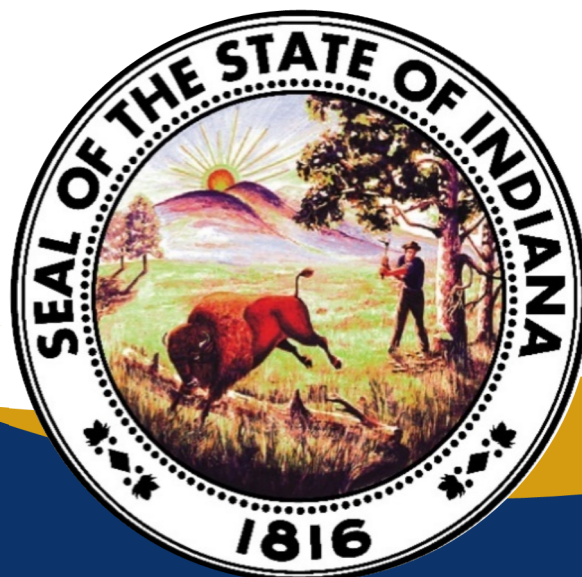


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

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

FINANCIAL STATEMENT AND
FEDERAL COMPLIANCE AUDIT REPORT
OF
NORTH KNOX SCHOOL CORPORATION
KNOX COUNTY, INDIANA
July 1, 2022 to June 30, 2024



FILED

04/02/2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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April 2, 2025

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

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the North Knox School Corporation. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2024. Per the *Independent Auditor's Report*, the financial statement referred to above presents fairly, in all material respects, the cash and investment balances of the School Corporation as of June 30, 2024, and its cash receipts, cash disbursements, and other financing sources (uses) for the period of July 1, 2022 to June 30, 2024, 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 36 through 43. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears on pages 44 through 47.

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

In addition to the report presented herein, a supplemental report for the North Knox School Corporation was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

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

Tammy R. White, CPA
Deputy State Examiner

NORTH KNOX SCHOOL CORPORATION
Knox County, Indiana

FINANCIAL STATEMENT
As of June 30, 2024, and for the
period of July 1, 2022 through June 30, 2024

NORTH KNOX SCHOOL CORPORATION
Knox County, Indiana

FINANCIAL STATEMENT
As of June 30, 2024, and for the
period of July 1, 2022 through June 30, 2024

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NORTH KNOX SCHOOL CORPORATION
SCHEDULE OF OFFICIALS (Unaudited)
For the period of July 1, 2022 through June 30, 2024

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Terri Roesler	07-01-22 to 06-30-24
Superintendent of Schools	Dr. Darrell L. Bobe	07-01-22 to 06-30-24
President of the School Board	Elaine Pepmeier	01-01-22 to 12-31-24

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
North Knox School Corporation
Knox 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 the North Knox School Corporation (the School Corporation) as of June 30, 2024 and for the period of July 1, 2022 through June 30, 2024, 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, 2024, and its cash receipts, cash disbursements, and other financing sources (uses) for the period of July 1, 2022 through June 30, 2024 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 section of our report, 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, 2024, or changes in net position for the period of July 1, 2022 through June 30, 2024.

Basis for Opinion

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 opinion.

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

As discussed in Note 1 to the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

(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 opinion. 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 an opinion 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 is 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 opinion 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 Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2025, 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

Indianapolis, Indiana
March 26, 2025

NORTH KNOX SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
As of June 30, 2024, and for the period of July 1, 2022 through June 30, 2024

<u>Fund</u>	<u>Cash and Investments 07-01-2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Other Financing Sources (Uses)</u>	<u>Cash and Investments 06-30-2023</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Other Financing Sources (Uses)</u>	<u>Cash and Investments 06-30-2024</u>
Education	\$ 2,421,434	\$ 9,742,040	\$ 8,584,504	\$ (696,000)	\$ 2,882,970	\$ 10,031,708	\$ 8,333,274	\$ (696,000)	\$ 3,885,404
Debt Service	727,161	1,506,048	1,609,973	-	623,236	1,509,058	1,556,700	-	575,594
Retirement-Severance Debt Fund	15,398	-	-	-	15,398	-	-	-	15,398
Operations	3,845,444	3,181,678	4,453,625	712,121	3,285,618	3,547,860	4,454,993	706,149	3,084,634
Rainy Day Fund	2,597,847	-	-	-	2,597,847	-	-	-	2,597,847
Retirement - Severance Fund	494,790	-	39,000	-	455,790	-	7,688	-	448,102
School Lunch	401,285	921,991	837,869	-	485,407	837,443	881,966	-	440,884
Textbooks	316,968	191,025	162,835	-	345,158	198,431	31,861	-	511,728
Insurance Fund	11,074,313	1,170,170	591	-	12,243,892	1,863,257	-	-	14,107,149
Knox Co Redev Commission Tif T	770,218	47,000	-	-	817,218	-	-	-	817,218
Special Olympics	-	-	-	-	-	250	250	-	-
2020 Toyota Stem/Cte Edu Grant	12,090	-	12,090	-	-	-	-	-	-
2021 Duke Energy/Stem Resource	3,500	-	3,500	-	-	-	-	-	-
GSH Cossap	3,000	2,000	-	-	5,000	1,000	-	-	6,000
Rebates	54,909	8,211	7,156	-	55,964	10,928	8,185	-	58,707
Educational License Plates	12,707	113	-	-	12,820	94	-	-	12,914
ASAI Grant	229	-	-	-	229	-	-	-	229
Donations	17,354	27,850	23,500	-	21,704	27,302	17	-	48,989
Warrior Bus Donations	43,093	42,000	-	-	85,093	49,725	-	-	134,818
Donations Gifts And Trusts	276,000	-	-	-	276,000	-	40,449	-	235,551
United Way/Duke Nkp Programs	34,300	6,350	5,816	-	34,834	6,350	6,260	-	34,924
Duke Energy - Robotics Grant	366	-	-	-	366	-	-	-	366
Formative Assessment Grant	-	11,715	11,715	-	-	14,622	14,622	-	-
Teacher Quality Improvement Program	-	-	-	-	-	14,920	14,920	-	-
Medicaid Reimbursement	-	13,694	-	-	13,694	18,991	-	-	32,685
Secured School Safety Grant-Sr	(34,812)	39,353	37,839	-	(33,298)	39,353	38,174	-	(32,119)
Alternative Education	-	8,108	8,108	-	-	3,602	3,602	-	-
Early Intervention Grant	3,968	3,729	3,968	-	3,729	-	3,729	-	-
Career And Technical Performance Grant	-	55	-	-	55	55	-	-	110
Performance Based Awards (Tag)	-	45,392	45,392	-	-	44,902	44,902	-	-
High Ability	21,786	25,279	43,352	-	3,713	32,037	33,774	-	1,976
Connectivity/Technology	15,945	4,800	-	-	20,745	8,494	2,539	-	26,700
2019-20 Title I	(18,772)	64,319	45,546	-	1	233,301	253,384	-	(20,082)

