

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

**Paul D. Joyce, CPA
State Examiner**

FEDERAL COMPLIANCE AUDIT REPORT

OF

KOKOMO SCHOOL CORPORATION

HOWARD COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

03/10/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michelle Cronk Robert McIntire	07-01-22 to 09-30-22 10-01-22 to 06-30-25
Superintendent of Schools	Dr. Michael Sargent	07-01-22 to 06-30-25
President of the School Board	Lisa Hemmeger Lewis Hall David Emry Lisa Ellison	07-01-22 to 12-31-22 01-01-23 to 12-31-23 01-01-24 to 12-31-24 01-01-25 to 06-30-25



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

TO: THE OFFICIALS OF THE KOKOMO SCHOOL CORPORATION, HOWARD COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Kokomo School Corporation (School Corporation), for the period of July 1, 2022 to June 30, 2024, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 27, 2025, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

February 27, 2025



Paul D. Joyce, CPA
State Examiner

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE KOKOMO SCHOOL CORPORATION, HOWARD COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the Kokomo School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2022 to June 30, 2024. The School Corporation's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) for the period of July 1, 2022 to June 30, 2024.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2022 to June 30, 2024.

Basis for Qualified and Unmodified Opinions

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 each major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Matter Giving Rise to Qualified Opinion on Special Education Cluster (IDEA)

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding 84.027 Special Education Cluster (IDEA), as described in item 2024-001 for Procurement and Suspension and Debarment. Compliance with such requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

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.

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 each 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 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 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. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002, to be material weaknesses.

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.

Government Auditing Standards require the auditor to perform limited procedures on the School Corporation's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2022 to June 30, 2024, and the related notes to the financial statement. We issued our report thereon dated February 27, 2025, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

February 27, 2025

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

KOKOMO SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2023 and 2024

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24
Department of Agriculture							
Child Nutrition Cluster							
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553X	FY 2023	\$ -	\$ 1,052,553	\$ -	\$ -
COVID-19 - School Breakfast Program							
School Breakfast Program	Indiana Department of Education	10.553	FY 2024	-	-	-	1,004,086
School Breakfast Program							
Total - School Breakfast Program				-	1,052,553	-	1,004,086
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555X	FY 2023	-	2,925,053	-	-
COVID-19 - National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555	FY 2023	-	218,740	-	-
Federal Commodities			FY 2023	-	3,135	-	-
National School Lunch Disaster Grant			FY 2024	-	-	-	2,802,923
National School Lunch Program			FY 2024	-	-	-	123,003
Federal Commodities			FY 2024	-	-	-	123,003
Supply Chain			FY 2024	-	-	-	157,184
Subtotal - National School Lunch Program				-	221,875	-	3,083,110
Total - National School Lunch Program				-	3,146,928	-	3,083,110
COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559X	FY 2023	-	17,053	-	-
COVID-19 - Summer Food Service Program for Children							
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2024	-	-	-	20,311
Summer Food Service Program for Children							
Total - Summer Food Service Program for Children				-	17,053	-	20,311
Fresh Fruit and Vegetable Program	Indiana Department of Education	10.582	FY 2023	-	28,244	-	-
Fresh Fruit & Vegetable							
Total - Child Nutrition Cluster				-	4,244,778	-	4,107,507
Child and Adult Care Food Program	Indiana Department of Education	10.558	FY 2023	-	30,463	-	-
Head Start Snack Program Kokomo			FY 2023	-	50,350	-	-
Head Start Snack Program Peru			FY 2024	-	-	-	31,216
Head Start Snack Program Kokomo			FY 2024	-	-	-	62,512
Head Start Snack Program Peru							
Total - Child and Adult Care Food Program				-	80,813	-	93,728
Total - Department of Agriculture				-	4,325,591	-	4,201,235
Federal Communications Commission							
Universal Service Fund - Schools and Libraries	Direct Grant	32.004	FY2022	-	135,461	-	-
School Technology Fund			FY2024	-	-	-	1,031
School Technology Fund							
Total - Universal Service Fund - Schools and Libraries				-	135,461	-	1,031
Total - Federal Communications Commission				-	135,461	-	1,031

