)	\$ 4,452,253
Receipts:									
Local sources	-	-	-	-	-	-	99,842	-	5,813,557
Intermediate sources	-	-	-	-	-	-	-	-	353
State sources	-	-	-	-	-	-	-	-	10,226,779
Federal sources	17,190	37,029	-	101,195	161,553	-	-	-	967,835
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	122,534
Total receipts	17,190	37,029	-	101,195	161,553	-	99,842	-	17,131,058
Disbursements:									
Instruction	-	-	-	14,440	-	-	-	-	6,356,653
Support services	17,190	41,184	-	86,680	175,785	-	-	-	5,686,273
Noninstructional services	-	-	-	-	-	-	77,841	5,665	824,577
Facilities acquisition and construction	-	-	-	-	-	-	-	-	312,812
Debt services	-	-	-	-	-	-	-	-	4,526,751
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	17,190	41,184	-	101,120	175,785	-	77,841	5,665	17,707,066
Excess (deficiency) of receipts over disbursements	-	(4,155)	-	75	(14,232)	-	22,001	(5,665)	(576,008)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	122,571
Sale of capital assets	-	-	-	-	-	-	-	-	24,900
Transfers in	-	-	-	-	-	-	-	-	1,876,175
Transfers out	-	-	-	-	-	-	-	-	(1,876,175)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	147,471
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(4,155)	-	75	(14,232)	-	22,001	(5,665)	(428,537)
Cash and investments - ending	\$ -	\$ 1,278	\$ -	\$ 75	\$ (14,232)	\$ -	\$ 48,283	\$ (36,785)	\$ 4,023,716

EASTERN HOWARD SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2021 through June 30, 2022

	Education	Debt Service	Pension Debt	Operations	Rainy Day	Construction	School Lunch	Curricular Materials	Levy Excess	License Plate	Donations	Elm Lib/Peters Book
Cash and investments - beginning	\$ 2,759,191	\$ 334,083	\$ 35,014	\$ 290,524	\$ 153,910	\$ -	\$ 224,565	\$ 161,098	\$ 29	\$ 300	\$ 16,523	\$ 4,760
Receipts:												
Local sources	129,019	3,591,790	75,884	1,872,969	-	-	583	128,827	-	-	19,723	1,446
Intermediate sources	240	-	-	-	-	-	-	-	-	75	-	-
State sources	10,762,664	-	-	31,694	-	-	-	58,716	-	-	-	-
Federal sources	-	-	-	-	-	-	803,926	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	10,891,923	3,591,790	75,884	1,904,663	-	-	804,509	187,543	-	75	19,723	1,446
Disbursements:												
Instruction	6,480,733	-	-	-	-	-	-	-	-	-	1,052	-
Support services	2,080,808	-	-	3,529,271	-	7,490	7,853	218,511	-	-	6,049	-
Noninstructional services	204,059	-	-	-	-	-	631,557	-	-	-	5,393	-
Facilities acquisition and construction	-	-	-	55,224	-	25,000	-	-	-	-	-	-
Debt services	-	2,400,169	92,935	128,632	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	8,765,600	2,400,169	92,935	3,713,127	-	32,490	639,410	218,511	-	-	12,494	-
Excess (deficiency) of receipts over disbursements	2,126,323	1,191,621	(17,051)	(1,808,464)	-	(32,490)	165,099	(30,968)	-	75	7,229	1,446
Other financing sources (uses)												
Proceeds of long-term debt	-	-	-	8,756	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	50,000	-	-	-	-	-	-
Transfers in	-	-	-	1,572,145	-	-	-	-	-	-	-	-
Transfers out	(1,572,145)	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,572,145)	-	-	1,580,901	-	50,000	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	554,178	1,191,621	(17,051)	(227,563)	-	17,510	165,099	(30,968)	-	75	7,229	1,446
Cash and investments - ending	\$ 3,313,369	\$ 1,525,704	\$ 17,963	\$ 62,961	\$ 153,910	\$ 17,510	\$ 389,664	\$ 130,130	\$ 29	\$ 375	\$ 23,752	\$ 6,206

(Continued)

