

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

FINANCIAL STATEMENT AND
FEDERAL COMPLIANCE AUDIT REPORT
OF

SCHOOL TOWN OF HIGHLAND
LAKE COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED
03/25/2024



STATE OF INDIANA
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March 25, 2024

To: The Officials of the School Town of Highland
School Town of Highland
Lake County, Indiana

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of THE School Town of Highland. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period July 1, 2021 to June 30, 2023. Per the *Independent Auditor's Report*, the financial statement referred to above presents fairly, in all material respects, the cash and investment balances of the School Corporation as of June 30, 2023, and its cash receipts, cash disbursements, and other financing sources (uses) for the period of July 1, 2021 to June 30, 2023, 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 35 through 38. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears on pages 39 through 40.

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 School Town of Highland 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.

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

Tammy R. White, CPA
Deputy State Examiner

SCHOOL TOWN OF HIGHLAND
Lake County, Indiana

FINANCIAL STATEMENT
As of June 30, 2023 and for the
period of July 1, 2021 through June 30, 2023

SCHOOL TOWN OF HIGHLAND
Lake County, Indiana

FINANCIAL STATEMENT
As of June 30, 2023 and for the
period of July 1, 2021 through June 30, 2023

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SCHOOL TOWN OF HIGHLAND
SCHEDULE OF OFFICIALS (Unaudited)
For the period July 1, 2021 through June 30, 2023

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cynthia Adams	07-01-21 to 06-30-23
Superintendent of Schools	Brian Smith	07-01-21 to 06-30-23
President of the School Board	Robert Kuva Victor Garcia	07-01-21 to 12-31-22 01-01-23 to 06-30-23



INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
School Town of Highland
Lake 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 School Town of Highland (the School Corporation) as of June 30, 2023 and for the period of July 1, 2021 through June 30, 2023, 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, 2023, and its cash receipts, cash disbursements, and other financing sources (uses) for the period of July 1, 2021 through June 30, 2023 in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the School Corporation as of June 30, 2023, or changes in net position for the period of July 1, 2021 through June 30, 2023.

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

(Continued)

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6) as described in Note 1, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School Corporation's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming 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, 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 financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2024 on our consideration of the School Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Crowe LLP

Indianapolis, Indiana
February 14, 2024

HIGHLAND TOWN SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
As of June 30, 2023 and for the period July 1, 2021 through June 30, 2023

<u>Fund</u>	<u>Cash and Investments 07-01-2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Other Financing Sources (Uses)</u>	<u>Cash and Investments 06-30-2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Other Financing Sources (Uses)</u>	<u>Cash and Investments 06-30-2023</u>
Education Fund	\$ 1,988,913	\$ 22,331,254	\$ 20,607,086	\$ (1,537,290)	\$ 2,175,791	\$ 23,018,509	\$ 20,347,484	\$ (2,087,530)	\$ 2,759,286
Debt Service	1,982,211	5,625,833	6,273,791	(44,452)	1,289,801	5,822,731	5,601,834	(443,509)	1,067,189
Operations	3,373,543	4,381,419	6,829,668	2,491,459	3,416,753	4,616,659	7,041,930	2,116,875	3,108,357
Rainy Day	950,000	-	-	-	950,000	-	-	-	950,000
Construction	-	-	42,512	4,000,000	3,957,488	-	382,732	-	3,574,756
FMB 2016	6,222	-	6,222	-	-	-	-	-	-
School Lunch	309,386	2,162,755	1,582,675	154,358	1,043,824	1,952,329	1,678,135	-	1,318,018
Textbook Fund	1,095,310	499,759	966,961	62,228	690,336	547,246	714,817	443,509	966,274
Self Insurance	846,306	234,815	328,607	(8,223)	744,291	308,857	422,018	-	631,130
Dependent Care	128,738	110,264	123,674	-	115,328	143,585	149,627	-	109,286
Donation Fund	359	-	180	-	179	-	-	-	179
Lc Safe Grant	1,532	-	1,532	-	-	11,225	10,195	-	1,030
Safe Lake Co	-	8,200	7,880	-	320	-	-	-	320
No Kid Hungry	47,919	-	44,513	-	3,406	-	-	-	3,406
Pathfinder 2021	22,379	5,212	27,591	-	-	-	-	-	-
Pathfinder 2022	-	187,750	154,014	-	33,736	-	23,269	(10,467)	-
Pathfinder	-	-	-	-	-	184,750	150,246	10,467	44,971
Form Assess Grt	2,672	38,948	28,050	-	13,570	30,825	25,188	-	19,207
Com Schl Fund	(2,060)	307,700	305,640	-	-	-	-	-	-
State Medicaid	840	21,033	-	(21,033)	840	29,345	-	(29,345)	840
IDHS Safety Grt Fy2020	(39,977)	39,977	-	-	-	-	-	-	-
IDHS Safety Grt Fy2021	-	40,772	40,772	-	-	-	-	-	-
IDHS Safety Grt	-	-	-	-	-	42,400	42,400	-	-
EIG 2022	-	9,317	2,856	-	6,461	-	6,461	-	-
Early Intervention	-	-	-	-	-	7,806	-	-	7,806
Lang Minority	-	31,360	31,360	-	-	-	-	-	-
NESP 22/23	-	-	-	-	-	29,857	29,857	-	-
CTE Perf Grant	-	-	-	-	-	403	-	-	403

(Continued)

HIGHLAND TOWN SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
As of June 30, 2023 and for the period July 1, 2021 through June 30, 2023