KOKOMO SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2023 and 2024

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24
Department of Education							
Special Education Cluster (IDEA)							
COVID-19 - Special Education Grants to States IDEA ARP 611	Indiana Department of Education	84.027X	22611-093-ARP	-	20,474	-	313,824
Special Education Grants to States	Indiana Department of Education	84.027					
Special Ed B/611 FY 21			H027A190084	-	302,769	-	-
Special Ed B/611 FY 22			H027A190084	-	1,221,435	-	559,627
Special Ed B/611 FY 23			H027A190084	-	6,719	-	1,273,724
Special Ed B/611 FY 24			H027A190084	-	-	-	29,296
Special Ed Para Training Grant			H027A190084	-	-	-	8,408
Subtotal - Special Education Grants to States				-	1,530,923	-	1,871,055
Total - Special Education Grants to States				-	1,551,397	-	2,184,879
COVID-19 - Special Education Preschool Grants IDEA ARP 619	Indiana Department of Education	84.173X	22619-093-ARP	-	11,125	-	14,045
Special Education Preschool Grants	Indiana Department of Education	84.173					
Spec Ed B/619 PRSCL/FY21			H173A180104	-	493	-	-
Spec Ed B/619 PRSCL/FY22			H173A180104	-	76,126	-	2,317
Spec Ed B/619/PSCHL FY23			H173A210104	-	21,482	-	78,670
Spec Ed B/619/PSCHL FY24			H173A210104	-	-	-	23,196
Subtotal - Special Education Preschool Grants				-	98,101	-	104,183
Total - Special Education Preschool Grants				-	109,226	-	118,228
Total - Special Education Cluster (IDEA)				-	1,660,623	-	2,303,107
Adult Education - Basic Grants to States	Lafayette School Corporation	84.002					
Adult Education 2021-22			FY 2022	-	16,117	-	-
Adult Education 2022-23			FY 2023	-	41,350	-	24,991
Adult Education 2023-24			FY 2024	-	-	-	58,528
Total - Adult Education - Basic Grants to States				-	57,467	-	83,519
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
SIG Planning CMS/MCMS			S010A210014	-	100,000	-	-
Title I TZ 21-22			S010A210014	-	154,098	-	-
SIG Planning CMS/MCMS			S010A210014	-	-	-	49,620
Next Gen SIG 2023-24			S010A210014	-	-	-	595,671
Title 1 TZ BAMS/PPE 22-23			S010A210014	-	-	-	482,169
Title 1 21-22			S010A220014	-	572,622	-	-
Title 1 Delinquent 21-22			S010A220014	-	11,579	-	-
Title 1 22-23			S010A220014	-	1,137,787	-	1,056,381
Title 1 Delinquent 22-23			S010A220014	-	24,978	-	21,060
Title 1 23-24			S010A220014	-	-	-	1,245,162
Title 1 Delinquent 23-24			S010A220014	-	-	-	28,106
Total - Title I Grants to Local Educational Agencies				-	2,001,064	-	3,478,169

