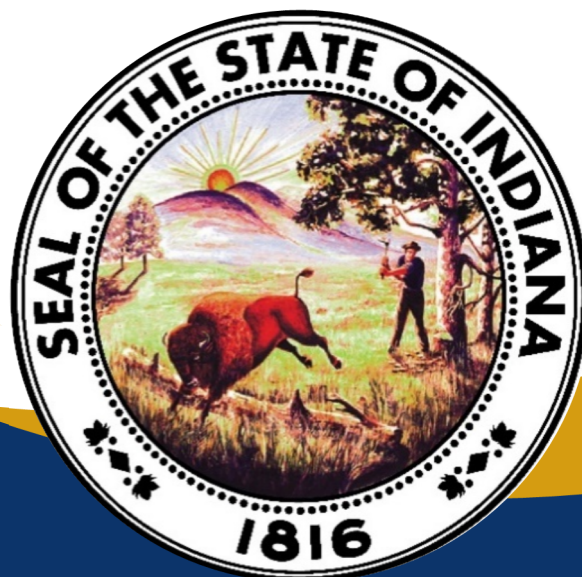


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

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

FINANCIAL STATEMENT AND
FEDERAL COMPLIANCE AUDIT REPORT
OF

SHOALS COMMUNITY SCHOOL CORPORATION
MARTIN 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 Shoals Community School Corporation
Shoals Community School Corporation
Martin County, Indiana

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Shoals Community 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 present 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 39 through 45. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears on pages 46 through 50.

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 Shoals Community 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

SHOALS COMMUNITY SCHOOL CORPORATION
Martin County, Indiana

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

SHOALS COMMUNITY SCHOOL CORPORATION
Martin 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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SHOALS COMMUNITY 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	Amanda Heckard Kendra Wright	07-01-22 to 09-08-22 09-09-22 to 06-30-24
Superintendent of Schools	Kindra Hovis	07-01-22 to 06-30-24
President of the School Board	Drexel Turpin	01-01-22 to 12-31-24

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
Shoals Community School Corporation
Martin 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 Shoals Community 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 March 27, 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 27 2025

SHOALS COMMUNITY 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			Other Financing	Cash and Investments			Other Financing	Cash and Investments
	07-01-2022	Receipts	Disbursements	Sources (Uses)	06-30-2023	Receipts	Disbursements	Sources (Uses)	06-30-2024
Education	\$ 3,442,116	\$ 5,255,613	\$ 4,128,166	\$ (777,139)	\$ 3,792,424	\$ 5,530,816	\$ 4,528,678	\$ (803,588)	\$ 3,990,974
Debt Service	123,139	322,460	345,000	-	100,599	338,872	395,000	-	44,471
Retirement/Severance Bond Debt Service	363	-	-	-	363	-	-	-	363
Operations	2,297,336	1,649,650	2,088,277	777,874	2,636,583	1,876,690	2,606,005	803,588	2,710,856
Local Rainy Day	801,203	-	-	-	801,203	50,000	-	-	851,203
Retirement/Severance Bond	4,166	-	-	-	4,166	-	-	-	4,166
School Lunch	37,704	368,972	394,376	-	12,300	307,479	470,351	-	(150,572)
Curricular Materials Rental	133,629	30,767	65,403	-	98,993	129,338	93,376	-	134,955
Self-Insurance	-	-	-	-	-	10,609	10,609	-	-
Educational License Plates	3,526	-	-	-	3,526	38	-	-	3,564
Donation	27,924	113,034	26,503	-	114,455	85,869	101,019	-	99,305
Harding Donation-Eca Activity	2,066	-	508	-	1,558	-	-	-	1,558
Leo Harding Endowment	11,096	1,352	12,000	-	448	1,367	-	-	1,815
Formative Assessment	1,723	9,861	1,110	-	10,474	8,732	19,206	-	-
Early Literacy Achievement Grant	-	-	-	-	-	4,739	4,686	-	53
Early Childhood Intervention	-	-	667	-	(667)	-	27,192	-	(27,859)
Early Childhood Intervention (First Step	(23,800)	-	8,292	-	(32,092)	-	40,861	-	(72,953)
Secured Schools Safety Grant	(6,043)	37,227	32,456	-	(1,272)	28,437	22,026	-	5,139
Stem Program Alignment	(2,077)	(26,923)	-	-	(29,000)	23,497	-	-	(5,503)
Stem Program Allignment '22	-	-	9,598	-	(9,598)	-	13,899	-	(23,497)
Stem '23	-	-	5,665	-	(5,665)	-	-	-	(5,665)
Stem '24- Science Technology Engineeri	-	-	-	-	-	20,500	25,000	-	(4,500)
Robotics Competition Program Grant '24	-	-	-	-	-	-	5,313	-	(5,313)
Robots4Autism Grant	(26,923)	26,923	-	-	-	6,000	6,000	-	-
Early Intervention 2022	3,031	1,740	-	-	4,771	-	-	-	4,771
State Connectivity Gt.	-	-	2,970	-	(2,970)	-	-	-	(2,970)
Career And Technical Performance Grant	3,004	-	-	-	3,004	42	-	-	3,046
Teacher Appreciation Grant	22	23,723	23,110	-	635	23,499	24,352	-	(218)
Competitive Science of Reading Grant 23-24	-	-	-	-	-	-	71,941	-	(71,941)

(Continued)