Fund	Cash and Investments 07-01-2021	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-2022	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-2023
Perf Base Award	\$ -	\$ 114,302	\$ 114,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Perf Base Award	-	-	-	-	-	111,445	111,445	-	-
High Ability	8,314	37,427	34,163	-	11,578	34,267	29,561	-	16,284
Connectivity	15,818	12,760	3,400	-	25,178	23,280	23,797	-	24,661
Title I Fy2020	(24,353)	68,903	44,550	-	-	-	-	-	-
Title I Fy2021	-	263,400	295,589	-	(32,189)	89,380	57,191	-	-
Title I Fy2022	-	-	-	-	-	264,787	287,709	-	(22,922)
Title IV Fy2019	-	970	970	-	-	4	4	-	-
Title IV Fy2020	(2,206)	4,586	2,380	-	-	359	359	-	-
Title IV Fy2021	-	13,778	14,368	-	(590)	6,154	5,564	-	-
Title IV Fy2022	-	-	-	-	-	1,700	1,700	-	-
Federal Medicaid	2,804	55,168	50,664	43	7,351	73,377	68,918	-	11,810
Title II 09-11	-	-	-	-	-	174	174	-	-
Title II-A Fy2020	(5,814)	21,035	15,221	-	-	1,861	1,861	-	-
Title II-A Fy2021	-	54,873	59,682	-	(4,809)	24,258	19,449	-	-
Title II-A Fy2022	-	-	-	-	-	13,809	18,170	-	(4,361)
Title III Esl Fy2020	-	345	345	-	-	-	-	-	-
Title III Esl Fy2021	-	7,203	7,203	-	-	-	-	-	-
Cares 3.0	-	1,254,013	187,428	(1,079,313)	(12,728)	466,022	503,209	-	(49,915)
Cares 2.0	(64,414)	723,512	688,735	-	(29,637)	257,887	306,256	-	(78,006)
Cares Act	(44,020)	100,829	56,809	-	-	86,239	86,239	-	-
TFIG Grant	-	1,305	1,305	-	-	-	-	-	-
Prepaid School Lunch	35,710	9,760	14,607	-	30,863	39,391	43,779	-	26,475
Clearing	-	5,333,021	5,333,021	-	-	5,144,223	5,144,223	-	-
Totals	\$ 10,636,132	\$ 44,113,558	\$ 44,330,326	\$ 4,017,777	\$ 14,437,141	\$ 43,385,144	\$ 43,335,801	\$ -	\$ 14,486,484

See notes to financial statement.

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
As of June 30, 2023, and for the period of
July 1, 2021 through June 30, 2023

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)

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
As of June 30, 2023, and for the period of
July 1, 2021 through June 30, 2023

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)

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
As of June 30, 2023, and for the period of
July 1, 2021 through June 30, 2023

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 held investments in treasury notes for the period under audit.

(Continued)

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
As of June 30, 2023, and for the period of
July 1, 2021 through June 30, 2023

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, 2022, and 2023. These deficits will be repaid from future receipts.

NOTE 7 - HOLDING CORPORATION

The School Corporation has entered into a series of capital leases with the Highland 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, 2021 through June 30, 2022 totaled \$3,850,500. Lease payments for the period July 1, 2022 through June 30, 2023 totaled \$3,435,500.

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)

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
As of June 30, 2023, and for the period of
July 1, 2021 through June 30, 2023

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)

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
As of June 30, 2023, and for the period of
July 1, 2021 through June 30, 2023

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.

(Continued)

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
As of June 30, 2023, and for the period of
July 1, 2021 through June 30, 2023

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

The School Corporation provides to eligible retirees and their spouses the following benefits: health, dental, vision, and life insurance for administrators and classified staff members until the age of Medicare eligibility at the cost of a single plan at the time of retirement. The retiree is responsible for any future increases in premiums. Teachers with ten years of service prior to 2002 were provided a VEBA account to pay these postretirement benefits. Those with less than ten years of service and any teachers hired since 2002 receive 1 percent of the beginning teacher's salary with zero years of experience, annually while employed and receive no postretirement benefits. Life insurance is available for early retirees with decreases in value of 25 percent each at age 66, age 67, and age 68. The benefit terminates at age 70. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

OTHER INFORMATION (Unaudited)

HIGHLAND TOWN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2022

	Education Fund	Debt Service	Operations	Rainy Day	Construction	FMB 2016	School Lunch	Textbook Fund	Self Insurance	Dependent Care	Donation Fund	Lc Safe Grant	Safe Lake Co
Cash and investments - beginning	\$ 1,988,913	\$ 1,982,211	\$ 3,373,543	\$ 950,000	\$ -	\$ 6,222	\$ 309,386	\$ 1,095,310	\$ 846,306	\$ 128,738	\$ 359	\$ 1,532	\$ -
Receipts:													
Local sources	170,278	5,625,833	4,048,039	-	-	-	193,326	406,529	234,815	110,264	-	-	8,200
Intermediate sources	5	-	327,740	-	-	-	-	-	-	-	-	-	-
State sources	22,160,825	-	-	-	-	-	15,130	93,230	-	-	-	-	-
Federal sources	-	-	-	-	-	-	1,953,623	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	146	-	5,640	-	-	-	676	-	-	-	-	-	-
Total receipts	22,331,254	5,625,833	4,381,419	-	-	-	2,162,755	499,759	234,815	110,264	-	-	8,200
Disbursements:													
Instruction	16,227,560	-	-	-	-	-	-	-	-	123,674	180	-	-
Support services	3,950,509	-	6,819,734	-	324	6,222	15,424	966,961	-	-	-	1,532	7,880
Noninstructional services	429,017	-	-	-	-	-	1,567,251	-	-	-	-	-	-
Facilities acquisition and construction	-	-	9,934	-	42,188	-	-	-	-	-	-	-	-
Debt services	-	6,273,791	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	328,607	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	20,607,086	6,273,791	6,829,668	-	42,512	6,222	1,582,675	966,961	328,607	123,674	180	1,532	7,880
Excess (deficiency) of receipts over disbursements	1,724,168	(647,958)	(2,448,249)	-	(42,512)	(6,222)	580,080	(467,202)	(93,792)	(13,410)	(180)	(1,532)	320
Other financing sources (uses):													
Proceeds of long-term debt	-	17,776	-	-	4,000,000	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	508,891	-	2,491,459	-	-	-	154,358	62,228	4,431	-	-	-	-
Transfers out	(2,046,181)	(62,228)	-	-	-	-	-	-	(12,654)	-	-	-	-
Total other financing sources (uses)	(1,537,290)	(44,452)	2,491,459	-	4,000,000	-	154,358	62,228	(8,223)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	186,878	(692,410)	43,210	-	3,957,488	(6,222)	734,438	(404,974)	(102,015)	(13,410)	(180)	(1,532)	320
Cash and investments - ending	\$ 2,175,791	\$ 1,289,801	\$ 3,416,753	\$ 950,000	\$ 3,957,488	\$ -	\$ 1,043,824	\$ 690,336	\$ 744,291	\$ 115,328	\$ 179	\$ -	\$ 320