EASTERN HOWARD SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2021 through June 30, 2022

	Scholarship Funds	Wellness Grant	Early Intervention	Formative Assessment	Gifted/Talented	Secured School Safety Grant	Monsanto	Career and Technical Performance Grant	Teacher Appreciation	High Ability	State Connectivity	Misc. Programs - Donations
Cash and investments - beginning	\$ 53,700	\$ 5,316	\$ 994	\$ (13,630)	\$ -	\$ (47,901)	\$ 437	\$ 2,890	\$ 268	\$ 25,511	\$ 17,458	\$ 57
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	20,028	-	47,901	-	-	58,065	28,614	12,760	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	20,028	-	47,901	-	-	58,065	28,614	12,760	-
Disbursements:												
Instruction	-	-	-	-	-	-	-	-	58,133	52,989	-	-
Support services	-	-	-	2,922	-	-	-	-	-	645	-	-
Noninstructional services	2,500	2,632	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	2,500	2,632	-	2,922	-	-	-	-	58,133	53,634	-	-
Excess (deficiency) of receipts over disbursements	(2,500)	(2,632)	-	17,106	-	47,901	-	-	(68)	(25,020)	12,760	-
Other financing sources (uses)												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,500)	(2,632)	-	17,106	-	47,901	-	-	(68)	(25,020)	12,760	-
Cash and investments - ending	\$ 51,200	\$ 2,684	\$ 994	\$ 3,476	\$ -	\$ -	\$ 437	\$ 2,890	\$ 200	\$ 491	\$ 30,218	\$ 57

(Continued)

EASTERN HOWARD SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2021 through June 30, 2022

	Title I 2017-2018	Title I 2019-20	Title I 20-21	Title I 21-22	Title Iv 2019-20	Title Iv 20-21	Title Iv 21-22	Esser I	Esser li	Esser lii	Prepaid Lunch	Payroll Liabilities	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,278	\$ -	\$ 75	\$ (14,232)	\$ -	\$ 48,283	\$ (36,785)	\$ 4,023,716
Receipts:													
Local sources	-	-	-	-	-	-	-	-	-	-	73,183	-	5,893,424
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-	315
State sources	-	-	-	-	-	-	-	-	-	-	-	-	11,020,442
Federal sources	-	-	34,191	41,908	-	5,000	5,000	-	162,428	241,950	-	-	1,294,403
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	34,191	41,908	-	5,000	5,000	-	162,428	241,950	73,183	-	18,208,584
Disbursements:													
Instruction	-	-	32,138	41,908	-	-	-	-	56,084	103,334	-	-	6,826,371
Support services	-	-	2,053	-	-	5,000	20,163	-	74,258	133,871	-	-	6,088,894
Noninstructional services	-	-	-	-	-	-	-	-	8,185	8,185	-	20,976	883,487
Facilities acquisition and construction	-	-	-	-	-	-	-	75	15,736	-	-	-	96,035
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	2,621,736
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	34,191	41,908	-	5,000	20,163	75	154,263	245,390	-	20,976	16,516,523
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	(15,163)	(75)	8,165	(3,440)	73,183	(20,976)	1,692,061
Other financing sources (uses)													
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	8,756
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	50,000
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	1,572,145
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	(1,572,145)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-	58,756
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	(15,163)	(75)	8,165	(3,440)	73,183	(20,976)	1,750,817
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,278	\$ (15,163)	\$ -	\$ (6,067)	\$ (3,440)	\$ 121,466	\$ (57,761)	\$ 5,774,533