SHOALS COMMUNITY 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			Other Financing Sources (Uses)			Cash and Investments			Other Financing Sources (Uses)		
	07-01-2022	Receipts	Disbursements	06-30-2023	Receipts	Disbursements	06-30-2024	Receipts	Disbursements	06-30-2024		
High Ability Students	\$ 5,698	\$ 23,300	\$ 16,552	\$ -	\$ 12,446	\$ 23,548	\$ 12,828	\$ -	\$ 23,166			
State Connectivity Grant	10,381	2,820	3,909	-	9,292	1,980	330	-	10,942			
Ista Settlement	-	-	-	-	-	-	-	-	-			
Positive Behavioral Intervention	19,406	-	4,554	-	14,852	-	982	-	13,870			
Title I 21-22	(113,896)	121,052	7,156	-	-	-	-	-	-			
Title I 22-23	-	103,046	122,766	-	(19,720)	44,171	24,451	-	-			
Title I 23-24	-	-	-	-	-	96,335	139,133	-	(42,798)			
Sped 611 Grant	(8,469)	8,469	-	-	-	-	-	-	-			
Idea Special Education Gt.	(145,711)	175,571	30,492	-	(632)	548	(84)	-	-			
Idea Specdial Education Gt 22-23	-	77,045	188,030	-	(110,985)	87,599	(21,217)	-	(2,169)			
Idea Special Education Grant Cceis 23-24	-	-	-	-	-	17,150	30,630	-	(13,480)			
Idea Special Education Grant 611 B 23-24	-	-	-	-	-	142,293	179,334	-	(37,041)			
Sped Pre K 619	(7,850)	8,528	678	-	-	-	-	-	-			
Sped Prek	-	4,562	4,562	-	-	4,364	4,364	-	-			
Sped Prek 619	8,470	-	8,470	-	-	8,899	8,899	-	-			
Title Iv Ffy 2021	(6,800)	6,800	3,106	-	(3,106)	3,101	(5)	-	-			
Title Iv Ffy 2022-2023	-	-	5,215	-	(5,215)	10,000	4,785	-	-			
Title Iv Ffy 2023-2024	-	-	-	-	-	6,583	11,600	-	(5,017)			
Title II 21-22	(12,675)	12,675	8,275	-	(8,275)	-	-	-	(8,275)			
Title II Part A 2022-2023	-	-	25,578	-	(25,578)	25,578	-	-	-			
Title II Part A 2023-2024	-	-	-	-	-	25,237	25,237	-	-			
SRSA	-	34,394	29,681	-	4,713	-	4,713	-	-			
Unassigned Federal	(10,144)	35,592	25,448	-	-	-	-	-	-			
Unassigned Federal I	(1,580)	2,628	1,048	-	-	-	-	-	-			
Elementary And Secondary School Emergenc	(90,132)	-	192,736	-	(282,868)	680,297	626,311	-	(228,882)			
Esser II	(261,705)	-	170,867	-	(432,572)	440,395	7,838	-	(15)			
Rural Early College Network	(15,385)	66,500	31,663	-	19,452	20,152	17,528	-	22,076			
Prepaid School Lunch Accounts	12,687	10,453	16,530	-	6,610	14,272	14,370	-	6,512			
Federal Tax Withholdings	-	297,762	297,762	-	-	339,399	339,399	-	-			

(Continued)

SHOALS COMMUNITY 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		Other Financing		Cash and Investments		Other Financing		Cash and Investments
	07-01-2022	Receipts	Disbursements	Sources (Uses)	06-30-2023	Receipts	Disbursements	Sources (Uses)	06-30-2024
Social Security Withholdings	\$ -	\$ 312,470	\$ 312,470	\$ -	\$ -	\$ 344,250	\$ 344,250	\$ -	\$ -
Payroll State Tax Withholdings	-	131,564	127,095	-	4,469	143,977	137,154	-	11,292
Payroll Local Tax Withholdings	-	87,719	84,586	-	3,133	101,337	96,322	-	8,148
Teacher Retirement	-	27,927	27,927	-	-	44,083	44,083	-	-
Public Employees' Retirement	-	21,366	21,366	-	-	21,096	21,096	-	-
Insurances	2,366	89,759	87,257	-	4,868	96,057	100,925	-	-
Payroll Annuities	(75)	19,079	19,004	-	-	21,232	21,232	-	-
American Fidelity Section 125	1,207	149,662	150,869	-	-	101,356	101,356	-	-
American Fidelity	-	9,474	9,474	-	-	7,884	7,884	-	-
Payroll Garnishments	-	2,242	2,242	-	-	3,522	3,522	-	-
Payroll Health Savings Plan	-	17,296	17,296	-	-	33,614	33,614	-	-
Totals	\$ 6,218,998	\$ 9,674,154	\$ 9,198,765	\$ 735	\$ 6,695,122	\$ 11,356,833	\$ 10,808,378	\$ -	\$ 7,243,577

See notes to financial statement.

SHOALS COMMUNITY 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)

SHOALS COMMUNITY 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)

SHOALS COMMUNITY 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. The School Corporation has investments totaling \$750,000 in certificates of deposits, as of December 31, 2024.

(Continued)

SHOALS COMMUNITY 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 establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

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

NOTE 6 - CASH BALANCE DEFICITS

The financial statement 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, 2024. The deficit in the School Lunch fund is the result of disbursements exceeding receipts due to under-estimating current requirements for those funds. This deficit will be repaid from future receipts.

NOTE 7 - HOLDING CORPORATIONS

The School Corporation has entered into a capital lease with the Shoals Community 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 and for the period July 1, 2023 through June 30, 2024 totaled \$345,000.

NOTE 8 - PENSION PLANS

Public Employees Retirement Fund

Plan Description

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

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

(Continued)

SHOALS COMMUNITY 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 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.

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

(Continued)

SHOALS COMMUNITY 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 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)

SHOALS COMMUNITY 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 Bond Debt Service	Operations	Local Rainy Day	Retirement/ Severance Bond	School Lunch	Curricular Materials Rental	Self-Insurance	Educational License Plates	Donation	Harding Donation-Eca Activity
Cash and investments - beginning	\$ 3,442,116	\$ 123,139	\$ 363	\$ 2,297,336	\$ 801,203	\$ 4,166	\$ 37,704	\$ 133,629	\$ -	\$ 3,526	\$ 27,924	\$ 2,066
Receipts:												
Local sources	97,731	322,460	-	1,649,650	-	-	48,648	5,411	-	-	113,034	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	5,157,882	-	-	-	-	-	-	25,356	-	-	-	-
Federal sources	-	-	-	-	-	-	320,324	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	5,255,613	322,460	-	1,649,650	-	-	368,972	30,767	-	-	113,034	-
Disbursements:												
Instruction	3,268,751	-	-	-	-	-	-	-	-	-	25,893	508
Support services	782,252	-	-	2,033,125	-	-	123	65,403	-	-	610	-
Noninstructional services	77,163	-	-	4,717	-	-	394,194	-	-	-	-	-
Facilities acquisition and construction	-	-	-	50,435	-	-	59	-	-	-	-	-
Debt services	-	345,000	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	4,128,166	345,000	-	2,088,277	-	-	394,376	65,403	-	-	26,503	508
Excess (deficiency) of receipts over disbursements	1,127,447	(22,540)	-	(438,627)	-	-	(25,404)	(34,636)	-	-	86,531	(508)
Other financing sources (uses):												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	735	-	-	-	-	-	-	-	-
Transfers in	-	-	-	777,139	-	-	-	-	-	-	-	-
Transfers out	(777,139)	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(777,139)	-	-	777,874	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	350,308	(22,540)	-	339,247	-	-	(25,404)	(34,636)	-	-	86,531	(508)
Cash and investments - ending	\$ 3,792,424	\$ 100,599	\$ 363	\$ 2,636,583	\$ 801,203	\$ 4,166	\$ 12,300	\$ 98,993	\$ -	\$ 3,526	\$ 114,455	\$ 1,558