KOKOMO SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2023 and 2024

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24
Career and Technical Education – Basic Grants to States	Indiana Department of Education	84.048					
Perkins Assessment Grant 21-22			22-0512-A020	-	4,900	-	-
Perkins Grant 22-23			22-0512-A020	-	185,059	-	84,933
Perkins Assessment Grant 22-23			22-0512-A020	-	-	-	6,300
Perkins Grant 23-24			22-0512-A020	-	-	-	209,472
Carl Perkins 2021-22			22-0512-B020	-	31,240	-	-
Perkins Reserve-Equipment 21-22			22-0512-R020	-	8,192	-	-
Total - Career and Technical Education – Basic Grants to States				-	229,391	-	300,705
Education for Homeless Children and Youth	Indiana Department of Education	84.196					
McKinney Vento HMLS 20-21			S196A200015	-	29,380	-	15,620
Gaining Early Awareness and Readiness for Undergraduate Programs	Indiana Commission for Higher Education	84.334					
Gear Up Transportation			FY2022	-	27,525	-	-
Gear Up Transportation			FY2024	-	-	-	178,875
Total - Gaining Early Awareness and Readiness for Undergraduate Programs				-	27,525	-	178,875
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III 2021-23			S365A190014	-	6,092	-	-
Title III 2022-24			S365A190014	-	5,159	-	1,943
Title III 2023-25			S365A190014	-	-	-	10,626
Total - English Language Acquisition State Grants				-	11,251	-	12,569
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title IIA FY 19-21			S367A190013	-	251	-	-
Title IIA FY 20-22			S367A200013	-	5,789	-	-
Title IIA FY 21-23			S367A200013	-	246,895	-	6,277
Title IIA FY 22-24			S367A210013	-	38,525	-	275,999
Title IIA FY 23-25			S367A210013	-	-	-	123,335
Total - Supporting Effective Instruction State Grants				-	291,460	-	405,611
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV 20-22			S424A200015	-	2,356	-	-
Title IV 21-23			S424A200015	-	40,498	-	86,243
Title IV 22-24			S424A200015	-	-	-	35,854
Total - Student Support and Academic Enrichment Program				-	42,854	-	122,097
COVID-19 - Education Stabilization Fund	Indiana Department of Education						
Governor's Emergency (GEER)		84.425C	S425C200018	-	952	-	-
ESSER II		84.425D	S425D200013	-	1,713,801	-	974,499
Employability Skills/Comprehensive School Counseling		84.425D	S425D210013	-	-	-	92,867
ESSER III		84.425U	S425U210013	-	2,695,227	-	7,696,227
ESSER III TZ		84.425U	S425U210013	-	355,768	-	-
ESSER III		84.425U	S425U210013	-	-	-	109,771
Total - COVID-19 - Education Stabilization Fund				-	4,765,748	-	8,873,364
Total - Department of Education				-	9,116,763	-	15,773,636

KOKOMO SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2023 and 2024

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24
Department of Health and Human Services							
CCDF Cluster							
Child Care and Development Block Grant	Indiana Family and Social Services Administration	93.575					
Building Stimulus-BAE			Bon Air Elementary	-	124,686	-	26,933
Building Stimulus-BLVD			Boulevard	-	217,690	-	72,204
Building Stimulus-EHE			Elwood Haynes	-	109,589	-	48,253
Building Stimulus-LPE			Lafayette Park	-	277,333	-	42,450
Building Stimulus-PPE			Pettit Park	-	119,051	-	35,645
Building Stimulus-SYC			Sycamore	-	98,321	-	51,005
Total - Child Care and Development Block Grant				-	946,670	-	276,490
Total - CCDF Cluster				-	946,670	-	276,490
Head Start Cluster							
Head Start	Direct Grant	93.600					
Head Start 2022			05CH011910-02	-	1,851,829	-	1,746
Head Start 2023			05CH011910-03	-	967,373	-	2,142,494
Head Start 2024			05CH011910-04	-	-	-	1,034,285
Subtotal - Head Start				-	2,819,202	-	3,178,525
COVID-19 - Head Start	Direct Grant	93.600X					
Head Start COVID ARP			05HE001039-01	-	125,300	-	-
Head Start COVID CRRSA			05HE001039-01	-	85,776	-	-
Subtotal - COVID-19 - Head Start				-	211,076	-	-
Total - Head Start Cluster				-	3,030,278	-	3,178,525
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid Reimbursement Federal			FY2022	-	149,203	-	-
Medicaid Reimbursement Federal			FY2024	-	-	-	123,874
Total - Medical Assistance Program				-	149,203	-	123,874
Total - Medicaid Cluster				-	149,203	-	123,874
Refugee and Entrant Assistance State/Replacement Designee Administered Programs							
Afghan Relief Schl Impact	Indiana Department of Education	93.566					
Afghan Relief Schl Impact			700REFSOCSVCF23	-	2,554	-	-
Afghan Refugee (S2S)			700REFSOCSVCF23	-	-	-	2,184
Afghan Refugee (S2S)			700REFSOCSVCF23	-	-	-	6,381
Total - Refugee and Entrant Assistance State/Replacement Designee Administered Programs				-	2,554	-	8,565
Total - Department of Health and Human Services				-	4,128,705	-	3,587,454
Total federal awards expended				\$ -	\$ 17,706,520	\$ -	\$ 23,563,356