(Continued)

HIGHLAND TOWN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2022

	No Kid Hungry	Pathfinder 2021	Pathfinder 2022	Pathfinder	Form Assess Grt	Com Schl Fund	State Medicaid	IDHS Safety Grt Fy2020	IDHS Safety Grt Fy2021	IDHS Safety Grt	EIG 2022	Early Intervention
Cash and investments - beginning	\$ 47,919	\$ 22,379	\$ -	\$ -	\$ 2,672	\$ (2,060)	\$ 840	\$ (39,977)	\$ -	\$ -	\$ -	\$ -
Receipts:												
Local sources	-	5,212	160,000	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	27,750	-	38,948	307,700	21,033	39,977	40,772	-	9,317	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	5,212	187,750	-	38,948	307,700	21,033	39,977	40,772	-	9,317	-
Disbursements:												
Instruction	-	27,591	149,436	-	-	-	-	-	-	-	2,856	-
Support services	-	-	4,578	-	28,050	305,640	-	-	40,772	-	-	-
Noninstructional services	44,513	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	44,513	27,591	154,014	-	28,050	305,640	-	-	40,772	-	2,856	-
Excess (deficiency) of receipts over disbursements	(44,513)	(22,379)	33,736	-	10,898	2,060	21,033	39,977	-	-	6,461	-
Other financing sources (uses):												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(21,033)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(21,033)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(44,513)	(22,379)	33,736	-	10,898	2,060	-	39,977	-	-	6,461	-
Cash and investments - ending	\$ 3,406	\$ -	\$ 33,736	\$ -	\$ 13,570	\$ -	\$ 840	\$ -	\$ -	\$ -	\$ 6,461	\$ -

(Continued)

HIGHLAND TOWN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2022

	Lang Minority	NESP 22/23	CTE Perf Grant	Perf Base Award	Perf Base Award	High Ability	Connectivity	Title I Fy2020	Title I Fy2021	Title I Fy2022	Title IV Fy2019	Title IV Fy2020	Title IV Fy2021	Title IV Fy2022
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,314	\$ 15,818	\$ (24,353)	\$ -	\$ -	\$ -	\$ (2,206)	\$ -	\$ -
Receipts:														
Local sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State sources	31,360	-	-	114,302	-	37,427	12,760	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	68,903	263,400	-	970	4,586	13,778	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	31,360	-	-	114,302	-	37,427	12,760	68,903	263,400	-	970	4,586	13,778	-
Disbursements:														
Instruction	31,360	-	-	114,302	-	34,163	-	41,589	290,127	-	75	1,128	4,024	-
Support services	-	-	-	-	-	-	3,400	2,961	5,462	-	895	1,252	10,344	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	31,360	-	-	114,302	-	34,163	3,400	44,550	295,589	-	970	2,380	14,368	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	3,264	9,360	24,353	(32,189)	-	-	2,206	(590)	-
Other financing sources (uses):														
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	3,264	9,360	24,353	(32,189)	-	-	2,206	(590)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,578	\$ 25,178	\$ -	\$ (32,189)	\$ -	\$ -	\$ -	\$ (590)	\$ -

(Continued)