(Continued)

NORTH KNOX SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
As of June 30, 2024, and for the period of July 1, 2022 through June 30, 2024

Fund	Cash and Investments 07-01-2022	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-2023	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-2024
2020-21 Title I	\$ -	\$ 240,763	\$ 271,483	\$ -	\$ (30,720)	\$ 86,198	\$ 55,478	\$ -	\$ -
ICTQ Rural Implementation Grant	4,517	30,500	28,601	-	6,416	30,500	26,315	-	10,601
2020-21 Special Education Grant	(21,057)	262,573	241,516	-	-	-	-	-	-
IDEA Special Education Grant	-	-	-	-	-	16,826	50,955	-	(34,129)
2021-22 Special Education Grant	(22,061)	22,061	36,960	-	(36,960)	287,896	250,936	-	-
2023 Student Support Title Iv	-	21,044	21,044	-	-	-	-	-	-
Student Support Title IV	(3,369)	14,314	10,945	-	-	25,260	25,260	-	-
Medicaid Reimbursement-Federal	-	34,095	-	-	34,095	37,217	5,393	-	65,919
2020-21 Title Ii Supporting Eff Instr	-	29,870	36,508	-	(6,638)	22,076	15,438	-	-
2019-20 Title Ii Supporting Effective In	(4,678)	24,241	19,563	-	-	33,851	38,597	-	(4,746)
ARP American Rescue Plan	-	55,508	55,508	-	-	4,443	4,443	-	-
Readi	-	-	-	-	-	24,793	24,793	-	-
ESSER III	(19,165)	254,620	275,854	-	(40,399)	1,165,134	1,368,048	-	(243,313)
ESSER II (2021)	(8,517)	538,963	530,446	-	-	56,447	56,447	-	-
GEERS Grant 2020-2022	(7,360)	10,559	3,199	-	-	-	-	-	-
CARES (2020)	(49,400)	73,317	23,917	-	-	4,581	4,581	-	-
Prepaid Food	9,369	208,236	208,052	-	9,553	222,968	221,937	-	10,584
Federal Tax Fund	(2,529)	573,812	571,283	-	-	559,248	559,248	-	-
Social Security Fund	89	509,003	509,092	-	-	525,210	525,210	-	-
State Tax Fund	(317)	209,566	209,249	-	-	208,281	208,281	-	-
Local County Tax	(147)	97,763	97,616	-	-	109,843	109,843	-	-
PERF Fund	204	20,588	20,792	-	-	27,784	27,784	-	-
Group Insurance Fund	25,126	345,492	370,618	-	-	376,619	369,996	-	6,623
Annuity Fund	-	186,160	186,160	-	-	219,540	219,540	-	-
Garnishment - Court Ordered	-	6,335	6,335	-	-	6,735	6,735	-	-
Section 125-American Fidelity	1,462	71,344	72,806	-	-	74,990	74,990	-	-
Section 125 - Ista	-	4,822	4,822	-	-	4,267	4,267	-	-
United Way Contributions	-	2,205	2,205	-	-	1,250	1,250	-	-
Athletic-Miscellaneous Payroll	(1,251)	24,500	23,249	-	-	27,173	27,173	-	-
Fringe Benefit Fund	42	4,261	4,303	-	-	4,727	4,727	-	-
Totals	\$ 23,011,479	\$ 20,939,435	\$ 19,778,505	\$ 16,121	\$ 24,188,530	\$ 22,657,540	\$ 20,018,954	\$ 10,149	\$ 26,837,265

See notes to financial statement.

NORTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2024, and for the period of
July 1, 2022 through June 30, 2024

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 basis of accounting also requires presentation of certain information as Other Information.

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.

(Continued)

NORTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2024, and for the period of
July 1, 2022 through June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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)

NORTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2024, and for the period of
July 1, 2022 through June 30, 2024

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 Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

The School Corporation held cash deposits with financial institutions that maintained FDIC and PDIF coverages, as applicable. At June 30, 2024, the School Corporation \$10,992,165 held in certificates of deposit.

(Continued)

NORTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2024, and for the period of
July 1, 2022 through June 30, 2024

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 School Corporation established of a self-insurance fund to set aside money for claim settlements. Claims are paid by the third-part administrator. The self-insurance fund had a balance of \$14,107,149 at June 30, 2024. 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 contains 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, 2023, and 2024. These deficits will be repaid from future receipts.

NOTE 7 - HOLDING CORPORATION

The School Corporation has entered into a series of capital leases with the North Knox School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments for the period July 1, 2022 through June 30, 2023 totaled \$1,603,500. Lease payments for the period July 1, 2023 through June 30, 2024 totaled \$1,553,100.

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.

(Continued)

NORTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2024, and for the period of
July 1, 2022 through June 30, 2024

NOTE 8 - PENSION PLANS (Continued)

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.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the 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.

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

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 both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

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.

(Continued)

NORTH KNOX SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2024, and for the period of
July 1, 2022 through June 30, 2024

NOTE 8 - PENSION PLANS (Continued)

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.

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.

OTHER INFORMATION (Unaudited)

NORTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2023

	Education	Debt Service	Retirement- Severance Debt Fund	Operations	Rainy Day Fund	Retirement - Severance Fund	School Lunch	Textbooks	Insurance Fund	Knox Co Redev Commission Tif T	Special Olympics	2020 Toyota Stem/Cte Edu Grant	2021 Duke Energy/Stem Resource
Cash and investments - beginning	\$ 2,421,434	\$ 727,161	\$ 15,398	\$ 3,845,444	\$ 2,597,847	\$ 494,790	\$ 401,285	\$ 316,968	\$ 11,074,313	\$ 770,218	\$ -	\$ 12,090	\$ 3,500
Receipts:													
Local sources	194,124	1,506,048	-	3,161,831	-	-	211,682	138,436	1,170,170	47,000	-	-	-
Intermediate sources	533	-	-	-	-	-	-	-	-	-	-	-	-
State sources	9,547,383	-	-	8,588	-	-	5,659	52,589	-	-	-	-	-
Federal sources	-	-	-	-	-	-	704,650	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	11,259	-	-	-	-	-	-	-	-	-
Total receipts	9,742,040	1,506,048	-	3,181,678	-	-	921,991	191,025	1,170,170	47,000	-	-	-
Disbursements:													
Instruction	6,771,984	-	-	-	-	-	-	-	-	-	-	12,090	3,500
Support services	1,545,996	-	-	3,399,026	-	39,000	-	162,835	-	-	-	-	-
Noninstructional services	266,524	-	-	-	-	-	837,869	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,054,599	-	-	-	-	-	-	-	-	-
Debt services	-	1,609,973	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	591	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	8,584,504	1,609,973	-	4,453,625	-	39,000	837,869	162,835	591	-	-	12,090	3,500
Excess (deficiency) of receipts over disbursements	1,157,536	(103,925)	-	(1,271,947)	-	(39,000)	84,122	28,190	1,169,579	47,000	-	(12,090)	(3,500)
Other financing sources (uses):													
Proceeds of long-term debt	-	-	-	16,121	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	464,000	-	-	1,160,000	-	-	-	-	-	-	-	-	-
Transfers out	(1,160,000)	-	-	(464,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(696,000)	-	-	712,121	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	461,536	(103,925)	-	(559,826)	-	(39,000)	84,122	28,190	1,169,579	47,000	-	(12,090)	(3,500)
Cash and investments - ending	\$ 2,882,970	\$ 623,236	\$ 15,398	\$ 3,285,618	\$ 2,597,847	\$ 455,790	\$ 485,407	\$ 345,158	\$ 12,243,892	\$ 817,218	\$ -	\$ -	\$ -