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

KOKOMO SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the School Corporation under programs of the federal government for the years ended June 30, 2023 and 2024. 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 the Uniform Guidance, wherein certain types of expenditures are not allowable 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 allowed under the Uniform Guidance.

KOKOMO SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)	Unmodified Qualified
84.425	COVID-19 - Education Stabilization Fund Head Start Cluster	Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$1,238,096

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

No matters are reportable.

KOKOMO SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2024-001

Subject: Special Education Cluster (IDEA) - Suspension and Debarment
Federal Agency: Department of Education
Federal Programs: Special Education Grants to States, COVID-19 - Special Education Grants to States,
Special Education Preschool Grants, COVID-19 - Special Education Preschool Grants
Assistance Listings Numbers: 84.027, 84.027X, 84.173, 84.173X
Federal Award Numbers and Years (or Other Identifying Numbers): H027A190084, 22611-093-ARP,
H173A180104, H173A210104,
22619-093-ARP

Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

Prior to entering into a covered transaction for goods and services equal to or over \$25,000 that were paid with Special Education Cluster funds, recipients are required to verify that such contractors or vendors are not suspended, debarred, or otherwise excluded from or ineligible for participation in federal assistance programs or activities. The verification is to be done by checking SAM Exclusions, collecting a certification from that person, or adding a clause or condition to the covered transaction with that person.

Upon inquiry of the School Corporation, the procedures in place over suspension and debarment during the audit period were to verify new vendors, when being entered into the system, were not excluded on SAM.gov. However, the School Corporation did not retain documentation of SAM.gov verifications, nor were checks done each year to verify that applicable vendors were still considered eligible under federal requirements. A population of six covered transactions for goods or services, totaling \$569,754, that equaled or exceeded \$25,000 paid from Special Education funds during the audit period was identified. No documentation was available to verify that the School Corporation performed the required checks.

The lack of effective internal controls and noncompliance were systemic issues throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

KOKOMO SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

31 CFR 180.300 states:

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

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

Cause

A proper system of internal controls was not designed by the management of the School Corporation. The School Corporation was unable to provide documentation to demonstrate it checked SAM.gov or received certification from applicable vendors to verify that contractors and vendors were not suspended or debarred.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. No documentation existed to ensure vendors to whom payments equal to or in excess of \$25,000 were verified to not be suspended, debarred, or otherwise excluded.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation strengthen its system of internal controls to ensure that all vendors that are paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal program before entering into any covered transactions and retain documentation to support the performance of these procedures.

Views of Responsible Officials

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

FINDING 2024-002

Subject: Special Education Cluster (IDEA) - Equipment
Federal Agency: Department of Education
Federal Programs: Special Education Grants to States, COVID-19 - Special Education Grants to States
Assistance Listings Numbers: 84.027, 84.027X
Federal Award Numbers and Years (or Other Identifying Numbers): H027A190084, 22611-093-ARP
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Other Matters

KOKOMO SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

The same finding also appeared in prior Report B60713 as Finding 2022-001.

Condition and Context

Per federal requirements property records must contain the following information about the equipment: description (including serial number or other identification number), source of funding for the property (including the federal award identification number), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property (2 CFR 200.313(d)(1)).