(Continued)

SHOALS COMMUNITY 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

	Leo Harding Endowment	Formative Assessment	Early Literacy Achievement Grant	Early Childhood Intervention	Early Childhood Intervention (First Step	Secured Schools Safety Grant	Stem Program Alignment	Stem Program Alignment '22	Stem '23	Stem '24- Science Technology Engineeri	Robotics Competition Program Grant '24	Robots4Autism Grant
Cash and investments - beginning	\$ 11,096	\$ 1,723	\$ -	\$ -	\$ (23,800)	\$ (6,043)	\$ (2,077)	\$ -	\$ -	\$ -	\$ -	\$ (26,923)
Receipts:												
Local sources	1,352	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	9,861	-	-	-	37,227	(26,923)	-	-	-	-	26,923
Federal sources	-	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	1,352	9,861	-	-	-	37,227	(26,923)	-	-	-	-	26,923
Disbursements:												
Instruction	-	-	-	-	-	-	-	9,598	5,665	-	-	-
Support services	-	1,110	-	667	8,292	32,456	-	-	-	-	-	-
Noninstructional services	12,000	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	12,000	1,110	-	667	8,292	32,456	-	9,598	5,665	-	-	-
Excess (deficiency) of receipts over disbursements	(10,648)	8,751	-	(667)	(8,292)	4,771	(26,923)	(9,598)	(5,665)	-	-	26,923
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	(10,648)	8,751	-	(667)	(8,292)	4,771	(26,923)	(9,598)	(5,665)	-	-	26,923
Cash and investments - ending	\$ 448	\$ 10,474	\$ -	\$ (667)	\$ (32,092)	\$ (1,272)	\$ (29,000)	\$ (9,598)	\$ (5,665)	\$ -	\$ -	\$ -

(Continued)

SHOALS COMMUNITY 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

	Early Intervention 2022	State Connectivity Gt.	Career And Technical Performance Grant	Teacher Appreciation Grant	High Ability Students	State Connectivity Grant	Ista Settlement	Positive Behavioral Intervention	Title I 21-22	Title I 22-23	Title I 23-24	Sped 611 Grant
Cash and investments - beginning	\$ 3,031	\$ -	\$ 3,004	\$ 22	\$ 5,698	\$ 10,381	\$ -	\$ 19,406	\$ (113,896)	\$ -	\$ -	\$ (8,469)
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	1,740	-	-	23,723	23,300	2,820	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	121,052	103,046	-	8,469
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	1,740	-	-	23,723	23,300	2,820	-	-	121,052	103,046	-	8,469
Disbursements:												
Instruction	-	-	-	-	10,471	-	-	4,554	-	85,751	-	-
Support services	-	2,970	-	23,110	6,081	3,909	-	-	7,156	36,715	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	300	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	2,970	-	23,110	16,552	3,909	-	4,554	7,156	122,766	-	-
Excess (deficiency) of receipts over disbursements	1,740	(2,970)	-	613	6,748	(1,089)	-	(4,554)	113,896	(19,720)	-	8,469
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	1,740	(2,970)	-	613	6,748	(1,089)	-	(4,554)	113,896	(19,720)	-	8,469
Cash and investments - ending	\$ 4,771	\$ (2,970)	\$ 3,004	\$ 635	\$ 12,446	\$ 9,292	\$ -	\$ 14,852	\$ -	\$ (19,720)	\$ -	\$ -

(Continued)

SHOALS COMMUNITY 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

	Idea Special Education Gt. Education Gt.	Idea Special Education Gt 22- 23	Idea Special Education Grant Cceis 23-24	Idea Special Education Grant 611 B 23-24	Sped Pre K 619	Sped Prek	Sped Prek 619	Title Iv Ffy 2021	Title Iv Ffy 2022-2023	Title Iv Ffy 2023-2024	Title II 21-22	Title II Part A 2022-2023
Cash and investments - beginning	\$ (145,711)	\$ -	\$ -	\$ -	\$ (7,850)	\$ -	\$ 8,470	\$ (6,800)	\$ -	\$ -	\$ (12,675)	\$ -
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-	-
Federal sources	175,571	77,045	-	-	8,528	4,562	-	6,800	-	-	12,675	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	175,571	77,045	-	-	8,528	4,562	-	6,800	-	-	12,675	-
Disbursements:												
Instruction	11,480	57,810	-	-	-	-	8,470	-	5,215	-	8,275	25,578
Support services	5,718	69,578	-	-	678	4,562	-	3,106	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	13,294	60,642	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	30,492	188,030	-	-	678	4,562	8,470	3,106	5,215	-	8,275	25,578
Excess (deficiency) of receipts over disbursements	145,079	(110,985)	-	-	7,850	-	(8,470)	3,694	(5,215)	-	4,400	(25,578)
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	145,079	(110,985)	-	-	7,850	-	(8,470)	3,694	(5,215)	-	4,400	(25,578)
Cash and investments - ending	\$ (632)	\$ (110,985)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,106)	\$ (5,215)	\$ -	\$ (8,275)	\$ (25,578)

(Continued)