EASTERN HOWARD SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2022

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 210,066	\$ 56,411

EASTERN HOWARD SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2022

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities:				
EASTERN HOWARD MULTI-SCHOOL BLDG CORP SERIES 2020	ENERGY SAVINGS & BUILDING RENOVATION	\$ 514,000	1/15/2021	7/15/2032
EASTERN HOWARD MULTI-SCHOOL BLDG CORP SERIES 2021	ENERGY SAVINGS & BUILDING RENOVATION	307,000	7/15/2021	1/15/2034
EASTERN HOWARD SOLAR EQUIPMENT LEASE	ENERGY SAVINGS	252,113	7/15/2018	7/15/2037
EASTERN HOWARD THIRD MILLENIUM BLDG CORP SERIES 2018	ENERGY SAVINGS & BUILDING RENOVATION	545,000	1/1/2020	1/15/2029
EASTERN HOWARD THIRD MILLENIUM BLDG CORP SERIES 2021	ENERGY SAVINGS & BUILDING RENOVATION	1,889,500	7/15/2022	1/15/2042
EASTERN HOWARD THIRD MILLENNIUM SCHOOL BLD CORP SERIES 2015	ENERGY SAVINGS & BUILDING RENOVATION	<u>150,500</u>	8/20/2015	7/15/2035
Total governmental activities		<u>3,658,113</u>		
Total of annual lease payments		<u>\$ 3,658,113</u>		

<u>Type</u>	<u>Description of Debt</u>	<u>Ending Principal Balance</u>	<u>Principal and Interest Due Within One Year</u>
Governmental activities:			
Notes and Loans Payable	Common School Fund Loan - A2098	\$ 14,005	\$ 14,005
Notes and Loans Payable	Common School Fund Loan - A2845	14,780	14,780
Notes and Loans Payable	Common School Fund Loan - B0003	44,670	29,780
Notes and Loans Payable	Common School Fund Loan - C0021	75,516	21,576
Other	SCHOOL SEVERANCE BONDS SERIES	<u>90,000</u>	<u>90,000</u>
Total governmental activities		<u>238,971</u>	<u>170,141</u>
Totals		<u>\$ 238,971</u>	<u>\$ 170,141</u>

EASTERN HOWARD SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2022

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	\$ 1,697,020
Buildings	33,285,010
Improvements other than buildings	752,546
Machinery, equipment, and vehicles	768,981
Construction in progress	<u>19,400,000</u>
 Total governmental activities	 <u>55,903,557</u>
 Total capital assets	 <u>\$ 55,903,557</u>

EASTERN HOWARD SCHOOL CORPORATION
STATE REPORTING INFORMATION
July 1, 2020 - June 30, 2022

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.

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/>.

Indiana Department of Education Reporting:

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 on the IDOE website and on the Indiana Gateway for Government Units presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

EASTERN HOWARD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2021 and 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 06-30-22	Total Federal Awards Expended 07-01-20 to 06-30-22
<u>Department of Agriculture</u>						
Child Nutrition Cluster						
Food & Nutrition Service/ School Breakfast Program	Indiana Department of Education					
School Breakfast Program		10.553	FY2021, FY2022	\$ 97,151	\$ 140,875	\$ 238,026
National School Lunch Program		10.555	FY2021, FY2022	446,397	655,195	1,101,592
Commodities		10.555	FY2021, FY2022	62,415	69,442	131,857
Total - Child Nutrition Cluster				<u>605,963</u>	<u>865,512</u>	<u>1,471,475</u>
Total - Department of Agriculture				<u>605,963</u>	<u>865,512</u>	<u>1,471,475</u>
<u>Department of Transportation</u>						
Highway Planning and Construction Cluster	Indiana Department of Transportation	20.205	21RWS1S	12,724	-	12,724
Total - Department of Transportation				<u>12,724</u>	<u>-</u>	<u>12,724</u>
<u>Department of Education</u>						
Special Education Cluster(IDEA)						
Special Education Grants to States	Indiana Department of Education					
Special Ed-Part B		84.027	19611-033-PN01	26,597	1,445	28,042
Special Ed-Part B		84.027	20611-033-PN01	188,407	3,147	191,554
Special Ed-Part B		84.027	21611-033-PN01	129,467	181,764	311,231
Special Ed-Part B		84.027	22611-033-ARP	-	5,276	5,276
Special Ed-Part B		84.027	22611-033-PN01	-	148,955	148,955
Total - Special Education Grants to States				<u>344,471</u>	<u>340,587</u>	<u>685,058</u>
Special Education Preschool Grants	Indiana Department of Education					
Special Ed Preschool		84.173	20619-033-PN01	738	-	738
Special Ed Preschool		84.173	21619-033-PN01	12,826	747	13,573
Special Ed Preschool		84.173	22619-033-ARP	-	6,089	6,089
Special Ed Preschool		84.173	22619-033-PN01	-	12,905	12,905
Total - Special Education Preschool Grants				<u>13,564</u>	<u>19,741</u>	<u>33,305</u>
Total - Special Education Cluster(IDEA)				<u>358,035</u>	<u>360,328</u>	<u>718,363</u>