HIGHLAND TOWN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2022

	Federal Medicaid	Title II 09-11	Title II-A Fy2020	Title II-A Fy2021	Title II-A Fy2022	Title III Esl Fy2020	Title III Esl Fy2021	Cares 3.0	Cares 2.0	Cares Act	TFIG Grant	Prepaid School Lunch	Clearing	Totals
Cash and investments - beginning	\$ 2,804	\$ -	\$ (5,814)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (64,414)	\$ (44,020)	\$ -	\$ 35,710	\$ -	\$ 10,636,132
Receipts:														
Local sources	-	-	-	-	-	-	-	-	-	-	-	9,760	-	10,972,256
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-	-	327,745
State sources	-	-	-	-	-	-	-	-	-	-	-	-	-	22,950,531
Federal sources	55,168	-	21,035	54,873	-	345	7,203	1,254,013	723,512	100,829	1,305	-	-	4,523,543
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	5,333,021	5,339,483
Total receipts	55,168	-	21,035	54,873	-	345	7,203	1,254,013	723,512	100,829	1,305	9,760	5,333,021	44,113,558
Disbursements:														
Instruction	-	-	8,336	50,158	-	-	6,404	179,803	292,853	50,059	1,305	-	-	17,636,983
Support services	50,664	-	6,885	9,524	-	-	-	7,625	374,623	6,750	-	-	-	12,628,011
Noninstructional services	-	-	-	-	-	345	799	-	-	-	-	14,607	-	2,056,532
Facilities acquisition and construction	-	-	-	-	-	-	-	-	21,259	-	-	-	-	73,381
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	-	6,273,791
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-	5,333,021	5,661,628
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	50,664	-	15,221	59,682	-	345	7,203	187,428	688,735	56,809	1,305	14,607	5,333,021	44,330,326
Excess (deficiency) of receipts over disbursements	4,504	-	5,814	(4,809)	-	-	-	1,066,585	34,777	44,020	-	(4,847)	-	(216,768)
Other financing sources (uses):														
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	4,017,776
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	43	-	-	-	-	-	-	-	-	-	-	-	-	3,221,410
Transfers out	-	-	-	-	-	-	-	(1,079,313)	-	-	-	-	-	(3,221,409)
Total other financing sources (uses)	43	-	-	-	-	-	-	(1,079,313)	-	-	-	-	-	4,017,777
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,547	-	5,814	(4,809)	-	-	-	(12,728)	34,777	44,020	-	(4,847)	-	3,801,009
Cash and investments - ending	\$ 7,351	\$ -	\$ -	\$ (4,809)	\$ -	\$ -	\$ -	\$ (12,728)	\$ (29,637)	\$ -	\$ -	\$ 30,863	\$ -	\$ 14,437,141

HIGHLAND TOWN 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 Fund	Debt Service	Operations	Rainy Day	Construction	FMB 2016	School Lunch	Textbook Fund	Self Insurance	Dependent Care	Donation Fund	Lc Safe Grant	Safe Lake Co
Cash and investments - beginning	\$ 2,175,791	\$ 1,289,801	\$ 3,416,753	\$ 950,000	\$ 3,957,488	\$ -	\$ 1,043,824	\$ 690,336	\$ 744,291	\$ 115,328	\$ 179	\$ -	\$ 320
Receipts:													
Local sources	152,568	5,822,731	4,292,794	-	-	-	687,795	441,363	308,857	143,585	-	-	-
Intermediate sources	5	-	322,836	-	-	-	-	-	-	-	-	-	-
State sources	22,865,707	-	-	-	-	-	15,063	105,883	-	-	-	-	-
Federal sources	-	-	-	-	-	-	1,248,795	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	229	-	1,029	-	-	-	676	-	-	-	-	-	-
Total receipts	23,018,509	5,822,731	4,616,659	-	-	-	1,952,329	547,246	308,857	143,585	-	-	-
Disbursements:													
Instruction	15,958,287	-	-	-	-	-	-	-	-	149,627	-	-	-
Support services	3,960,046	-	7,035,847	-	98,676	-	1,043	714,817	-	-	-	-	-
Noninstructional services	429,151	-	-	-	-	-	1,677,092	-	-	-	-	-	-
Facilities acquisition and construction	-	-	6,083	-	284,056	-	-	-	-	-	-	-	-
Debt services	-	5,601,834	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	422,018	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	20,347,484	5,601,834	7,041,930	-	382,732	-	1,678,135	714,817	422,018	149,627	-	-	-
Excess (deficiency) of receipts over disbursements	2,671,025	220,897	(2,425,271)	-	(382,732)	-	274,194	(167,571)	(113,161)	(6,042)	-	-	-
Other financing sources (uses):													
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	29,345	-	2,116,875	-	-	-	-	443,509	2	-	-	-	-
Transfers out	(2,116,875)	(443,509)	-	-	-	-	-	-	(2)	-	-	-	-
Total other financing sources (uses)	(2,087,530)	(443,509)	2,116,875	-	-	-	-	443,509	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	583,495	(222,612)	(308,396)	-	(382,732)	-	274,194	275,938	(113,161)	(6,042)	-	-	-
Cash and investments - ending	\$ 2,759,286	\$ 1,067,189	\$ 3,108,357	\$ 950,000	\$ 3,574,756	\$ -	\$ 1,318,018	\$ 966,274	\$ 631,130	\$ 109,286	\$ 179	\$ -	\$ 320

(Continued)

HIGHLAND TOWN 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

	Lc Safe Grant	No Kid Hungry	Pathfinder 2021	Pathfinder 2022	Pathfinder	Form Assess Grt	Com Schl Fund	State Medicaid	IDHS Safety Grt Fy2020	IDHS Safety Grt Fy2021	IDHS Safety Grt	EIG 2022	Early Intervention
Cash and investments - beginning	\$ -	\$ 3,406	\$ -	\$ 33,736	\$ -	\$ 13,570	\$ -	\$ 840	\$ -	\$ -	\$ -	\$ 6,461	\$ -
Receipts:													
Local sources	11,225	-	-	-	160,000	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	24,750	30,825	-	29,345	-	-	42,400	-	7,806
Federal sources	-	-	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	11,225	-	-	-	184,750	30,825	-	29,345	-	-	42,400	-	7,806
Disbursements:													
Instruction	-	-	-	23,269	150,246	-	-	-	-	-	-	6,461	-
Support services	10,195	-	-	-	-	25,188	-	-	-	-	42,400	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,195	-	-	23,269	150,246	25,188	-	-	-	-	42,400	6,461	-
Excess (deficiency) of receipts over disbursements	1,030	-	-	(23,269)	34,504	5,637	-	29,345	-	-	-	(6,461)	7,806
Other financing sources (uses):													
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	10,467	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(10,467)	-	-	-	(29,345)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(10,467)	10,467	-	-	(29,345)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,030	-	-	(33,736)	44,971	5,637	-	-	-	-	-	(6,461)	7,806
Cash and investments - ending	\$ 1,030	\$ 3,406	\$ -	\$ -	\$ 44,971	\$ 19,207	\$ -	\$ 840	\$ -	\$ -	\$ -	\$ -	\$ 7,806