SHOALS COMMUNITY 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

	Title II Part A 2023-2024	SRSA	Unassigned Federal	Unassigned Federal I	Elementary And Secondary School Emergenc	Esser II	Rural Early College Network	Prepaid School Lunch Accounts	Investment- Money Market	Investment- Peoples Bank Market Saver	Investment- First Federal Bank Of Washing	Federal Tax Withholdings
Cash and investments - beginning	\$ -	\$ -	\$ (10,144)	\$ (1,580)	\$ (90,132)	\$ (261,705)	\$ (15,385)	\$ 12,687	\$ -	\$ -	\$ -	\$ -
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	34,394	35,592	2,628	-	-	66,500	10,453	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	297,762
Total receipts	-	34,394	35,592	2,628	-	-	66,500	10,453	-	-	-	297,762
Disbursements:												
Instruction	-	-	-	-	48,241	109,251	-	-	-	-	-	-
Support services	-	23,681	25,448	1,048	4,999	61,616	31,663	-	-	-	-	-
Noninstructional services	-	6,000	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	139,496	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	16,530	-	-	-	297,762
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	29,681	25,448	1,048	192,736	170,867	31,663	16,530	-	-	-	297,762
Excess (deficiency) of receipts over disbursements	-	4,713	10,144	1,580	(192,736)	(170,867)	34,837	(6,077)	-	-	-	-
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	-	4,713	10,144	1,580	(192,736)	(170,867)	34,837	(6,077)	-	-	-	-
Cash and investments - ending	\$ -	\$ 4,713	\$ -	\$ -	\$ (282,868)	\$ (432,572)	\$ 19,452	\$ 6,610	\$ -	\$ -	\$ -	\$ -

(Continued)

SHOALS COMMUNITY 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

	Social Security Withholdings	Payroll State Tax Withholdings	Payroll Local Tax Withholdings	Teacher Retirement	Public Employees' Retirement	Insurances	Payroll Annuities	American Fidelity Section 125	American Fidelity	Payroll Garnishments	Payroll Health Savings Plan	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,366	\$ (75)	\$ 1,207	\$ -	\$ -	\$ -	\$ 6,218,998
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	2,238,286
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-	5,281,909
Federal sources	-	-	-	-	-	-	-	-	-	-	-	987,639
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	312,470	131,564	87,719	27,927	21,366	89,759	19,079	149,662	9,474	2,242	17,296	1,166,320
Total receipts	312,470	131,564	87,719	27,927	21,366	89,759	19,079	149,662	9,474	2,242	17,296	9,674,154
Disbursements:												
Instruction	-	-	-	-	-	-	-	-	-	-	-	3,685,511
Support services	-	-	-	-	-	-	-	-	-	-	-	3,236,076
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	494,374
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	189,990
Debt services	-	-	-	-	-	-	-	-	-	-	-	345,000
Nonprogrammed charges	312,470	127,095	84,586	27,927	21,366	87,257	19,004	150,869	9,474	2,242	17,296	1,247,814
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	312,470	127,095	84,586	27,927	21,366	87,257	19,004	150,869	9,474	2,242	17,296	9,198,765
Excess (deficiency) of receipts over disbursements	-	4,469	3,133	-	-	2,502	75	(1,207)	-	-	-	475,389
Other financing sources (uses):												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	735
Transfers in	-	-	-	-	-	-	-	-	-	-	-	777,139
Transfers out	-	-	-	-	-	-	-	-	-	-	-	(777,139)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	735
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	4,469	3,133	-	-	2,502	75	(1,207)	-	-	-	476,124
Cash and investments - ending	\$ -	\$ 4,469	\$ 3,133	\$ -	\$ -	\$ 4,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,695,122

SHOALS COMMUNITY 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 Bond Debt Service	Operations	Local Rainy Day	Retirement/ Severance Bond	School Lunch	Curricular Materials Rental	Self-Insurance	Educational License Plates	Donation	Harding Donation-Eca Activity
Cash and investments - beginning	\$ 3,792,424	\$ 100,599	\$ 363	\$ 2,636,583	\$ 801,203	\$ 4,166	\$ 12,300	\$ 98,993	\$ -	\$ 3,526	\$ 114,455	\$ 1,558
Receipts:												
Local sources	56,447	338,872	-	1,876,690	-	-	126,231	29,979	10,609	-	85,869	-
Intermediate sources	182	-	-	-	-	-	-	-	-	38	-	-
State sources	5,474,187	-	-	-	-	-	1,550	99,359	-	-	-	-
Federal sources	-	-	-	-	-	-	179,698	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	50,000	-	-	-	-	-	-	-
Total receipts	5,530,816	338,872	-	1,876,690	50,000	-	307,479	129,338	10,609	38	85,869	-
Disbursements:												
Instruction	3,610,433	-	-	-	-	-	-	-	-	-	101,019	-
Support services	833,220	50,000	-	2,567,970	-	-	15,697	93,376	-	-	-	-
Noninstructional services	85,025	-	-	1,956	-	-	454,654	-	-	-	-	-
Facilities acquisition and construction	-	-	-	36,079	-	-	-	-	-	-	-	-
Debt services	-	345,000	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	10,609	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	4,528,678	395,000	-	2,606,005	-	-	470,351	93,376	10,609	-	101,019	-
Excess (deficiency) of receipts over disbursements	1,002,138	(56,128)	-	(729,315)	50,000	-	(162,872)	35,962	-	38	(15,150)	-
Other financing sources (uses):												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	803,588	-	-	-	-	-	-	-	-
Transfers out	(803,588)	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(803,588)	-	-	803,588	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	198,550	(56,128)	-	74,273	50,000	-	(162,872)	35,962	-	38	(15,150)	-
Cash and investments - ending	\$ 3,990,974	\$ 44,471	\$ 363	\$ 2,710,856	\$ 851,203	\$ 4,166	\$ (150,572)	\$ 134,955	\$ -	\$ 3,564	\$ 99,305	\$ 1,558

(Continued)