(Continued)

NORTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2023

	GSH Cossap	Rebates	Educational License Plates	ASAI Grant	Donations	Warrior Bus Donations	Donations Gifts And Trusts	United Way/Duke Nkp Programs	Duke Energy - Robotics Grant	Formative Assessment Grant	Teacher Quality Improvement Program	Medicaid Reimbursement	Secured School Safety Grant-Sr
Cash and investments - beginning	\$ 3,000	\$ 54,909	\$ 12,707	\$ 229	\$ 17,354	\$ 43,093	\$ 276,000	\$ 34,300	\$ 366	\$ -	\$ -	\$ -	\$ (34,812)
Receipts:													
Local sources	2,000	8,211	-	-	27,850	42,000	-	6,350	-	-	-	-	-
Intermediate sources	-	-	113	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	11,715	-	13,694	39,353
Federal sources	-	-	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	2,000	8,211	113	-	27,850	42,000	-	6,350	-	11,715	-	13,694	39,353
Disbursements:													
Instruction	-	876	-	-	1,500	-	-	5,816	-	11,715	-	-	-
Support services	-	6,280	-	-	22,000	-	-	-	-	-	-	-	37,839
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	7,156	-	-	23,500	-	-	5,816	-	11,715	-	-	37,839
Excess (deficiency) of receipts over disbursements	2,000	1,055	113	-	4,350	42,000	-	534	-	-	-	13,694	1,514
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	2,000	1,055	113	-	4,350	42,000	-	534	-	-	-	13,694	1,514
Cash and investments - ending	\$ 5,000	\$ 55,964	\$ 12,820	\$ 229	\$ 21,704	\$ 85,093	\$ 276,000	\$ 34,834	\$ 366	\$ -	\$ -	\$ 13,694	\$ (33,298)

(Continued)

NORTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2023

	Alternative Education	Early Intervention Grant	Career And Technical Performance Grant	Performance Based Awards (Tag)	High Ability	Connectivity/ Technology	2019-20 Title I	2020-21 Title I	ICTQ Rural Implementation Grant	2020-21 Special Education Gran	IDEA Special Education Grant	2021-22 Special Education Grant	2023 Student Support Title Iv
Cash and investments - beginning	\$ -	\$ 3,968	\$ -	\$ -	\$ 21,786	\$ 15,945	\$ (18,772)	\$ -	\$ 4,517	\$ (21,057)	\$ -	\$ (22,061)	\$ -
Receipts:													
Local sources	-	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-	-
State sources	8,108	3,729	55	45,392	25,279	4,800	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	64,319	240,763	30,500	262,573	-	22,061	21,044
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	8,108	3,729	55	45,392	25,279	4,800	64,319	240,763	30,500	262,573	-	22,061	21,044
Disbursements:													
Instruction	8,108	3,968	-	45,392	43,352	-	45,546	271,483	25,191	241,516	-	36,960	-
Support services	-	-	-	-	-	-	-	-	3,410	-	-	-	21,044
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	8,108	3,968	-	45,392	43,352	-	45,546	271,483	28,601	241,516	-	36,960	21,044
Excess (deficiency) of receipts over disbursements	-	(239)	55	-	(18,073)	4,800	18,773	(30,720)	1,899	21,057	-	(14,899)	-
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	-	(239)	55	-	(18,073)	4,800	18,773	(30,720)	1,899	21,057	-	(14,899)	-
Cash and investments - ending	\$ -	\$ 3,729	\$ 55	\$ -	\$ 3,713	\$ 20,745	\$ 1	\$ (30,720)	\$ 6,416	\$ -	\$ -	\$ (36,960)	\$ -

(Continued)

NORTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2023

	Student Support	Medicaid Reimbursement-Federal	2020-21 Title li Supporting Eff Instr	2019-20 Title li Supporting Effective In	ARP American Rescue Plan	Readi	ESSER III	ESSER II (2021)	GEERS Grant 2020-2022	CARES (2020)	Prepaid Food	Federal Tax Fund	Social Security Fund
Cash and investments - beginning	\$ (3,369)	\$ -	\$ -	\$ (4,678)	\$ -	\$ -	\$ (19,165)	\$ (8,517)	\$ (7,360)	\$ (49,400)	\$ 9,369	\$ (2,529)	\$ 89
Receipts:													
Local sources	-	-	-	-	-	-	-	-	-	-	208,236	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal sources	14,314	34,095	29,870	24,241	55,508	-	254,620	538,963	10,559	73,317	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	573,812	509,003
Total receipts	14,314	34,095	29,870	24,241	55,508	-	254,620	538,963	10,559	73,317	208,236	573,812	509,003
Disbursements:													
Instruction	-	-	36,508	19,563	14,350	-	107,554	709	-	-	-	-	-
Support services	10,945	-	-	-	41,158	-	106,298	406,728	3,199	23,917	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	208,052	-	-
Facilities acquisition and construction	-	-	-	-	-	-	62,002	123,009	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	571,283	509,092
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,945	-	36,508	19,563	55,508	-	275,854	530,446	3,199	23,917	208,052	571,283	509,092
Excess (deficiency) of receipts over disbursements	3,369	34,095	(6,638)	4,678	-	-	(21,234)	8,517	7,360	49,400	184	2,529	(89)
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	3,369	34,095	(6,638)	4,678	-	-	(21,234)	8,517	7,360	49,400	184	2,529	(89)
Cash and investments - ending	\$ -	\$ 34,095	\$ (6,638)	\$ -	\$ -	\$ -	\$ (40,399)	\$ -	\$ -	\$ -	\$ 9,553	\$ -	\$ -