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 Equipment and Real Property Management compliance requirement.

The School Corporation purchased \$243,903 of equipment with Special Education funds. Equipment, totaling \$78,874, was not added to the School Corporation's capital asset record. The School Corporation's capital asset record did not include an allocation or designation of what items were purchased with federal funds. The School Corporation had another system, called Destiny, in place to track special education equipment purchases. This system did include the required federal parameters to satisfy the property record requirements; however, equipment, totaling \$220,149, was not added to this record.

Additionally, one equipment item added to the Destiny system for a stander had discrepancies. It was listed at a purchase price of \$3,059 and an acquisition date of June 23, 2023. The School Corporation's capital asset listed it at \$7,430 with an acquisition date of January 30, 2024.

The lack of effective internal controls and noncompliance were systemic issues throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.313(d)(1) states:

"Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property."

KOKOMO SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

A proper system of internal controls was not designed and implemented by the management of the School Corporation. The School Corporation's policies and procedures for tracking equipment purchased with federal funds was not sufficient and/or properly implemented to ensure all equipment was properly recorded.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, equipment purchased with federal funds for the Special Education program was not accurately recorded. Noncompliance with the grant agreement and the Equipment and Real Property Management compliance requirement could result in the loss of future federal funds to the School Corporation.

Questioned Costs

There were no questioned cost identified.

Recommendation

We recommended that the School Corporation's management establish and properly implement a system of internal controls to ensure compliance with the grant agreement and the Equipment and Real Property Management compliance requirement.

Views of Responsible Officials

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



AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



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Mission Statement

Our mission is to develop global-minded and compassionate lifelong learners for a changing world.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001

Fiscal year in which the finding initially occurred: 2021

Current Audit Period: July 1, 2022 to June 30, 2024

Finding Subject: COVID-19 Education Stabilization Fund-Equipment

Summary of Finding:

The finding stated:

The School Corporation purchased \$438,016 of equipment with COVID-19 - Education Stabilization Fund funds. The equipment was not added to the property record which would include a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, use and condition of the property.

Status of Audit Finding:

Fully corrected and the original corrective action was implemented.

Response Comments:

NA



CORRECTIVE ACTION PLAN

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FINDING 2024-001

**Finding Subject: Special Education (IDEA)-Procurement and Suspension and Debarment
Summary of Finding:**

The school corporation did not maintain records of verifying vendors of goods or services equal to or over \$25,000 had not been suspended, debarred, or otherwise excluded from or ineligible to participation in Federal assistance programs.

It was recommended that the school corporation strengthen internal controls to ensure that all vendors that are paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal program before entering into any covered transactions.

Contact Person Responsible for Corrective Action: Robert McIntire

Contact Phone Number and Email Address: 765-455-8000 rmcintire@kokomo.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The school corporation will develop a system of documenting that all appropriate vendors are checked utilizing SAM.gov before entering into purchases equal to or greater than \$25,000 and on at least an annual basis. Currently, the school corporation identifies vendors who must be checked, the vendor is checked utilizing SAM.gov, the relevant vendor report is printed, the vendor is checked by a second employee and a form documenting that no exclusions were located is filed with all grant materials. This documentation began after the audit period.

Anticipated Completion Date:

This process has already begun and will continue.



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FINDING 2024-002

Finding Subject: Special Education (IDEA)-Equipment

The school corporation did not maintain sufficient property records of equipment purchased with Special Education funds. All equipment was not properly added to records systems and information was entered incorrectly in the records system.

Contact Person Responsible for Corrective Action: Robert McIntire

Contact Phone Number and Email Address: 765-455-8000 rmcintire@kokomo.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The school corporation will retrain grant directors and review all requirements related to Equipment and Property Management.

Anticipated Completion Date:

Retraining of grant directors and all employees related to property management related to grant purchases will be completed by September 1, 2025.

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.