(Continued)

HIGHLAND TOWN 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

	Lang Minority	NESP 22/23	CTE Perf Grant	Perf Base Award	Perf Base Award	High Ability	Connectivity	Title I Fy2020	Title I Fy2021	Title I Fy2022	Title IV Fy2019	Title IV Fy2020	Title IV Fy2021	Title IV Fy2022
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,578	\$ 25,178	\$ -	\$ (32,189)	\$ -	\$ -	\$ -	\$ (590)	\$ -
Receipts:														
Local sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	29,857	403	-	111,445	34,267	23,280	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	89,380	264,787	4	359	6,154	1,700
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	29,857	403	-	111,445	34,267	23,280	-	89,380	264,787	4	359	6,154	1,700
Disbursements:														
Instruction	-	29,857	-	-	111,445	29,561	-	-	56,344	283,713	4	115	1,565	-
Support services	-	-	-	-	-	-	23,797	-	847	3,996	-	244	3,999	1,700
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	29,857	-	-	111,445	29,561	23,797	-	57,191	287,709	4	359	5,564	1,700
Excess (deficiency) of receipts over disbursements	-	-	403	-	-	4,706	(517)	-	32,189	(22,922)	-	-	590	-
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	-	-	403	-	-	4,706	(517)	-	32,189	(22,922)	-	-	590	-
Cash and investments - ending	\$ -	\$ -	\$ 403	\$ -	\$ -	\$ 16,284	\$ 24,661	\$ -	\$ -	\$ (22,922)	\$ -	\$ -	\$ -	\$ -

(Continued)

HIGHLAND TOWN 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

	Federal Medicaid	Title II 09-11	Title II-A Fy2020	Title II-A Fy2021	Title II-A Fy2022	Title III Esl Fy2020	Title III Esl Fy2021	Cares 3.0	Cares 2.0	Cares Act	TFIG Grant	Prepaid School Lunch	Clearing	Totals
Cash and investments - beginning	\$ 7,351	\$ -	\$ -	\$ (4,809)	\$ -	\$ -	\$ -	\$ (12,728)	\$ (29,637)	\$ -	\$ -	\$ 30,863	\$ -	\$ 14,437,141
Receipts:														
Local sources	-	-	-	-	-	-	-	-	-	-	-	39,391	-	12,060,309
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-	-	322,841
State sources	-	-	-	-	-	-	-	-	-	-	-	-	-	23,321,031
Federal sources	73,377	174	1,861	24,258	13,809	-	-	466,022	257,887	86,239	-	-	-	2,534,806
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	5,144,223	5,146,157
Total receipts	73,377	174	1,861	24,258	13,809	-	-	466,022	257,887	86,239	-	39,391	5,144,223	43,385,144
Disbursements:														
Instruction	-	-	-	10,388	9,421	-	-	325,594	53,024	86,235	-	-	-	17,285,156
Support services	68,918	174	1,861	9,061	8,749	-	-	177,615	251,342	4	-	-	-	12,440,519
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	43,779	-	2,150,022
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,890	-	-	-	-	292,029
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	-	5,601,834
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-	5,144,223	5,566,241
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	68,918	174	1,861	19,449	18,170	-	-	503,209	306,256	86,239	-	43,779	5,144,223	43,335,801
Excess (deficiency) of receipts over disbursements	4,459	-	-	4,809	(4,361)	-	-	(37,187)	(48,369)	-	-	(4,388)	-	49,343
Other financing sources (uses):														
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	2,600,198
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,600,198)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,459	-	-	4,809	(4,361)	-	-	(37,187)	(48,369)	-	-	(4,388)	-	49,343
Cash and investments - ending	\$ 11,810	\$ -	\$ -	\$ -	\$ (4,361)	\$ -	\$ -	\$ (49,915)	\$ (78,006)	\$ -	\$ -	\$ 26,475	\$ -	\$ 14,486,484

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2023

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 3,905,272	\$ 155,203

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF LEASES AND DEBT
June 30, 2023

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities:				
Highland School Building Corporation	2016 Various Roof & Improvement Projects	\$ 2,202,000	6/30/2016	12/31/2035
Highland School Building Corporation	2018 Various Roof & Improvement Projects	<u>1,234,000</u>	12/31/2018	12/31/2025
Total governmental activities		<u>3,436,000</u>		
Total of annual lease payments		<u>\$ 3,436,000</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:			
General Obligation Bonds	General Obligation Bond 2015 & 2016	\$ 4,755,000	\$ 755,000
Notes and Loans Payable	Common School Loans for Technology	<u>920,950</u>	<u>383,940</u>
Total governmental activities		<u>5,675,950</u>	<u>1,138,940</u>
Totals		<u>\$ 5,675,950</u>	<u>\$ 1,138,940</u>

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF CAPITAL ASSETS
June 30, 2023

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	\$ 739,690
Buildings	102,887,622
Improvements other than buildings	6,471,987
Machinery, equipment, and vehicles	<u>11,978,340</u>
Total governmental activities	<u>122,077,639</u>
Total capital assets	<u>\$ 122,077,639</u>

SCHOOL TOWN OF HIGHLAND
STATE REPORTING INFORMATION
July 1, 2021 - June 30, 2023

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.

