

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

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

COMPLIANCE EXAMINATION REPORT
OF
KNOX COMMUNITY SCHOOL CORPORATION
STARKE COUNTY, INDIANA
July 1, 2022 to June 30, 2024



FILED

04/01/2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

April 1, 2025

To: The Officials of the Knox Community School Corporation
Knox Community School Corporation
Starke County, Indiana

This report is supplemental to the audit report of Knox Community School Corporation (School Corporation), for the period July 1, 2022 to June 30, 2024. It has been provided as a separate report so that the reader may easily identify any findings that pertain to the School Corporation. It should be read in conjunction with the financial statement audit report of the School Corporation, which provides an opinion on the School Corporation's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the School Corporation and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The findings contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the supplemental report of Knox Community School Corporation prepared by Crowe LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2024. In our opinion, the supplemental report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on pages 3 and 4.

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

Tammy R. White, CPA
Deputy State Examiner

COMPLIANCE EXAMINATION OF
KNOX COMMUNITY SCHOOL COPRORATION
Starke County, Indiana
July 1, 2022 through June 30, 2024

KNOX COMMUNITY SCHOOL CORPORATION

Starke County, Indiana
July 1, 2022 through June 30, 2024

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KNOX COMMUNITY SCHOOL CORPORATION
SCHEDULE OF OFFICIALS
July 1, 2022 through June 30, 2024

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kasey Clark	07-01-22 to 06-30-24
Superintendent of Schools	Dr. William Reichhart Gregory Mikulich	07-01-22 to 07-31-23 08-01-23 to 06-30-24
President of the School Board	Gary Dulin Kirk Bennett Jason Downs	01-01-22 to 12-31-22 01-01-23 to 12-31-23 01-01-24 to 12-31-24

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Knox Community School Corporation

We have examined Knox Community School Corporation's ("School Corporation") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* during the period of July 1, 2022 through June 30, 2024. Management of the School Corporation is responsible for the School Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the School Corporation's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the School Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the School Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the School Corporation's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* applicable to the School Corporation during the period of July 1, 2022 through June 30, 2024, as described in items 2024-001 through 2024-002 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the aforementioned requirements during the period of July 1, 2022 through June 30, 2024.


Crowe LLP

Indianapolis, Indiana
March 18, 2025

KNOX COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 through June 30, 2024

FINDING 2024-001: SCHEDULES IN ANNUAL FINANCIAL REPORT – OTHER INFORMATION

Criteria: Indiana Code 5-11-1-4(a) states, "*The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7.*"

Condition: Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The information entered into Gateway contained the following errors:

Schedule of Capital Assets

The School Corporation reported \$66,616,165 in capital assets which did not agree to the underlying capital asset listing which supported a balance of \$63,071,989. The Schedule of Capital Assets reported in the financial statement was revised to reflect the balance supported by underlying records.

Schedule of Leases and Debt

The School Corporation reported two leases with the Knox Middle School Building Corporation in the Schedule of Debt rather than the Schedule of Leases. Adjustments were posted to the other information schedule within the financial statement to report the building corporation lease transaction as leases with annual lease payments and lease beginning and ending dates.

Schedule of Payables and Receivables

The School Corporation reported \$6,000,000 in accounts receivables which did not agree to the outstanding receivable balances for cost reimbursement grants as of June 30, 2024. The Accounts Receivable balance was adjusted to \$286,532 which is the amount of negative fund balances in grant funds as of June 30, 2024.

(Continued)

KNOX COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 through June 30, 2024

FINDING 2024-002: AVERAGE DAILY MEMBERSHIP (ADM) TESTING

Criteria: Indiana Code 5-15-6-3 states: "No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

1. The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
2. The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, must provide a written certification of ADM to properly document responsibility. The certification must at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9).

A similar comment also appeared in prior report B61180.

Condition: During the testing of the brick-and-mortar ADM count, it was noted the School Corporation was unable to provide documentation for proof of residency for 5 of 28 students tested.

KNOX COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE
July 1, 2022 through June 30, 2024

The contents of this report were discussed on March 18, 2025 with Kasey Clark, Treasurer, Gregory Mikulich, Superintendent, and Jason Downs, President of the School Board.