(Continued)

NORTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2023

	State Tax Fund	Local County Tax	PERF Fund	Group Insurance Fund	Annuity Fund	Garnishment - Court Ordered	Section 125- American Fidelity	Section 125 - Ista	United Way Contributions	Athletic- Miscellaneous Payroll	Fringe Benefit Fund	Totals
Cash and investments - beginning	\$ (317)	\$ (147)	\$ 204	\$ 25,126	\$ -	\$ -	\$ 1,462	\$ -	\$ -	\$ (1,251)	\$ 42	\$ 23,011,479
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	6,723,938
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	646
State sources	-	-	-	-	-	-	-	-	-	-	-	9,766,344
Federal sources	-	-	-	-	-	-	-	-	-	-	-	2,381,397
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	209,566	97,763	20,588	345,492	186,160	6,335	71,344	4,822	2,205	24,500	4,261	2,067,110
Total receipts	209,566	97,763	20,588	345,492	186,160	6,335	71,344	4,822	2,205	24,500	4,261	20,939,435
Disbursements:												
Instruction	-	-	-	-	-	-	-	-	-	-	-	7,707,681
Support services	-	-	-	-	-	-	-	-	-	-	-	5,829,675
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	1,312,445
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	1,239,610
Debt services	-	-	-	-	-	-	-	-	-	-	-	1,609,973
Nonprogrammed charges	209,249	97,616	20,792	370,618	186,160	6,335	72,806	4,822	2,205	23,249	4,303	2,079,121
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	209,249	97,616	20,792	370,618	186,160	6,335	72,806	4,822	2,205	23,249	4,303	19,778,505
Excess (deficiency) of receipts over disbursements	317	147	(204)	(25,126)	-	-	(1,462)	-	-	1,251	(42)	1,160,930
Other financing sources (uses):												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	16,121
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	1,624,000
Transfers out	-	-	-	-	-	-	-	-	-	-	-	(1,624,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	16,121
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	317	147	(204)	(25,126)	-	-	(1,462)	-	-	1,251	(42)	1,177,051
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,188,530

NORTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2024

	Education	Debt Service	Retirement- Severance Debt Fund	Operations	Rainy Day Fund	Retirement - Severance Fund	School Lunch	Textbooks	Insurance Fund	Knox Co Redev Commission Tif T	Special Olympics	2020 Toyota Stem/Cte Edu Grant	2021 Duke Energy/Stem Resource
Cash and investments - beginning	\$ 2,882,970	\$ 623,236	\$ 15,398	\$ 3,285,618	\$ 2,597,847	\$ 455,790	\$ 485,407	\$ 345,158	\$ 12,243,892	\$ 817,218	\$ -	\$ -	\$ -
Receipts:													
Local sources	189,966	1,509,058	-	3,398,747	-	-	228,233	8,574	1,863,257	-	250	-	-
Intermediate sources	1,065	-	-	-	-	-	-	-	-	-	-	-	-
State sources	9,840,677	-	-	-	-	-	5,185	189,857	-	-	-	-	-
Federal sources	-	-	-	-	-	-	604,025	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	149,113	-	-	-	-	-	-	-	-	-
Total receipts	10,031,708	1,509,058	-	3,547,860	-	-	837,443	198,431	1,863,257	-	250	-	-
Disbursements:													
Instruction	6,452,092	-	-	-	-	-	-	-	-	-	250	-	-
Support services	1,606,128	-	-	3,815,768	-	7,688	-	31,861	-	-	-	-	-
Noninstructional services	275,054	-	-	-	-	-	881,966	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	639,225	-	-	-	-	-	-	-	-	-
Debt services	-	1,556,700	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	8,333,274	1,556,700	-	4,454,993	-	7,688	881,966	31,861	-	-	250	-	-
Excess (deficiency) of receipts over disbursements	1,698,434	(47,642)	-	(907,133)	-	(7,688)	(44,523)	166,570	1,863,257	-	-	-	-
Other financing sources (uses):													
Proceeds of long-term debt	-	-	-	10,149	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	116,000	-	-	812,000	-	-	-	-	-	-	-	-	-
Transfers out	(812,000)	-	-	(116,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(696,000)	-	-	706,149	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,002,434	(47,642)	-	(200,984)	-	(7,688)	(44,523)	166,570	1,863,257	-	-	-	-
Cash and investments - ending	\$ 3,885,404	\$ 575,594	\$ 15,398	\$ 3,084,634	\$ 2,597,847	\$ 448,102	\$ 440,884	\$ 511,728	\$ 14,107,149	\$ 817,218	\$ -	\$ -	\$ -

(Continued)

NORTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2024

	GSH Cossap	Rebates	Educational License Plates	ASAI Grant	Donations	Warrior Bus Donations	Donations Gifts And Trusts	United Way/Duke Nkp Programs	Duke Energy - Robotics Grant	Formative Assessment Grant	Teacher Quality Improvement Program	Medicaid Reimbursement
Cash and investments - beginning	\$ 5,000	\$ 55,964	\$ 12,820	\$ 229	\$ 21,704	\$ 85,093	\$ 276,000	\$ 34,834	\$ 366	\$ -	\$ -	\$ 13,694
Receipts:												
Local sources	1,000	10,928	-	-	27,302	49,725	-	6,350	-	-	-	-
Intermediate sources	-	-	94	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	14,622	14,920	18,991
Federal sources	-	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	1,000	10,928	94	-	27,302	49,725	-	6,350	-	14,622	14,920	18,991
Disbursements:												
Instruction	-	854	-	-	-	-	-	6,260	-	14,622	14,920	-
Support services	-	7,331	-	-	17	-	40,449	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	8,185	-	-	17	-	40,449	6,260	-	14,622	14,920	-
Excess (deficiency) of receipts over disbursements	1,000	2,743	94	-	27,285	49,725	(40,449)	90	-	-	-	18,991
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	1,000	2,743	94	-	27,285	49,725	(40,449)	90	-	-	-	18,991
Cash and investments - ending	\$ 6,000	\$ 58,707	\$ 12,914	\$ 229	\$ 48,989	\$ 134,818	\$ 235,551	\$ 34,924	\$ 366	\$ -	\$ -	\$ 32,685

(Continued)

NORTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2024

	Secured School Safety Grant-Sr	Alternative Education	Early Intervention Grant	Career And Technical Performance Grant	Performance Based Awards (Tag)	High Ability	Connectivity/ Technology	2019-20 Title I	2020-21 Title I	ICTQ Rural Implementation Grant	2020-21 Special Education Gran	IDEA Special Education Grant	2021-22 Special Education Grant
Cash and investments - beginning	\$ (33,298)	\$ -	\$ 3,729	\$ 55	\$ -	\$ 3,713	\$ 20,745	\$ 1	\$ (30,720)	\$ 6,416	\$ -	\$ -	\$ (36,960)
Receipts:													
Local sources	-	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-	-
State sources	39,353	3,602	-	55	44,902	32,037	8,494	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	233,301	86,198	30,500	-	16,826	287,896
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	39,353	3,602	-	55	44,902	32,037	8,494	233,301	86,198	30,500	-	16,826	287,896
Disbursements:													
Instruction	-	3,602	3,729	-	44,902	33,774	-	252,609	55,478	25,914	-	50,955	250,936
Support services	38,174	-	-	-	-	-	2,539	775	-	401	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	38,174	3,602	3,729	-	44,902	33,774	2,539	253,384	55,478	26,315	-	50,955	250,936
Excess (deficiency) of receipts over disbursements	1,179	-	(3,729)	55	-	(1,737)	5,955	(20,083)	30,720	4,185	-	(34,129)	36,960
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	1,179	-	(3,729)	55	-	(1,737)	5,955	(20,083)	30,720	4,185	-	(34,129)	36,960
Cash and investments - ending	\$ (32,119)	\$ -	\$ -	\$ 110	\$ -	\$ 1,976	\$ 26,700	\$ (20,082)	\$ -	\$ 10,601	\$ -	\$ (34,129)	\$ -

(Continued)

NORTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2024

	2023 Student Support Title Iv	Student Support Title IV	Medicaid Reimbursement- Federal	2020-21 Title I Supporting Eff Instr	2019-20 Title I Supporting Effective In	ARP American Rescue Plan	Readi	ESSER III	ESSER II (2021)	GEERS Grant 2020-2022	CARES (2020)	Prepaid Food	Federal Tax Fund
Cash and investments - beginning	\$ -	\$ -	\$ 34,095	\$ (6,638)	\$ -	\$ -	\$ -	\$ (40,399)	\$ -	\$ -	\$ -	\$ 9,553	\$ -
Receipts:													
Local sources	-	-	-	-	-	-	-	-	-	-	-	222,968	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	25,260	37,217	22,076	33,851	4,443	24,793	1,165,134	56,447	-	4,581	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	559,248
Total receipts	-	25,260	37,217	22,076	33,851	4,443	24,793	1,165,134	56,447	-	4,581	222,968	559,248
Disbursements:													
Instruction	-	-	-	15,438	38,597	4,443	-	52,323	-	-	-	-	-
Support services	-	25,260	5,393	-	-	-	24,793	379,679	56,447	-	4,581	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	221,937	-
Facilities acquisition and construction	-	-	-	-	-	-	-	936,046	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-	559,248
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	25,260	5,393	15,438	38,597	4,443	24,793	1,368,048	56,447	-	4,581	221,937	559,248
Excess (deficiency) of receipts over disbursements	-	-	31,824	6,638	(4,746)	-	-	(202,914)	-	-	-	1,031	-
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	-	-	31,824	6,638	(4,746)	-	-	(202,914)	-	-	-	1,031	-
Cash and investments - ending	\$ -	\$ -	\$ 65,919	\$ -	\$ (4,746)	\$ -	\$ -	\$ (243,313)	\$ -	\$ -	\$ -	\$ 10,584	\$ -

(Continued)

NORTH KNOX SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2024

	Social Security Fund	State Tax Fund	Local County Tax	PERF Fund	Group Insurance Fund	Annuity Fund	Garnishment - Court Ordered	Section 125- American Fidelity	Section 125 - Ista	United Way Contributions	Athletic- Miscellaneous Payroll	Fringe Benefit Fund	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,188,530
Receipts:													
Local sources	-	-	-	-	-	-	-	-	-	-	-	-	7,516,358
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-	1,159
State sources	-	-	-	-	-	-	-	-	-	-	-	-	10,212,695
Federal sources	-	-	-	-	-	-	-	-	-	-	-	-	2,632,548
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	525,210	208,281	109,843	27,784	376,619	219,540	6,735	74,990	4,267	1,250	27,173	4,727	2,294,780
Total receipts	525,210	208,281	109,843	27,784	376,619	219,540	6,735	74,990	4,267	1,250	27,173	4,727	22,657,540
Disbursements:													
Instruction	-	-	-	-	-	-	-	-	-	-	-	-	7,321,698
Support services	-	-	-	-	-	-	-	-	-	-	-	-	6,047,284
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-	1,378,957
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-	1,575,271
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	1,556,700
Nonprogrammed charges	525,210	208,281	109,843	27,784	369,996	219,540	6,735	74,990	4,267	1,250	27,173	4,727	2,139,044
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	525,210	208,281	109,843	27,784	369,996	219,540	6,735	74,990	4,267	1,250	27,173	4,727	20,018,954
Excess (deficiency) of receipts over disbursements	-	-	-	-	6,623	-	-	-	-	-	-	-	2,638,586
Other financing sources (uses):													
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	10,149
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	928,000
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	(928,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-	10,149
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	6,623	-	-	-	-	-	-	-	2,648,735
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 6,623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,837,265

NORTH KNOX SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2024

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 416,459	\$ 334,393

NORTH KNOX SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2024

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities:				
North Knox School Building Corporation	QZAB 5-School Renovations	\$ 169,500	6/30/2013	12/31/2026
North Knox School Building Corporation	2019 Bond-Renovations	317,500	5/1/2019	12/31/2038
North Knox School Building Corporation	2020 Bond-Renovations	628,000	5/21/2020	12/31/2033
North Knox School Building Corporation	First Mortgage Bonds-Construction of Gym and Renovations to NK Jr. Sr. HS	450,500	9/18/2013	12/31/2028
Total governmental activities		1,565,500		
Total of annual lease payments		\$ 1,565,500		

NORTH KNOX SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2024

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	\$ 337,729
Buildings	22,130,543
Improvements other than buildings	647,003
Machinery, equipment, and vehicles	<u>3,725,840</u>
Total governmental activities	<u>26,841,115</u>
Total capital assets	<u>\$ 26,841,115</u>

NORTH KNOX SCHOOL CORPORATION
STATE REPORTING INFORMATION
July 1, 2022 - June 30, 2024

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.