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period July 1, 2021 through June 30, 2023

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 06-30-22	Total Federal Awards Expended 06-30-23	Total Federal Awards Expended 07-01-21 to 06-30-23
<u>Department of Agriculture</u>						
Child Nutrition Cluster	Indiana Department of Education					
School Breakfast Program		10.553	FY 2022, FY2023	\$ -	\$ 127,687	\$ 127,687
National School Lunch Program		10.555	FY 2022, FY2023	1,954,772	1,128,891	3,083,663
Commodities				<u>162,558</u>	<u>128,118</u>	<u>290,676</u>
Total - Child Nutrition Cluster				<u>2,117,330</u>	<u>1,384,696</u>	<u>3,502,026</u>
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Cost Grant	Indiana Department of Education	10.649	FY2022, FY2023	<u>3,063</u>	<u>3,135</u>	<u>6,198</u>
Total - Department of Agriculture				<u>2,120,393</u>	<u>1,387,831</u>	<u>3,508,224</u>
<u>Department of Education</u>						
Special Education Cluster (IDEA)						
Special Education Grants to States	Indiana Department of Education					
Special Ed-Part B		84.027	20611-043-PN01	5,832	-	5,832
Special Ed-Part B		84.027	21611-043-PN01	181,606	-	181,606
Special Ed-Part B		84.027X	22611-043-ARP	70,029	93,390	163,419
Special Ed-Part B		84.027	22611-043-PN01	626,995	120,504	747,499
Special Ed-Part B		84.027	23611-043-PN01	-	515,666	515,666
Total - Special Education Grants to States				<u>884,462</u>	<u>729,560</u>	<u>1,614,022</u>
Special Education Preschool Grants	Indiana Department of Education					
Special Ed Preschool		84.173	21619-043-PN01	5,136	-	5,136
Special Ed Preschool		84.173	22619-043-PN01	12,075	5,450	17,525
Special Ed Preschool		84.173X	22619-043-ARP	5,067	8,809	13,876
Special Ed Preschool		84.173	23619-043-PN01	-	13,540	13,540
Total - Special Education Preschool Grants				<u>22,278</u>	<u>27,799</u>	<u>50,077</u>
Total - Special Education Cluster(IDEA)				<u>906,740</u>	<u>757,359</u>	<u>1,664,099</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education					
Title I, Part A		84.010A	S010A200014	68,903	-	68,903
Title I, Part A		84.010A	S010A210014	263,400	89,380	352,780
Title I, Part A		84.010A	S010A220014	-	264,787	264,787
Total - Title I grants to Local Educational Agencies				<u>332,303</u>	<u>354,167</u>	<u>686,470</u>

(Continued)

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period July 1, 2021 through June 30, 2023

Federal Grantor Agency <u>Cluster Title/Program Title/Project Title</u>	<u>Pass-Through Entity or Direct Grant</u>	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-22	Total Federal Awards Expended 06-30-23	Total Federal Awards Expended 07-01-21 to 06-30-23
Title III English Language Acquisition State Grants	Indiana Department of Education					
Title III, Part A		84.365	S365A200014	\$ 345	\$ -	\$ 345
Title III, Part A		84.365	S365A210014	<u>7,203</u>	<u>-</u>	<u>7,203</u>
Total - Title III English Language Acquisition State Grants				<u>7,548</u>	<u>-</u>	<u>7,548</u>
Title II Supporting Effective Instruction State Grants	Indiana Department of Education					
Title II, Part A		84.367A	S367A200013	21,034	2,035	23,069
Title II, Part A		84.367A	S367A210013	<u>54,873</u>	<u>38,067</u>	<u>92,940</u>
Total - Title II Supporting Effective Instruction State Grants				<u>75,907</u>	<u>40,102</u>	<u>116,009</u>
Title IV Student Support and Academic Enrichment Program	Indiana Department of Education					
Title IV Part A		84.424	S424A190015	970	-	970
Title IV Part A		84.424	S424A200015	4,585	363	4,948
Title IV Part A		84.424	S424A210015	13,778	6,154	19,932
Title IV Part A		84.424	S424A220015	<u>-</u>	<u>1,700</u>	<u>1,700</u>
Total - Title IV Student Support and Academic Enrichment Program				<u>19,333</u>	<u>8,217</u>	<u>27,550</u>
COVID-19 Education Stabilization Fund	Indiana Department of Education					
Elementary and Secondary School Emergency Relief (ESSER I) Fund		84.425D	S425D200013	102,133	86,239	188,372
Elementary and Secondary School Emergency Relief (ESSER II) Fund		84.425D	S425D210013	723,512	257,887	981,399
Elementary and Secondary School Emergency Relief (ESSER III) Fund		84.425U	S425U210013	<u>1,254,013</u>	<u>466,022</u>	<u>1,720,035</u>
Total - COVID-19 Education Stabilization Fund				<u>2,079,658</u>	<u>810,148</u>	<u>2,889,806</u>
Total - Department of Education				<u>3,421,489</u>	<u>1,969,993</u>	<u>5,391,482</u>
<u>Department of Health and Human Services</u>						
Medicaid Cluster	Indiana Department of Education					
Medical Assistance Program		93.778	N/A	<u>55,168</u>	<u>73,377</u>	<u>128,545</u>
Total - Medicaid Cluster				<u>55,168</u>	<u>73,377</u>	<u>128,545</u>
Total - Department of Health and Human Services				<u>55,168</u>	<u>73,377</u>	<u>128,545</u>
Total federal awards expended				<u>\$ 5,597,050</u>	<u>\$ 3,431,201</u>	<u>\$ 9,028,251</u>

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

SCHOOL TOWN OF HIGHLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the period of July 1, 2021 through June 30, 2023

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, 2021 through June 30, 2023. 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 - SPECIAL EDUCATION COOPERATIVE (ALN: 84.027, 84.173)

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

NOTE 4 - OTHER INFORMATION

The School Corporation did not have any subrecipient activity for the period of July 1, 2021 through June 30, 2023.