(Continued)

EASTERN HOWARD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2021 and 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 06-30-22	Total Federal Awards Expended 07-01-20 to 06-30-22
Title I Grants to Local Education Agencies	Indiana Department of Education					
Title I, Part A		84.010	S010A190014	\$ 61,975	\$ -	\$ 61,975
Title I, Part A		84.010	S0101A200014	45,345	34,191	79,536
Title I, Part A		84.010	S0101A210014	-	41,908	41,908
				<u>107,320</u>	<u>76,099</u>	<u>183,419</u>
Total - Title I Grants to Local Educational Agencies						
Title II Supporting Effective Instruction State Grants	Indiana Department of Education					
Title II, Part A		84.367	S367A200013	39,219	-	39,219
				<u>39,219</u>	<u>-</u>	<u>39,219</u>
Total - Title II Supporting Effective Instruction State Grants						
Title IV Student Support and Academic Enrichment Program	Indiana Department of Education					
Title IV Part A		84.424	S424A190015	15,000	-	15,000
Title IV Part A		84.424	S424A210015	-	5,000	5,000
				<u>15,000</u>	<u>5,000</u>	<u>20,000</u>
Total - Title IV Student Support and Academic Enrichment Program						
COVID-19 Education Stabilization Fund	Indiana Department of Education					
Elementary and Secondary School Emergency Relief (ESSER I) Fund		84.425D	S425D200013	101,195	-	101,195
Elementary and Secondary School Emergency Relief (ESSER II) Fund		84.425D	S425D210013	161,553	-	161,553
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund		84.425U	S425U210013	-	452,729	452,729
				<u>262,748</u>	<u>452,729</u>	<u>715,477</u>
Total - Education Stabilization Fund						
Total - Department of Education				<u>782,322</u>	<u>894,156</u>	<u>1,676,478</u>
Total federal awards expended				<u>\$ 1,401,009</u>	<u>\$ 1,759,668</u>	<u>\$ 3,160,677</u>

See accompanying notes to the schedule of expenditure of federal awards.

EASTERN HOWARD SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period of July 1, 2020 through June 30, 2022

NOTE 1 - BASIS OF PRESENTATION

A. 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 period of July 1, 2020 through June 30, 2022. 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.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in 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.

NOTE 2 - INDIRECT COST RATE

The School Corporation has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - OTHER INFORMATION

The School Corporation did not have any subrecipient activity for the period July 1, 2020 through June 30, 2022.

NOTE 4 - SPECIAL EDUCATION COOPERATIVE (ALN: 84.027, 84.173)

The School Corporation is a member of the Kokomo Area Special Education Cooperative (Cooperative), which operates the special education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

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

Those Charged with Governance
Eastern Howard School Corporation
Howard County, Indiana

We have audited, in accordance with the 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 Eastern Howard School Corporation ("School Corporation"), which comprise the statement of receipts, disbursements, other financing sources (uses), and cash and investment balances of the School Corporation as of June 30, 2022 and for the period July 1, 2020 through June 30, 2022 and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement, and have issued our report thereon dated March 23, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a 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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from 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 financial statement. 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*.

School Corporation's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned cost. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Crowe LLP

Indianapolis, Indiana
March 23, 2023

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

Those Charged with Governance
Eastern Howard School Corporation
Howard County, Indiana

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited Eastern Howard School Corporation (School Corporation) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the School Corporation's major federal program for the period of July 1, 2020 through June 30, 2022. 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.