NORTH KNOX SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the period of July 1, 2022 through June 30, 2024

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 06-30-23	Total Federal Awards Expended 06-30-24	Total Federal Awards Expended 07-01-22 to 06-30-24
<u>Department of Agriculture</u>						
Child Nutrition Cluster	Indiana Department of Education					
School Breakfast Program		10.553	FY 22-23, FY 23-24	\$ 155,982	\$ 145,491	\$ 301,473
National School Lunch Program		10.555	FY 22-23, FY 23-24	479,335	417,638	896,973
Supply Chain Assistance Funds		10.555	FY 22-23, FY 23-24	68,705	40,896	109,601
Commodities		10.555	FY 22-23, FY 23-24	<u>52,650</u>	<u>63,751</u>	<u>116,401</u>
Total - Child Nutrition Cluster				<u>756,672</u>	<u>667,776</u>	<u>1,424,448</u>
Pandemic EBT Administrative Costs	Indiana Department of Education					
School Lunch P-EBT		10.649	FY 22-23	<u>628</u>	<u>-</u>	<u>628</u>
Total - Department of Agriculture				<u>757,300</u>	<u>667,776</u>	<u>1,425,076</u>
<u>Department of Education</u>						
Special Education Cluster (IDEA)						
Special Education Grants to States	Indiana Department of Education					
IDEA, Part B		84.027A	21611-032-PN01	29,667	-	29,667
COVID-19 - Supplemental Funding - IDEA, Part B		84.027X	22611-032-ARP	66,283	26,443	92,726
IDEA, Part B		84.027A	22611-032-PN01	296,401	26,565	322,966
IDEA, Part B		84.027A	23611-032-PN01	-	343,143	343,143
IDEA, Part B		84.027A	24611-032-PN01	<u>-</u>	<u>16,826</u>	<u>16,826</u>
Total - Special Education Grants to States				<u>392,351</u>	<u>412,977</u>	<u>805,328</u>
Special Education Preschool Grants	Indiana Department of Education					
COVID-19 - Supplemental Funding - IDEA, Preschool		84.173X	22619-032-ARP	2,275	136	2,411
Special Ed Preschool		84.173A	22619-032-PN01	13,731	6,657	20,388
Special Ed Preschool		84.173A	21619-032-PN01	<u>7,151</u>	<u>15,378</u>	<u>22,529</u>
Total - Special Education Preschool Grants				<u>23,157</u>	<u>22,171</u>	<u>45,328</u>
Total - Special Education Cluster(IDEA)				<u>415,508</u>	<u>435,148</u>	<u>850,656</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education					
Title I, Part A		84.010A	S010A210014	64,319	-	64,319
Title I, Part A		84.010A	S010A220014	240,763	86,198	326,961
Title I, Part A		84.010A	S010A230014	<u>-</u>	<u>233,301</u>	<u>233,301</u>
Total - Title I Grants to Local Educational Agencies				<u>305,082</u>	<u>319,499</u>	<u>624,581</u>

(Continued)

NORTH KNOX SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the period of July 1, 2022 through June 30, 2024

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 06-30-23	Total Federal Awards Expended 06-30-24	Total Federal Awards Expended 07-01-22 to 06-30-24
Special Education - State Personnel Development 2021-22 ICTQ	Indiana University	84.323	S10872736	\$ 30,500	\$ 30,500	\$ 61,000
Total - Special Education - State Personnel Development				<u>30,500</u>	<u>30,500</u>	<u>61,000</u>
Supporting Effective Instruction State Grants Title II, Part A	Indiana Department of Education	84.367A	S67A210013	24,241	-	24,241
Title II, Part A		84.367A	S67A220013	29,870	22,076	51,946
Title II, Part A		84.367A	S67A230013	-	33,851	33,851
Total - Supporting Effective Instruction State Grants				<u>54,111</u>	<u>55,927</u>	<u>110,038</u>
Student Support and Academic Enrichment Program Title IV, Part A	Indiana Department of Education	84.424	S424A210015	14,314	-	14,314
Title IV, Part A		84.424	S424A220015	21,044	-	21,044
Title IV, Part A		84.424	S424A230015	-	25,260	25,260
Total - Student Support and Academic Enrichment Program				<u>35,358</u>	<u>25,260</u>	<u>60,618</u>
COVID-19 - Education Stabilization Fund Governor's Emergency Education Relief Fund (GEER)	Indiana Department of Education	84.425C	S425C200018	10,559	-	10,559
Elementary and Secondary School Emergency Relief (ESSER I) Fund		84.425D	S425D200013	73,317	4,581	77,898
Elementary and Secondary School Emergency Relief (ESSER II) Fund		84.425D	S425D210013	538,963	56,447	595,410
America Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund (ESSER III)		84.425U	S425U210013	254,620	1,165,134	1,419,754
Total - COVID-19 - Education Stabilization Fund				<u>877,459</u>	<u>1,226,162</u>	<u>2,103,621</u>
Total - Department of Education				<u>1,718,018</u>	<u>2,092,496</u>	<u>3,810,514</u>
<u>Department of Health and Human Services</u>						
Medicaid Cluster Medical Assistance Program	Family and Social Services Administration	93.778	FY 22-23, FY 23-24	34,095	37,217	71,312
Total - Department of Health and Human Services				<u>34,095</u>	<u>37,217</u>	<u>71,312</u>
Total federal awards expended				<u>\$ 2,509,413</u>	<u>\$ 2,797,489</u>	<u>\$ 5,306,902</u>

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

NORTH KNOX SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the period of July 1, 2022 through June 30, 2024

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, 2022 through June 30, 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 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 of July 1, 2022 through June 30, 2024.

NOTE 4 - NON-CASH PROGRAMS (COMMODITIES)

Commodities donated to the School Corporation by the U.S. Department of Agriculture (USDA) of \$116,401 are valued based on the USA's donated commodity price list. These are shown as part of the National School Lunch Program (10.555).

NOTE 5 - SPECIAL EDUCATION COOPERATIVE (ALN: 84.027, 84.173)

The School Corporation is a member of the Knox County 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
North Knox School Corporation
Knox 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 the North Knox 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, 2024 and for the period July 1, 2022 through 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 March 26, 2025.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be a material weaknesses.

(Continued)

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*.

The School Corporation's Response 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 costs. 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 26, 2025

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

Those Charged with Governance
North Knox School Corporation
Knox County, Indiana

Report on Compliance for Each Major Federal Program

Qualified Opinion on Each Major Federal Program

We have audited North Knox School Corporation's (School Corporation)'s 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 each of School Corporation's major federal programs for the period of July 1, 2022 through June 30, 2024. 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.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2022 through June 30, 2024.

Basis for Qualified Opinion on Each 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 programs. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on COVID-19 – Education Stabilization Fund

As described in the accompanying schedule of findings and questioned costs, the School Corporation did not comply with requirements regarding Assistance Listing Numbers 84.425D and 84.425U, COVID-19 – Education Stabilization Fund, as described in finding number 2024-003 for Special Tests and Provisions – Wage Rate Requirements. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

(Continued)

Matter Giving Rise to Qualified Opinion on Child Nutrition Cluster

As described in the accompanying schedule of findings and questioned costs, the School Corporation did not comply with requirements regarding Assistance Listing Numbers 10.553 and 10.555, Child Nutrition Cluster, as described in finding number 2024-004 for Eligibility. Compliance with such requirements 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 the major federal programs 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.