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
School Town of Highland
Lake 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 School Town of Highland ("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, 2023 and for the period July 1, 2021 through June 30, 2023 and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement, and have issued our report thereon dated February 14, 2024.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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*.

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
February 14, 2024

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

Those Charged with Governance
School Town of Highland
Lake County, Indiana

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited the School Town of Highland'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 year ended June 30, 2023. 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 year ended June 30, 2023.

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.

(Continued)

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

(Continued)

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be 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. *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 2023-001 and 2023-002, 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 response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Crowe LLP
Crowe LLP

Indianapolis, Indiana
February 14, 2024

SCHOOL TOWN OF HIGHLAND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 July 1, 2021 through June 30, 2023

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?	_____	Yes	_____ <u>X</u> _____ 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

Federal Awards

Internal control over major programs			
Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____ No
Significant deficiencies identified not considered to be material weaknesses?	_____ <u>X</u> _____	Yes	_____ _____ None Reported

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

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Special Education Cluster	Unmodified
COVID-19 - Education Stabilization Fund	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>
84.027, 84.173, 84.027X, 84.173X	Special Education 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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Section II – Financial Statement Findings

None noted.

(Continued)

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2021 through June 30, 2023

Section III – Federal Award Findings and Questioned Costs

FINDING 2023-001

Subject: Special Education Cluster (IDEA) – Earmarking
Federal Agency: Department of Education
Federal Program: Special Education Preschool Grants
Assistance Listing Number: 84.173
Federal Award Number: 22619-043-PN01
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Findings: Significant Deficiency

Criteria: 2 CFR 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 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:...

(g) Be adequately documented.... "

2 CFR 200.208(b) states in part:

"The Federal awarding agency or pass-through entity may adjust specific Federal award conditions as needed . . ."

511 IAC 7-34-7(b) states:

"The public agency, in providing special education and related services to students in nonpublic schools must expend at least an amount that is the same proportion of the public agency total subgrant under 20 U.S.C. 1411(f) as the number of nonpublic school students with disabilities, who are enrolled by their parents in nonpublic schools within its boundaries, is to the total number of students with disabilities of the same age range."

Condition: The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the earmarking requirements. The Cooperative did not have adequate procedures in place to ensure that the required level of expenditures for non-public school students with disabilities was met for each member school. The Cooperative did not have effective internal controls to ensure non-public school expenditures were appropriately identified and reported.

(Continued)

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2021 through June 30, 2023

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

FINDING 2023-001 (Continued)

Cause: A proper system of internal control was not designed by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation’s management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect: Without the proper implementation of an effectively designed system of internal controls, the control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

Questioned Costs: There were no questioned costs identified.

Context: The School Corporation is a member of the Northwest Indiana Special Education Cooperative (Cooperative). During fiscal year 2022-2023, the Cooperative operated the special education program and spent the federal money on behalf of all its members. As the grant agreement was between the Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

The Non-Public Proportionate Share expenditures for the 22619-043-PN01 grant award could not be verified for the individual member schools. Total grant expenditures were posted as expended. The non-public proportionate share expenditures were determined by applying a percentage to the non-public school budgeted expenditures. As such, we were unable to identify if the minimum amount per the grant award was expended and properly reported to IDOE as required.

The lack of internal controls was isolated to the 22619-043-PN01 grant award.

Identification as a repeat finding: This is a repeat finding from the immediately prior audit report (B60693). The prior audit finding number was 2021-001.

Recommendation: We recommended that management of the School Corporation establish a proper system of internal control and develop policies and procedures to ensure non-public proportionate share funds are appropriately allocated to the member school based on expenses charged directly on behalf of the member school. Supporting documentation for these expenses should be retained for audit.

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

(Continued)

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2021 through June 30, 2023

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

FINDING 2023-002

Subject: COVID-19 Education Stabilization Fund – Allowable Costs
Federal Agency: Department of Education
Federal Program: COVID-19 Education Stabilization Fund
Assistance Listing Number: 84.425U
Federal Award Number: S425U210013
Compliance Requirement: Allowable Costs
Audit Findings: Significant Deficiency

Criteria: 2 CFR 200.403 establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with state and local governments. To be allowable, under federal awards, cost must meet certain criteria:

- a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.
- g) Be adequately documented.
- h) Cost must be incurred during the approved budget period.

Additionally, 2 CFR 200.303 indicates that non-Federal Entities receiving Federal awards must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and terms and conditions of the Federal award.

Condition: The School Corporation did not have internal controls in place to ensure that the School Corporation complied with the allowable cost requirements. The School Corporation did not have adequate procedures in place to ensure that the expenditures charged to the grant were accurate and pertained to the Education Stabilization Fund.

Cause: A proper system of internal control was not designed by management of the School Corporation that included a thorough review of expenditures charged to the grant.

Effect: Without the proper implementation of an effectively designed system of internal controls, the control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

Questioned Costs: There was \$24,593 of questioned costs identified.

(Continued)

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2021 through June 30, 2023

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

FINDING 2023-002 (Continued)

Context: The School Corporation requested a transfer of \$54,886 from the Education Stabilization Fund to the School Lunch Fund to cover costs incurred for Grab & Go meals as a result of the COVID-19 Pandemic. Upon review of the supporting detail, the actual amount of expenditures for the Grab & Go meals was \$30,293, resulting in over reporting of receipts in the amount of \$24,593. This was due to a clerical error made by management that was not caught in the review process.