In our opinion, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the period of July 1, 2020 through June 30, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School Corporation's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School Corporation's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
March 23, 2023

EASTERN HOWARD SCHOOL CORPORATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 July 1, 2020 through June 30, 2022

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(es) identified?	<u> X </u>	Yes	_____ No
Significant deficiencies identified not considered to be material weaknesses?	<u> X </u>	Yes	_____ None Reported
Noncompliance material to financial statement noted?	_____	Yes	<u> X </u> No

Federal Awards

Internal control over major programs			
Material weakness(es) identified?	_____	Yes	<u> X </u> No
Significant deficiencies identified not considered to be material weaknesses?	_____	Yes	<u> X </u> None Reported
Type of auditor’s report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	_____	Yes	<u> X </u> No

Identification of major programs

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	_____ Yes <u> X </u> No

(Continued)

EASTERN HOWARD SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 through June 30, 2022

Section II – Financial Statement Findings

FINDING 2022-001

Subject: Adjustments to the Annual Financial Report (AFR)
Audit Findings: Material Weakness

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

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

An integral part of the control activity component is segregation of duties. . . . There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

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

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

Condition: The School Corporation did not have an effective system of internal control in place to prevent, or detect and correct, errors on the Annual Financial Report (AFR).

Cause: Management had established a system of internal control over the AFR reporting process, however, this control was not operating effectively and as a result, material adjustments were made to the AFR.

Context: The AFR was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following errors that resulted in a net increase in cash of \$500,369 for the period July 1, 2020, through June 30, 2022:

1. An adjustment was posted to the Debt Service fund to decrease disbursements and increase cash by \$457,059
2. An adjustment was posted to the Prepaid School Meal Accounts to increase disbursements by \$77,841, increase cash by \$95,184 and increase receipts by \$173,025
3. An adjustment was posted to the Elementary Library/Peters Book fund to increase cash and receipts by \$2,810
4. An adjustment was posted to the Scholarship fund to increase disbursements and decrease cash by \$10,000
5. An adjustment was posted to the Wellness Grant fund to increase disbursements and decrease cash by \$4,931
6. An adjustment was posted to the Gifted and Talented fund to increase disbursements and decrease cash by \$13,112
7. An adjustment was posted to the Payroll Liabilities fund to increase disbursements and decrease cash by \$26,641

(Continued)

EASTERN HOWARD SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 through June 30, 2022

Section II – Financial Statement Findings (Continued)

FINDING 2022-001 (Continued)

Effect: Without a proper system of internal control in place that operated effectively, material misstatements of the AFR remained undetected. The AFR contained the errors identified in the *Condition and Context*.

Identification as a repeat finding, if applicable: No.

Recommendation: We recommended that the School Corporation's management establish a formal review over the AFR to ensure amounts reported are accurate and agree to the fund ledger detail.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

FINDING 2022-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Significant Deficiency

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

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

An integral part of the control activity component is segregation of duties. . . . There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with § 200.510 Financial statements. . . ."

(Continued)

EASTERN HOWARD SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 through June 30, 2022

Section II – Financial Statement Findings (Continued)

FINDING 2022-002 (Continued)

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

(1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

(3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.

(4) Include the total amount provided to subrecipients from each Federal program.

(5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.

(6) Include notes that describe that significant accounting policies used in preparing the schedule and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs."

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

Cause: Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

(Continued)

EASTERN HOWARD SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 through June 30, 2022

Section II – Financial Statement Findings (Continued)

FINDING 2022-002 (Continued)

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. The SEFA was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following errors that resulted in the net overstatement of the total federal awards expended on the SEFA by \$65,403 for the period July 1, 2020, through June 30, 2022:

1. The Child Nutrition Cluster expenditures were overstated by \$47,291
2. The Department of Transportation expenditures were excluded from the SEFA and therefore, understated by \$12,724
3. The Title II, Part A expenditures were overstated by \$31,133
4. The Title IV, Part A expenditures were overstated by \$44,219
5. The COVID-19 Education Stabilization Fund expenditures were understated by \$48,351
6. The Special Education Cluster expenditures were overstated by \$3,834

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA to correct the issues noted above.