SHOALS COMMUNITY 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

	Leo Harding Endowment	Formative Assessment	Early Literacy Achievement Grant	Early Childhood Intervention	Early Childhood Intervention (First Step)	Secured Schools Safety Grant	Stem Program Alignment	Stem Program Alignment '22	Stem '23	Stem '24- Science Technology Engineeri	Robotics Competition Program Grant '24	Robots4Autism Grant
Cash and investments - beginning	\$ 448	\$ 10,474	\$ -	\$ (667)	\$ (32,092)	\$ (1,272)	\$ (29,000)	\$ (9,598)	\$ (5,665)	\$ -	\$ -	\$ -
Receipts:												
Local sources	1,367	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	8,732	4,739	-	-	28,437	23,497	-	-	20,500	-	6,000
Federal sources	-	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	1,367	8,732	4,739	-	-	28,437	23,497	-	-	20,500	-	6,000
Disbursements:												
Instruction	-	-	4,686	-	-	-	-	13,899	-	25,000	5,313	6,000
Support services	-	19,206	-	27,192	40,861	22,026	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	19,206	4,686	27,192	40,861	22,026	-	13,899	-	25,000	5,313	6,000
Excess (deficiency) of receipts over disbursements	1,367	(10,474)	53	(27,192)	(40,861)	6,411	23,497	(13,899)	-	(4,500)	(5,313)	-
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	1,367	(10,474)	53	(27,192)	(40,861)	6,411	23,497	(13,899)	-	(4,500)	(5,313)	-
Cash and investments - ending	\$ 1,815	\$ -	\$ 53	\$ (27,859)	\$ (72,953)	\$ 5,139	\$ (5,503)	\$ (23,497)	\$ (5,665)	\$ (4,500)	\$ (5,313)	\$ -

(Continued)

SHOALS COMMUNITY 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

	Early Intervention 2022	State Connectivity Gt.	Career And Technical Performance Grant	Teacher Appreciation Grant	Competitive Science of Reading Grant 23-24	High Ability Students	State Connectivity Grant	Ista Settlement	Positive Behavioral Intervention	Title I 21-22	Title I 22-23	Title I 23-24
Cash and investments - beginning	\$ 4,771	\$ (2,970)	\$ 3,004	\$ 635	\$ -	\$ 12,446	\$ 9,292	\$ -	\$ 14,852	\$ -	\$ (19,720)	\$ -
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	42	23,499	-	23,548	1,980	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	44,171	96,335
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	42	23,499	-	23,548	1,980	-	-	-	44,171	96,335
Disbursements:												
Instruction	-	-	-	24,352	71,941	10,137	-	-	982	-	21,270	92,446
Support services	-	-	-	-	-	2,691	330	-	-	-	3,181	45,882
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	805
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	24,352	71,941	12,828	330	-	982	-	24,451	139,133
Excess (deficiency) of receipts over disbursements	-	-	42	(853)	(71,941)	10,720	1,650	-	(982)	-	19,720	(42,798)
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	-	-	42	(853)	(71,941)	10,720	1,650	-	(982)	-	19,720	(42,798)
Cash and investments - ending	\$ 4,771	\$ (2,970)	\$ 3,046	\$ (218)	\$ (71,941)	\$ 23,166	\$ 10,942	\$ -	\$ 13,870	\$ -	\$ -	\$ (42,798)

(Continued)

SHOALS COMMUNITY 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

	Sped 611 Grant	Idea Special Education Gt.	Idea Special Education Gt 22- 23	Idea Special Education Grant Cceis 23-24	Idea Special Education Grant 611 B 23-24	Sped Pre K 619	Sped Prek	Sped Prek 619	Title Iv Ffy 2021	Title Iv Ffy 2022- 2023	Title Iv Ffy 2023-2024	Title II 21-22
Cash and investments - beginning	\$ -	\$ (632)	\$ (110,985)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,106)	\$ (5,215)	\$ -	\$ (8,275)
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	548	87,599	17,150	142,293	-	4,364	8,899	3,101	10,000	6,583	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	548	87,599	17,150	142,293	-	4,364	8,899	3,101	10,000	6,583	-
Disbursements:												
Instruction	-	-	26,791	2,150	82,264	-	-	-	-	1,785	6,600	-
Support services	-	(84)	(54,795)	28,480	33,212	-	4,364	8,899	(5)	3,000	5,000	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	6,787	-	63,858	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	(84)	(21,217)	30,630	179,334	-	4,364	8,899	(5)	4,785	11,600	-
Excess (deficiency) of receipts over disbursements	-	632	108,816	(13,480)	(37,041)	-	-	-	3,106	5,215	(5,017)	-
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	-	632	108,816	(13,480)	(37,041)	-	-	-	3,106	5,215	(5,017)	-
Cash and investments - ending	\$ -	\$ -	\$ (2,169)	\$ (13,480)	\$ (37,041)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,017)	\$ (8,275)

(Continued)

SHOALS COMMUNITY 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

	Title II Part A 2022-2023	Title II Part A 2023-2024	SRSA	Elementary And Secondary School Emergenc	Esser II	Rural Early College Network	Prepaid School Lunch Accounts	Investment- Money Market	Investment- Peoples Bank Market Saver	Investment-First Federal Bank Of Washing	Federal Tax Withholdings
Cash and investments - beginning	\$ (25,578)	\$ -	\$ 4,713	\$ (282,868)	\$ (432,572)	\$ 19,452	\$ 6,610	\$ -	\$ -	\$ -	\$ -
Receipts:											
Local sources	-	-	-	-	-	-	14,272	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	25,578	25,237	-	680,297	440,395	20,152	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	339,399
Total receipts	25,578	25,237	-	680,297	440,395	20,152	14,272	-	-	-	339,399
Disbursements:											
Instruction	-	25,237	-	8,897	(33,111)	-	-	-	-	-	-
Support services	-	-	4,713	206,751	40,949	17,528	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	410,663	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	14,370	-	-	-	339,399
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	25,237	4,713	626,311	7,838	17,528	14,370	-	-	-	339,399
Excess (deficiency) of receipts over disbursements	25,578	-	(4,713)	53,986	432,557	2,624	(98)	-	-	-	-
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	25,578	-	(4,713)	53,986	432,557	2,624	(98)	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (228,882)	\$ (15)	\$ 22,076	\$ 6,512	\$ -	\$ -	\$ -	\$ -

(Continued)