Identification as a repeat finding: Not a repeat finding.

Recommendation: We recommended that management of the School Corporation establish a proper system of internal control to ensure the appropriate amounts are charged to the grants.

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

SCHOOL TOWN OF HIGHLAND

9145 Kennedy Avenue, Highland, Indiana 46322
(219) 924-7400 FAX (219) 922-5637

Administration

Dr. Brian Smith, Superintendent
Dr. Ryan Erdelac, Asst. Superintendent
Cynthia Adams, Chief Financial Officer

Board of Trustees

Victor A. Garcia, President
Patrick Krull, Vice President
Allencia Ballard, Secretary
Robert Kuva, Member
Erica Smith-Gomez, Member

CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS

June 30, 2023

FINDING 2023-001

Subject: Special Education Cluster (IDEA) – Earmarking
Federal Agency: Department of Education
Federal Program: Special Education Preschool Grants
Assistance Listing Number: 84.173
Federal Award Number: 22619-043-PN01
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Findings: Significant Deficiency

Condition: The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the earmarking requirements. The Cooperative did not have adequate procedures in place to ensure that the required level of expenditures for non-public school students with disabilities was met for each member school. The Cooperative did not have effective internal controls to ensure non-public school expenditures were appropriately identified and reported.

Context: The School Corporation is a member of the Northwest Indiana Special Education Cooperative (Cooperative). During fiscal year 2022-2023, the Cooperative operated the special education program and spent the federal money on behalf of all its members. As the grant agreement was between the Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

The Non-Public Proportionate Share expenditures for the 22619-043-PN01 grant award could not be verified for the individual member schools. Total grant expenditures were posted as expended. The non-public proportionate share expenditures were determined by applying a percentage to the non-public school budgeted expenditures. As such, we were unable to identify if the minimum amount per the grant award was expended and properly reported to IDOE as required.

The lack of internal controls was isolated to the 22619-043-PN01 grant award.

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: As a member of the Northwest Indiana Special Education Cooperative (NISEC), Highland reported their proportionate share based on a percentage of expenditures and had successful audits in doing so. When Highland was notified that this process was no longer acceptable, we immediately implemented an internal control process with NISEC which included a detailed reporting of staff work hours for nonpublic schools related to only our school corporation. The report is then reviewed and signed by the NISEC staff working for the nonpublic school and their supervisor. The employee detailed time and effort report is then provided to the NISEC finance department for a second review and signature before being reported to payroll. NISEC payroll then charges the proportionate share to the IDEA Part B and the Special Education Pre-School grants in the payroll system bi-weekly based on the time and effort report pertinent to just Highland. The time and effort reports are then used to submit the reimbursements request to the Department of Education for Highland's proportionate share.

Additionally, any IDEA Part B nonpublic material expense is broken out in detail with Highland's proportionate share for approval by the NISEC finance office prior to vendor payment and the reimbursement request is submitted to the Department of Education.

Responsible Party and Timeline for Completion: Federal regulation requires name and title of person overseeing corrective action plan and anticipated completion date.

Peyton Gilmore, NISEC CFO, indicated that NISEC stopped reporting nonpublic proportionate share expenditures by percentages as of the 2022/2023 school year. An internal control procedure to report nonpublic proportionate share expenditures by detailed time and effort work of expenditures was implemented as of September 2022.

FINDING 2023-002

Subject: COVID-19 Education Stabilization Fund – Allowable Costs
Federal Agency: Department of Education
Federal Program: COVID-19 Education Stabilization Fund
Assistance Listing Number: 84.425U
Federal Award Number: S425U210013
Compliance Requirement: Allowable Costs
Audit Findings: Significant Deficiency

Condition: The School Corporation did not have internal controls in place to ensure that the School Corporation complied with the allowable cost requirements. The School Corporation did not have adequate procedures in place to ensure that the expenditures charged to the grant were accurate and pertained to the Education Stabilization Fund.

Context: The School Corporation requested a transfer of \$54,886 from the School Lunch Fund to the Education Stabilization Fund to cover costs incurred for Grab & Go meals as a result of the COVID-19 Pandemic. Upon review of the supporting detail, the actual amount of expenditures for the Grab & Go meals was \$30,293, resulting in over reporting of receipts in the amount of \$24,593. This was due to a clerical error made by management that was not caught in the review process.

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We will transfer the over expenditure of \$24,593 from the School Lunch Fund to the Education Stabilization Fund to correct the error. To make sure this type of error does not occur in the future; the district will change our internal control procedures to have a second person review and sign the transfer prior to entering the transfer into the financial software to ensure accuracy.

Responsible Party and Timeline for Completion: The CFO will enter the corrective transfer and have it reviewed and signed off on by the Deputy Treasurer prior to February 29, 2024.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-001

Subject: Special Education Cluster - Earmarking
Audit Findings: Material Weakness, Noncompliance

Condition and Context: The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the earmarking requirements. The Cooperative did not have adequate procedures in place to ensure that the required level of expenditures for non-public school students with disabilities was met for each member school. The Cooperative did not have effective internal controls to ensure non-public school expenditures were appropriately identified and reported.

Status: This has not been resolved and is identified as a repeat finding in the current year audit. See finding 2023-001.

Peyton Gilmore, NISEC CFO, indicated that NISEC stopped reporting nonpublic proportionate share expenditures by percentages as of the 2022/2023 school year. An internal control procedure to report nonpublic proportionate share expenditures by detailed time and effort work of expenditures was implemented as of September 2022.