Other 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 was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

(Continued)

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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-003 and 2024-004 to be material weaknesses.

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 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 requires 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 School Corporation is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The School Corporation's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

Indianapolis, Indiana
March 26, 2025

NORTH KNOX SCHOOL CORPORATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 July 1, 2022 through June 30, 2024

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?	_____	Yes	<u> X </u>	None Reported

Noncompliance material to financial statement noted?	_____	Yes	<u> X </u>	No
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> X </u>	Yes	_____	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: COVID-19 – Education Stabilization Fund: Qualified
Child Nutrition Cluster: Qualified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	<u> X </u>	Yes	_____	No
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Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.425C, 84.425D, 84.425U	COVID-19 - Education Stabilization Fund

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

Auditee qualified as low-risk auditee?	_____	Yes	<u> X </u>	No
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(Continued)

NORTH KNOX SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2022 through June 30, 2024

Section II – Financial Statement Findings

FINDING 2024-001

Subject: Preparation of the Annual Financial Report
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. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, ..."

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

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

(Continued)

NORTH KNOX SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2022 through June 30, 2024

Section II – Financial Statement Findings (Continued)

FINDING 2024-001 (Continued)

Context: The AFR entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and investment Balances – Regulatory Basis (the financial statement). The AFR was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following errors in the financial statement:

- 1) The School Corporation had not updated the FY2023 AFR beginning and ending cash balances nor the gross receipts and disbursements transaction related to textbook rentals tracked outside the funds ledger. Beginning cash was understated by \$8,035, receipts understated by \$88,886, disbursements understated by \$98,819 and ending cash understated by \$7,933.
- 2) During FY2024, the School Corporation transferred the textbook rental funds to the funds ledger to comply with new state statute. However, as the textbook rental funds were already included in the beginning AFR balances, the School Corporation should have backed out the \$345,158 funds transfer from the 2024 fund activity.

The errors above are the result of the School Corporation improperly reporting the transfer activity between bank accounts in the bank transfer fund on the AFR. Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement to correct the issues noted above.

Effect: Without a proper system of internal control in place that operated effectively, material misstatements of the financial statement remained undetected. The financial statement contained the errors identified in the Context section.

Identification as a repeat finding, if applicable: No.

Recommendation: We recommended that the School Corporation's management establish a formal review over the AFR financial statement submission to ensure amounts reported are accurate and agree to underlying fund ledgers. The School Corporation should establish a documented, secondary review to ensure the amounts reported on the financial statement agree to the supporting fund ledger detail.

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

FINDING 2024-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
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:

(Continued)

NORTH KNOX SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2022 through June 30, 2024

Section II – Financial Statement Findings (Continued)

FINDING 2024-002 (Continued)

"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. . . ."

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 assistance listing number (ALN) or other identifying number when the ALN 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.

(Continued)

NORTH KNOX SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2022 through June 30, 2024

Section II – Financial Statement Findings (Continued)

FINDING 2024-002 (Continued)

(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.

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 overstatement on the SEFA of \$588,536 for the period July 1, 2022, through June 30, 2024:

- The Child Nutrition Cluster (10.553, 10.555) expenditures were overstated by \$11,571
- Special Education Cluster (84.027A, 84.027X, 84.173A, 84.173X) was overstated by \$576,791

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 Context section.

Identification as a repeat finding, if applicable: No.

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.

(Continued)

NORTH KNOX SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2022 through June 30, 2024

Section III – Federal Award Findings and Questioned Costs

FINDING 2024-003

Information on the federal program:

Subject: Education Stabilization Fund – Special Tests and Provisions - Wage Rate Requirements
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listing Number: 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425D210013, S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements
Audit Findings: Material Weakness, Material Noncompliance, Qualified Opinion

Criteria: 2 CFR section 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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). . . ."

29 CFR 5.5 states in part:

(1) Minimum wages.

(i) All laborers and mechanics employed or working upon the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the

Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics...

3)(ii)(A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the (write in name of appropriate federal agency) if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the (write in name of agency).

2 CFR 200 Appendix II states in part:

In addition to other provisions required by the Federal agency or non-Federal entity; all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable. . . .

(Continued)

NORTH KNOX SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2022 through June 30, 2024

Section III – Federal Award Findings and Questioned Costs (Continued)

FINDING 2024-003 (Continued)

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. . . .”

Condition: An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions – Wage Rate Requirements compliance requirements.

Cause: The School Corporation's management had not developed a system of internal controls to ensure compliance with eligibility requirements.

Effect: The failure to design and implement an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Special Tests and Provisions – Wage Rate Requirements compliance requirement could result in the loss of future federal funds to the School Corporation.

Questioned Costs: There were no questioned costs identified.

Context: The School Corporation had five construction and improvement projects which were funded with ESSER II (84.425D) and ESSER III (84.425U) grant awards. For 1 of 2 contracts selected for testing, the School Corporation did not include the Davis-Bacon wage rate requirements in the vendor contract. For this same vendor contract for floor replacement in a junior/senior high school, the School Corporation did not obtain the weekly payroll report certification from the construction vendor to monitor compliance with Davis-Bacon wage rate requirements. Therefore, no review was performed to ensure that pay rates complied with the federal wage rate requirements for this project. The total project cost disbursed for the flooring project during the audit period was \$342,822 which included materials and labor. Total contract expenditures subject to Davis-Bacon wage rate requirements, including material and labor, during the audit period were \$1,386,275.

Identification as a repeat finding, if applicable: No.

Recommendation: We recommend the School Corporation implement a formal process to ensure contracts for construction or labor installation funded by federal awards include a clause for Davis-Bacon federal wage rate requirements. The School Corporation should also implement a formal procedure to ensure required weekly payroll reports certifications are collected and reviewed by School Corporation personnel for federal funded projects requiring labor installation to ensure compliance with federal wage rate requirements.

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

(Continued)

NORTH KNOX SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2022 through June 30, 2024

Section III – Federal Award Findings and Questioned Costs (Continued)

FINDING 2024-004

Information on the federal program:

Subject: Child Nutrition Cluster - Internal Controls
Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
Assistance Listing Number: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY2023, FY2024
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Material Weakness, Material Noncompliance, Qualified Opinion

Criteria: 2 CFR section 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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). . . ."

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

Cause: The School Corporation's management had not developed a system of internal controls to ensure compliance with eligibility requirements.

Effect: The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs: There were no known questioned costs identified.

Context: During the testing of internal controls over eligibility determinations via the application process and related compliance, we noted the School Corporation was not able to provide the application or any documentation to support the eligibility status for 6 out of the 8 applicant students selected for tested for the 2022-2023 school year. There were no issues identified for students selected for testing whose eligibility was directly certified.