Effect: Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

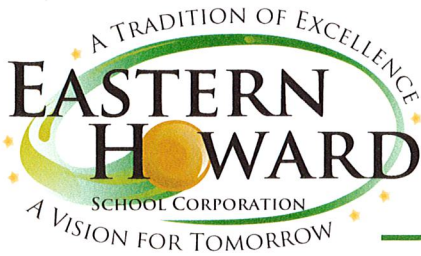
Identification as a repeat finding, if applicable: Yes. This was identified as finding 2020-001 in the prior audit report.

Recommendation: We recommended that the School Corporation's management establish a formal review over the SEFA to ensure amounts reported are accurate. The School Corporation should establish a documented, secondary review to ensure the amounts reported on the SEFA agree to the supporting federal receipt fund ledger detail.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None noted



Dr. Keith Richie
Superintendent of Schools

221 West Main Street
Suite One
Greentown, IN 46936-1455

☎: 765.628.3391
☎: 765.628.5017
✉: keith.richie@eastern.k12.in.us
✉: www.eastern.k12.in.us

CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS
June 30, 2022

FINDING 2022-001

Subject: Adjustments to the Annual Financial Report (AFR)
Audit Findings: Material Weakness

Condition: The School Corporation did not have an effective system of internal control in place to prevent, or detect and correct, errors on the Annual Financial Report (AFR).

Context: The AFR was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following errors that resulted in a net increase in cash of \$500,369 for the period July 1, 2020, through June 30, 2022:

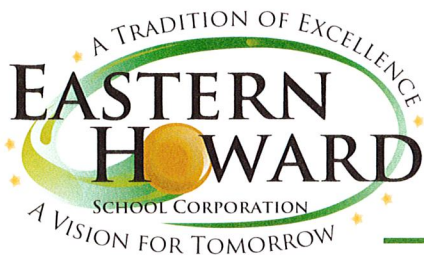
1. An adjustment was posted to the Debt Service fund to decrease disbursements and increase cash by \$457,059
2. An adjustment was posted to the Prepaid School Meal Accounts to increase disbursements by \$77,841, increase cash by \$95,184 and increase receipts by \$173,025
3. An adjustment was posted to the Elementary Library/Peters Book fund to increase cash and receipts by \$2,810
4. An adjustment was posted to the Scholarship fund to increase disbursements and decrease cash by \$10,000
5. An adjustment was posted to the Wellness Grant fund to increase disbursements and decrease cash by \$4,931
6. An adjustment was posted to the Gifted and Talented fund to increase disbursements and decrease cash by \$13,112
7. An adjustment was posted to the Payroll Liabilities fund to increase disbursements and decrease cash by \$26,641

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: EHSC management understands the importance of accurate and timely reporting of financial activity on the Annual Financial Report (AFR). EHSC will ensure the source data is accurately being pulled from the financial database (Skyward) and a formal review procedure will be implemented to ensure the amounts reported are accurate and agree with the fund ledger detail.

Responsible Party and Timeline for Completion:

Responsible Party: Travis Hueston, Treasurer
Anticipated Completion Date: August 2023



Dr. Keith Richie
Superintendent of Schools

221 West Main Street
Suite One
Greentown, IN 46936-1455

☎: 765.628.3391
☎: 765.628.5017
✉: keith.richie@eastern.k12.in.us
✉: www.eastern.k12.in.us

FINDING 2022-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Significant Deficiency

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

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. The SEFA was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following errors that resulted in the net overstatement of the total federal awards expended on the SEFA by \$65,403 for the period July 1, 2020, through June 30, 2022:

1. The Child Nutrition Cluster expenditures were overstated by \$47,291
2. The Department of Transportation expenditures were excluded from the SEFA and therefore, understated by \$12,724
3. The Title II, Part A expenditures were overstated by \$31,133
4. The Title IV, Part A expenditures were overstated by \$44,219
5. The COVID-19 Education Stabilization Fund expenditures were understated by \$48,351
6. The Special Education Cluster expenditures were overstated by \$3,834

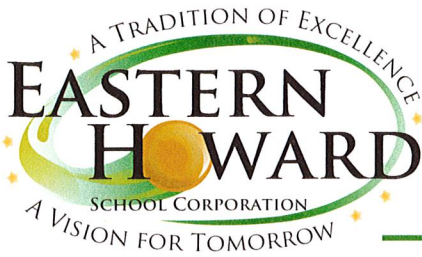
Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA to correct the issues noted above.