SHOALS COMMUNITY 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 Withholdings	Payroll State Tax Withholdings	Payroll Local Tax Withholdings	Teacher Retirement	Public Employees' Retirement	Insurances	Payroll Annuities	American Fidelity Section 125	American Fidelity	Payroll Garnishments	Payroll Health Savings Plan	Totals
Cash and investments - beginning	\$ -	\$ 4,469	\$ 3,133	\$ -	\$ -	\$ 4,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,695,122
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	2,540,336
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	220
State sources	-	-	-	-	-	-	-	-	-	-	-	5,716,070
Federal sources	-	-	-	-	-	-	-	-	-	-	-	1,792,400
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	344,250	143,977	101,337	44,083	21,096	96,057	21,232	101,356	7,884	3,522	33,614	1,307,807
Total receipts	344,250	143,977	101,337	44,083	21,096	96,057	21,232	101,356	7,884	3,522	33,614	11,356,833
Disbursements:												
Instruction	-	-	-	-	-	-	-	-	-	-	-	4,108,091
Support services	-	-	-	-	-	-	-	-	-	-	-	4,019,644
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	542,440
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	446,742
Debt services	-	-	-	-	-	-	-	-	-	-	-	345,000
Nonprogrammed charges	344,250	137,154	96,322	44,083	21,096	100,925	21,232	101,356	7,884	3,522	33,614	1,346,461
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	344,250	137,154	96,322	44,083	21,096	100,925	21,232	101,356	7,884	3,522	33,614	10,808,378
Excess (deficiency) of receipts over disbursements	-	6,823	5,015	-	-	(4,868)	-	-	-	-	-	548,455
Other financing sources (uses):												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	803,588
Transfers out	-	-	-	-	-	-	-	-	-	-	-	(803,588)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	6,823	5,015	-	-	(4,868)	-	-	-	-	-	548,455
Cash and investments - ending	\$ -	\$ 11,292	\$ 8,148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,243,577

SHOALS COMMUNITY 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	\$ 676,053	\$ -

SHOALS COMMUNITY 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:				
Hewlett-Packard Financial Services Company	Technology Equipment	\$ 80,496	1/31/2023	1/31/2026
Shoals Comm. School Building Corporation	School Renovation and addition of walkway	<u>345,000</u>	1/15/2006	1/15/2026
Total governmental activities		<u>425,496</u>		
Total of annual lease payments		<u>\$ 425,496</u>		

<u>Description of Debt</u>		<u>Ending Principal Balance</u>	<u>Principal Due Within One Year</u>
<u>Type</u>	<u>Purpose</u>		
Governmental activities:			
Other	2015 Refunding and Improvement Bonds	<u>\$ 415,000</u>	<u>\$ 345,000</u>
Totals		<u>\$ 415,000</u>	<u>\$ 345,000</u>

SHOALS COMMUNITY 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	\$ 90,948
Infrastructure	546,696
Buildings	4,026,547
Improvements other than buildings	1,286,513
Machinery, equipment, and vehicles	820,389
Books and other	134,953
Other Non-Depreciable Assets	<u>90,948</u>
 Total governmental activities	 <u>6,996,994</u>
 Total capital assets	 <u>\$ 6,996,994</u>

SHOALS COMMUNITY 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.

SHOALS COMMUNITY 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 7-01-2022 to 06-30-24
<u>Department of Agriculture</u>						
Child Nutrition Cluster	Indiana Department of Education					
School Breakfast Program		10.553	FY2023, FY2024	\$ 60,749	\$ 57,043	\$ 117,791
National School Lunch Program		10.555	FY2023, FY2024	290,028	235,577	525,605
Commodities		10.555	FY2023, FY2024	<u>22,185</u>	<u>26,855</u>	<u>49,041</u>
Total - Child Nutrition Cluster				<u>372,962</u>	<u>319,474</u>	<u>692,437</u>
Pandemic EBT Administrative Costs	Indiana Department of Education					
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grants		10.649	FY2023, FY2024	<u>628</u>	-	<u>628</u>
Total - Department of Agriculture				<u>373,590</u>	<u>319,474</u>	<u>693,065</u>
<u>Department of Education</u>						
Special Education Cluster (IDEA)						
Special Education Grants to States	Indiana Department of Education					
IDEA, Part B		84.027	H027A210084	175,571	548	176,119
COVID-19 - Supplemental Funding - IDEA, Part B		84.027X	H027X210084	35,592	-	35,592
IDEA, Part B		84.027	H027A220084	77,045	104,749	181,794
IDEA, Part B		84.027	H027A230084	<u>-</u>	<u>142,293</u>	<u>142,293</u>
Total - Special Education Grants to States				<u>288,208</u>	<u>247,590</u>	<u>535,798</u>
Special Education Preschool Grants	Indiana Department of Education					
COVID-19 - Supplemental Funding - IDEA, Preschool		84.173X	H173X210104	2,628	29	2,657
IDEA, Preschool		84.173	H173A210104	8,528	4,364	12,892
IDEA, Preschool		84.173	H173A220104	<u>4,562</u>	<u>8,899</u>	<u>13,461</u>
Total - Special Education Preschool Grants				<u>15,718</u>	<u>13,292</u>	<u>29,010</u>
Total - Special Education Cluster (IDEA)				<u>303,926</u>	<u>260,882</u>	<u>564,808</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education					
Title I, Part A		84.010A	S010A210014	121,052	-	121,052
Title I, Part A		84.010A	S010A220014	103,046	44,171	147,217
Title I, Part A		84.010A	S010A230014	<u>-</u>	<u>96,335</u>	<u>96,335</u>
Total - Title I Grants to Local Educational Agencies				<u>224,098</u>	<u>140,506</u>	<u>364,604</u>

(Continued)