Additionally, for the 2023-2024 school year, for 2 out of 30 students selected for the testing, the income eligibility determinations were not properly implemented. One student was determined to be eligible for "Free" meals per their free/reduced application but, the School Corporation incorrectly entered the eligibility as "Reduced" within the food service software. Another student was eligible for "Reduced" benefits per the direct certified download file but was entered into the food service software as eligible for "Free" benefits.

(Continued)

NORTH KNOX SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2022 through June 30, 2024

Section III – Federal Award Findings and Questioned Costs (Continued)

FINDING 2024-004 (Continued)

Identification as a repeat finding, if applicable: No.

Recommendation: We recommend that the School Corporation's management strengthen their internal control process to ensure retention of documentation that supports eligibility determination, particular for the determinations completed through the application process. We also recommend management perform a secondary review of income eligibility determinations entered into the food service software to ensure accurate statuses are entered.

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

NORTH KNOX SCHOOL CORPORATION

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CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS

June 30, 2024

FINDING 2024-001

Subject: Preparation of the Annual Financial Report
Audit Findings: Material Weakness

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

The AFR entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and investment Balances – Regulatory Basis (the financial statement). The AFR was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following errors in the financial statement:

- 1) The School Corporation had not updated the FY2023 AFR beginning and ending cash balances nor the gross receipts and disbursements transaction related to textbook rentals tracked outside the funds ledger. Beginning cash was understated by \$8,035, receipts understated by \$88,886, disbursements understated by \$98,819 and ending cash understated by \$7,933.
- 2) During FY2024, the School Corporation transferred the textbook rental funds to the funds ledger to comply with new state statute. However, as the textbook rental funds were already included in the beginning AFR balances, the School Corporation should have backed out the \$345,158 funds transfer from the 2024 fund activity.

The errors above are the result of the School Corporation improperly reporting the transfer activity between bank accounts in the bank transfer fund on the AFR. Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement to correct the issues noted above.

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Moving forward, the corporation will take more time in understanding and completing the Annual AFR report. This will ensure that the proper Information will be entered. We will also be implementing a process in which the document will be understood and a documented review by another member of the corporation staff, will occur before submission. Also, the underlying cause of the error in the current year has been resolved with the text book rental transaction now being tracked within the corporation's fund ledger.

Responsible Party for Corrective Action: Terri Roesler, Treasurer, will oversee the corrective action plan.

Timeline for Completion: Immediately.

FINDING 2024-002

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

Condition and Context: 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).

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 overstatement on the SEFA of \$588,536 for the period July 1, 2022, through June 30, 2024:

- The Child Nutrition Cluster (10.553, 10.555) expenditures were overstated by \$11,571
- The Special Education Cluster (84.027A, 84.027X, 84.173A, 84.173X) was overstated by \$576,791

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: Moving forward, the corporation will take more time in understanding and completing the Annual SEFA report. This will ensure that the proper Information will be entered. We will also be implementing a process in which the document will be understood and a documented review by another member of the corporation staff, will occur before submission.

Responsible Party for Corrective Action: Terri Roesler, Treasurer will oversee the corrective action plan.

Timeline for Completion: Immediately.

FINDING 2024-003

Information on the federal program:

Subject: Education Stabilization Fund – Special Tests and Provisions - Wage Rate Requirements Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listing Number: 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425D210013, S425U210013 Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements
Audit Findings: Material Weakness, Material Noncompliance, Qualified Opinion

Condition and Context: An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions – Wage Rate Requirements compliance requirements.

The School Corporation had five construction and improvement projects which were funded with ESSER II (84.425D) and ESSER III (84.425U) grant awards. For 1 of 2 contracts selected for testing, the School

Corporation did not include the Davis-Bacon wage rate requirements in the vendor contract. For this same vendor contract for floor replacement in a junior/senior high school, the School Corporation did not obtain the weekly payroll report certification from the construction vendor to monitor compliance with Davis-Bacon wage rate requirements. Therefore, no review was performed to ensure that pay rates complied with the federal wage rate requirements for this project. The total project cost disbursed for the flooring project during the audit period was \$342,822 which included materials and labor. Total contract expenditures subject to Davis-Bacon wage rate requirements, including material and labor, during the audit period were \$1,386,275.

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: North Knox School Corporation will comply with the Davis-Bacon wage rate requirements in all future projects using federal funds.

Responsible Party for Corrective Action: Darrel Bobe, Superintendent, and Terri Roesler, Treasurer, will oversee the corrective action plan.

Timeline for Completion: Immediately.

FINDING 2024-004

Information on the federal program:

Subject: Child Nutrition Cluster - Internal Controls
Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
Assistance Listing Number: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY2023, FY2024
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Material Weakness, Material Noncompliance, Qualified Opinion

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

During the testing of internal controls over eligibility determinations via the application process and related compliance, we noted the School Corporation was not able to provide the application or any documentation to support the eligibility status for 6 out of the 8 applicant students selected for tested for the 2022-2023 school year. There were no issues identified for students selected for testing whose eligibility was directly certified.

Additionally, for the 2023-2024 school year, for 2 out of 30 students selected for the testing, the income eligibility determinations were not properly implemented. One student was determined to be eligible for "Free" meals per their free/reduced application but, the School Corporation incorrectly entered the eligibility as "Reduced" within the food service software. Another student was eligible for "Reduced" benefits per the direct certified download file but was entered into the food service software as eligible for "Free" benefits.

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Moving forward, the corporation will take more time in reviewing free and reduced applications to ensure student free or reduced status is listed correctly and supporting documentation is maintained. Applications are now completed online limiting paper copies. A review of applications by another member of the corporation staff will also be conducted.

Responsible Party for Corrective Action: Terri Roesler, Treasurer, will oversee the implementation of the corrective action plan.

Timeline for Completion: Immediately.

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Director of Buildings & Grounds

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2024

FINDING 2022-001

Information on the federal program:

Subject: Education Stabilization Fund – Internal Controls
Federal Agency: Department of Education
Federal Program: COVID-19 – Education Stabilization Fund
Assistance Listing Number: 84.425C, 84.425D, 84.425U
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Significant Deficiency

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

The School Corporation was required to submit two Annual Data Reports to the Indiana Department of Education (IDOE) to meet federal reporting requirements for ESSER grant awards and the GEER grant award. The first report was for the period of March 13, 2020 to September 30, 2020 and was due by January 21, 2021. The second report was for the period of October 1, 2020 to June 30, 2021 and was due by May 13, 2022. We noted for both reports that were submitted, there was no documented review by someone other than the preparer of the report to ensure the information submitted was complete and accurate.

Status of Prior Year Finding: Resolved.