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: EHSC management understands the importance of accurately reporting federal receipts and expenditures of federal funds through the Schedule of Expenditures of Federal Awards (SEFA) report. EHSC will re-examine the manner in which data is sourced and ensure the data from the financial database (Skyward) is accurate. EHSC will establish a formal review of the SEFA amounts for accuracy and that those amounts agree to the supporting federal receipts fund ledger detail.

Responsible Party and Timeline for Completion:

Responsible Party: Travis Hueston, Treasurer
Anticipated Completion Date: August 2023



Dr. Keith Richie
Superintendent of Schools

221 West Main Street
Suite One
Greentown, IN 46936-1455

☎: 765.628.3391
☎: 765.628.5017
✉: keith.richie@eastern.k12.in.us
✉: www.eastern.k12.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards

Audit Findings: Material Weakness, Noncompliance

Condition: The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA).

Context: The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow for the correction of errors prior to submission. Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

1. The School Lunch - Commodities for the National School Lunch Program were omitted for fiscal years 2018-2019 and 2019-2020, which understated expenditures by \$48,367 and \$55,425, respectively.
2. In addition to errors in School Lunch - Commodities, the National School Lunch Program expenditures were understated for 2018-2019 by \$1,319, and overstated for 2019-2020 by \$179,135.
3. Several additional grants had immaterial errors that resulted in an overstatement of expenditures for 2018-2019 and 2019-2020 of \$8,536, in total.
4. Other errors included incorrect program names and identifying numbers. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Status: This finding is repeated in the current year as finding 2022-002

FINDING 2020-002

Subject: Child Nutrition Cluster - Cash Management

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, COVID-19 – School Breakfast Program, National School Lunch Program, COVID-19 – National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY18-19, FY19-20

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Cash Management

Audit Findings: Material Weakness, Modified Opinion

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

Context: The School Corporation did not have effective internal controls to monitor the cash balance (net cash resources) of the School Lunch fund to ensure that it did not exceed the three months average expenditure amount. The analysis of the three months average expenditure amount was completed by the Treasurer and reviewed by the Food Service Director, to ensure the amount did not exceed the three months average expenditure; however, the internal control was not effective. Eleven months of the audit period had balances over the three months average expenditure amount.

The lack of internal controls and noncompliance were systemic issues, which occurred throughout the audit period.

Status: This finding has been resolved.

FINDING 2022-003

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles, Program Income, Special Tests and Provisions - School Food Accounts

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, COVID-19 – School Breakfast Program, National School Lunch Program, COVID-19 – National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY18-19, FY19-20

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles, Program Income, Special Tests and Provisions - School Food Accounts

Audit Findings: Material Weakness, Modified Opinion

Condition: An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles, Program Income, and Special Tests and Provisions - School Food Accounts compliance requirements.

Context: The School Corporation paid a portion of the wages for the Middle School Principal, the High-School Assistant Principal, and the Family and Consumer Sciences/Food Service Director from the School Lunch fund without proper documentation to support the amounts paid.

The wages charged were based on fixed percentages. There was no supporting documentation to indicate how the amounts were determined.

The lack of internal controls and noncompliance were systemic issues, which occurred throughout the audit period.

Status: This finding has been resolved.

FINDING 2022-004

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, COVID-19 – School Breakfast Program, National School Lunch Program, COVID-19 – National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY18-19

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

Condition: An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Context: The School Corporation did not provide price or rate quotes from an adequate number of sources for purchases of goods or services exceeding \$10,000 for one of the two Small Purchases tested for fiscal year 2018-2019. In addition, the School Corporation did not verify whether vendors whose products were procured outside of a Group Purchasing Organization (GPO) and/or other non-School Food Authority (SFA) were suspended or debarred.

The lack of internal controls and noncompliance were systemic issues isolated to 2018-2019.

Status: This finding has been resolved.