SHOALS COMMUNITY 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 7-01-2022 to 06-30-24
Rural Education	Direct Grant					
Small, Rural School Achievement Program		84.358A	S358A221130	\$ 29,681	\$ 4,713	\$ 34,394
Supporting Effective Instruction State Grants	Indiana Department of Education					
Title II, Part A		84.367A	S367A210013	12,675	8,275	20,950
Title II, Part A		84.367A	S367A220013	-	25,578	25,578
Title II, Part A		84.367A	S367A230013	-	25,237	25,237
Total - Supporting Effective Instruction State Grants				<u>12,675</u>	<u>59,090</u>	<u>71,765</u>
Student Support and Academic Enrichment Program	Indiana Department of Education					
Title IV, Part A		84.424	S424A210015	6,800	3,101	9,901
Title IV, Part A		84.424	S424A220015	-	10,000	10,000
Title IV, Part A		84.424	S424A230015	-	6,583	6,583
Total - Student Support and Academic Enrichment Grant				<u>6,800</u>	<u>19,684</u>	<u>26,484</u>
COVID-19 - Education Stabilization Fund	Indiana Department of Education					
Elementary and Secondary School Emergency Relief (ESSER II) Fund		84.425D	S425D210013	-	440,395	440,395
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund (ESSER III)		84.425U	S425U210013	-	680,297	680,297
Total - COVID-19 - Education Stabilization Fund				<u>-</u>	<u>1,120,692</u>	<u>1,120,692</u>
Total - Department of Education				<u>577,180</u>	<u>1,605,567</u>	<u>2,182,747</u>
<u>Department of Health and Human Services</u>						
Medicaid Cluster						
Medical Assistance Program (Medicaid; Title XIX)	Family and Social Services Administration					
Medicaid		93.778	FY2023, FY2024	4,974	8,800	13,773
Total - Department of Health and Human Services				<u>4,974</u>	<u>8,800</u>	<u>13,773</u>
Total federal awards expended				<u>\$ 955,744</u>	<u>\$ 1,933,841</u>	<u>\$ 2,889,585</u>

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

SHOALS COMMUNITY 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 \$49,041 are valued based on the USDA's donated commodity price list. These are shown as part of the National School Lunch Program (10.555).

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
Shoals Community School Corporation
Martin 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 Shoals Community 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 27, 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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

(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*.

School Corporation's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the finding identified in our audit and described in the accompanying Corrective Action Plan. 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
Crowe LLP

Indianapolis, Indiana
March 27, 2025

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

Those Charged with Governance
Shoals Community School Corporation
Martin County, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Shoals Community School Corporation's (School Corporation) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the School Corporation's major federal programs for the period of July 1, 2022 through June 30, 2024. The School Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

Responsibilities of Management for Compliance

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

(Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

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

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 and significant deficiencies.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a material weakness.

(Continued)

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. 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 significant deficiencies.

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

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 27, 2025

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

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	<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
84.425D, 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)

SHOALS COMMUNITY 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.

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:

(Continued)

SHOALS COMMUNITY 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)

For the fiscal year 2023, the receipt and disbursement, amounts were understated by \$59,080 and \$25,768 respectively. The beginning July 1, 2022 balance was understated by \$2,326,625, primarily due to erroneous inclusion of certain Investment funds with negative balances. The net impact on the ending June 30, 2023 cash balance was an understatement of \$2,359,937.

For fiscal year 2024, the receipt and disbursement, amounts were overstated by \$28 and understated by \$71,913 respectively. The beginning July 1, 2023 balance was understated by \$2,359,937, primarily due to erroneous inclusion of certain Investment funds with negative balances. The net impact on the ending June 30, 2024 cash balance was \$2,287,996.

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.

(Continued)

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2024-002

Information on the federal program:

Subject: Education Stabilization Fund (ESSER) – Internal Controls
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: Reporting
Audit Finding: Material Weakness

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). . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 Financial reporting"

34 CFR 76.722 states:

"A State may require a subgrantee to submit reports in a manner and format that assists the State in complying with the requirements under 34 CFR 76.720 and in carrying out other responsibilities under the program."

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 Reporting compliance requirements.

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

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.

(Continued)

SHOALS COMMUNITY 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 2024-002 (Continued)

Questioned Costs: There were no questioned costs identified.

Context: The School Corporation was required to submit two Annual Data Reports to the Indiana Department of Education (IDOE) during the audit period to meet federal reporting requirements for ESSER grant awards. We noted that the ESSER II and ESSER III amounts reported on the Year 2 report (\$241,092 and \$180,266, respectively) did not agree to the underlying expenditure records (\$226,005 and \$88,368, respectively, for the period of July 1, 2021 through June 30, 2022).

We also noted that the ESSER II and ESSER III amounts reported on the Year 3 report (\$136,199 and \$255,826, respectively) did not agree to the underlying expenditure records (\$170,866 and \$192,735, respectively, for the period of July 1, 2022 through June 30, 2023).

Additionally, the number of employees reported on the Year 4 CrossAct report was overstated by 4 employees.

Identification as a repeat finding: No.

Recommendation: We recommend someone other than the preparer of the report perform a documented review prior to submission to validate the accuracy and completeness of the data submitted.

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

(Continued)

SHOALS COMMUNITY 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

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: Significant Deficiency

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)

SHOALS COMMUNITY 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 the compliance requirements listed above.

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 improvements at various buildings. It did not properly include Davis-Bacon wage rate requirements in the vendor contract, nor did it obtain weekly payroll reports certifications from the construction vendor to monitor compliance with Davis-Bacon wage rate requirements. The total project cost disbursed during the audit period was \$73,209 which included materials and labor.

Identification as a repeat finding: No.

Recommendation: We recommend the School Corporation implement a formal process to ensure the required weekly payroll reports certifications are collected and reviewed for projects requiring labor installation and funded by federal grants subject to Davis-Bacon wage rate requirements to ensure compliance with federal regulations.

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

(Continued)

SHOALS COMMUNITY 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: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Finding: Significant Deficiency

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 the Activities Allowed or Unallowed, Allowable Costs/Cost Principles 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 questioned costs identified.

Context: We noted there was no review of 4 timecards selected for testing in a sample of 40 payroll transactions.

Identification as a repeat finding, if applicable: No.

Recommendation: We recommended that the School Corporation's management ensure all timecards are formally reviewed and the School Corporation maintain the supporting documentation.

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

Shoals Community School Corporation

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Superintendent

Kendra Wright
Treasurer

Darla Holt
Corporation Secretary
Deputy Treasurer

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President

Eva George
Vice President

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Secretary

Lorna Troutman
Member

Ethan Jones
Member

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: 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).

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:

For the fiscal year 2023, the receipt and disbursement, amounts were understated by \$59,080 and \$25,768 respectively. The beginning July 1, 2022 balance was understated by \$2,326,625, primarily due to erroneous inclusion of certain Investment funds with negative balances. The net impact on the ending June 30, 2023 cash balance was an understatement of \$2,359,937. For fiscal year 2024, the receipt and disbursement amounts were overstated by \$28 and understated by \$71,913 respectively. The beginning July 1, 2023 balance was understated by \$2,359,937, primarily due to erroneous inclusion of certain Investment funds with negative balances. The net impact on the ending June 30, 2024 cash balance was \$2,287,996.

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

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding.

Description of Corrective Action Plan: Shoals Community School Corporation will implement a secondary review of the Annual Financial Report prior to submission in Gateway to help to identify any errors. Kendra Wright, Treasurer will prepare the AFR report and Kindra Hovis, Superintendent will review and sign off prior to submission in Gateway. Kendra Wright, Treasurer, will also balance all funds on the AFR to the fund report detail in the accounting software, Boyce Cloud, prior to submission to Gateway.

Responsible Party and Timeline for Completion:

Kendra Wright, Treasurer and Kindra Hovis, Superintendent-this will be implemented for the review of the FY 2025 Annual Financial Report.

FINDING 2024-002 (Uniform Guidance)

Information on the federal program:

Subject: COVID-19 – Education Stabilization Fund – Reporting

Subject: Education Stabilization Fund (ESSER) – Internal Controls

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, S425U200013

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Material Weakness

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 Reporting compliance requirements.

Context: The School Corporation was required to submit two Annual Data Reports to the Indiana Department of Education (IDOE) during the audit period to meet federal reporting requirements for ESSER grant awards. We noted that the ESSER II and ESSER III amounts reported on the Year 2 report (\$241,092 and \$180,266, respectively) did not agree to the

underlying expenditure records (\$226,005 and \$88,368, respectively, for the period of July 1, 2021 through June 30, 2022). We also noted that the ESSER II and ESSER III amounts reported on the Year 3 report (\$136,199 and \$255,826, respectively) did not agree to the underlying expenditure records (\$170,866 and \$192,735, respectively, for the period of July 1, 2021 through June 30, 2022). Additionally, the number of employees reported on the Year 4 CrossAct report was overstated by 4 employees.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding.

Description of Corrective Action Plan: Shoals Community School Corporation will implement a secondary review of all reports submitted in the future regarding any federal funding. Kindra Hovis, Superintendent will share the reports with Kendra Wright, Treasurer and Kendra Wright, Treasurer, will share with Kindra Hovis, Superintendent all future federal awards' expenditures and revenue reports to ensure accurate reviews and submissions.

Responsible Party and Timeline for Completion:

Kendra Wright, Treasurer and Kindra Hovis, Superintendent-this will be implemented monthly to review any federal funding moving forward.

FINDING 2024-003 (Uniform Guidance)

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): S425D200013, S425U210013

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements

Audit Findings: Significant Deficiency

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.

Context: The School Corporation had improvements at various buildings. It did not properly include Davis-Bacon wage rate requirements in the vendor contract, nor did it obtain weekly payroll reports certifications from the construction vendor to monitor compliance with Davis-Bacon wage rate requirements. The total project cost disbursed during the audit period was \$73,209 which included materials and labor.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding.

Description of Corrective Action Plan:

Shoals Community School Corporation will follow and monitor all contracts including Davis-Bacon wage rate requirements. Shoals Community School Corporation had a new HVAC system installed since the audit period finding and followed the Davis-Bacon wage rate requirements including internal controls to ensure compliance.

Responsible Party and Timeline for Completion:

Kindra Hovis, Superintendent has implemented Davis-Bacon wage requirements since the audit period.

FINDING 2024-004 (Uniform Guidance)

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: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Finding: Significant Deficiency

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.

Context: We noted there was no review of 4 timecards selected for testing in a sample of 40 payroll transactions.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding.

Description of Corrective Action Plan:

Shoals Community School Corporation's Director of School Nutrition, Tamara Florio, will ensure that all time cards are signed by the employee and by herself before submitting to the Payroll Administrator, Darla Holt.

Responsible Party and Time and Timeline for Completion:

Tamara Florio, Director of School Nutrition-this will be implemented immediately, this 2024-2025 school year.

Shoals Community School Corporation

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Superintendent

Kendra Wright
Treasurer

Darla Holt
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President

Eva George
Vice President

Annette Taylor
Secretary

Lorna Troutman
Member

Ethan Jones
Member

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FINDING 2022-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards

Audit Findings: Material Weakness, Noncompliance

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

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. The SEFA was not reviewed prior to submission. As a result, the following errors were not detected and corrected, which resulted in the net overstatement of the total federal awards expended on the SEFA by \$188,222 for the period of July 1, 2020, through June 30, 2022:

1. The Child Nutrition Cluster expenditures were overstated by \$39,633.
2. The Title I, Part A expenditures were overstated by \$138,749.
3. Several additional grants had individually immaterial errors that resulted in a net overstatement of the total federal awards expended on the SEFA by \$9,840.

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

Status: Resolved.

FINDING 2022-002

Subject: Child Nutrition Cluster – Internal Controls

Federal Agency: Department of Agriculture

Federal Program: Summer Food Service Program for Children

Assistance Listing Number: 10.559

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Finding: Material Weakness

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

Context: During the audit period, there were four vendors from which the School made purchases between \$10,000 and \$150,000, which fell under the small purchase method for federal and state procurement regulations. For the one vendor selected for testing, documentation was not presented to verify methods or rationale used to satisfy the procurement requirements, which require three quotes to be obtained prior to entering into a transaction.

Additionally, the School Corporation was not able to provide verification that the vendor is not suspended or debarred.

Status: Resolved.

FINDING 2022-003

Subject: Child Nutrition Cluster – Reporting

Federal Agency: Department of Agriculture

Federal Program: Summer Food Service Program for Children

Assistance Listing Number: 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY2021, FY2022

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness

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 reporting compliance requirement.

Context: For all four monthly claims selected for testing, there was no formal evidence of the sponsor claim reimbursement summary being reviewed by someone independent of who prepared the sponsor claim reimbursement summary prior to submission.

Status: Resolved.