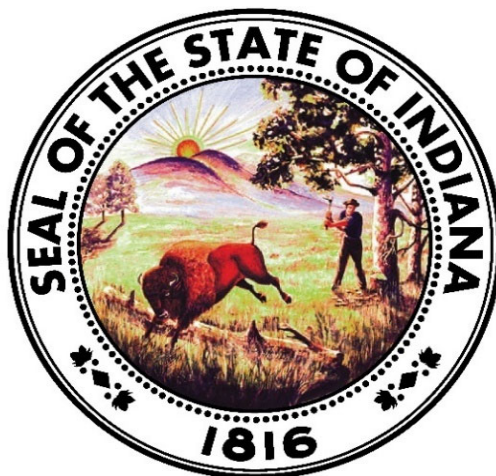


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT AND
FEDERAL COMPLIANCE AUDIT REPORT
OF
EAST PORTER COUNTY SCHOOL CORPORATION
PORTER COUNTY, INDIANA
July 1, 2021 to June 30, 2023



FILED
03/26/2024



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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March 26, 2024

To: The Officials of East Porter County School Corporation
East Porter County School Corporation
Porter County, Indiana

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of East Porter County School Corporation. 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 through 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 32 through 42. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears on pages 43 and 44.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the 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

EAST PORTER COUNTY SCHOOL CORPORATION
Porter 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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EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF OFFICIALS (Unaudited)
For the period July 1, 2021 through June 30, 2023

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Wendy Kulczyk	07-01-21 to 08-31-21
	Gabrielle Jaremczuck	09-01-21 to 03-31-22
	Kimberly Nieves	04-01-22 to 06-30-23
Superintendent of Schools	Dr. Aaron Case	07-01-21 to 06-30-23
President of the School Board	Richard McSparin	07-01-21 to 12-31-21
	Steve Lesko	01-01-22 to 06-30-23

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
East Porter County School Corporation
Porter 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 East Porter County School Corporation (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 23, 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
Crowe LLP

Indianapolis, Indiana
February 23, 2024

EAST PORTER COUNTY 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, 201 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>
School Education	\$ 1,522,939	\$ 17,494,073	\$ 15,007,307	\$ (2,220,229)	\$ 1,789,476	\$ 17,995,061	\$ 16,341,925	\$ (1,581,964)	\$ 1,860,648
Debt Service	3,171,327	6,842,783	7,961,770	(21,348)	2,030,992	7,479,596	7,033,031	(214,609)	2,262,948
School Operations	4,780,904	5,074,818	6,130,738	2,062,806	5,787,790	5,580,396	6,257,220	1,805,518	6,916,484
Local Rainy Day	2,765,000	-	-	235,000	3,000,000	-	-	-	3,000,000
Construction	2,449,054	-	343,843	995,000	3,100,211	140,000	2,436,356	-	803,855
School Lunch	454,361	1,518,963	1,193,188	-	780,136	1,358,188	1,092,534	-	1,045,790
Textbook Rental	313,742	290,904	344,696	25,759	285,709	230,306	426,221	14,792	104,586
Other Local Funds	(80,494)	460,480	328,042	-	51,944	16,265	171,295	-	(103,086)
Educational License Plates	1,546	280	-	-	1,826	169	-	-	1,995
Donations Gifts And Trusts	66,603	21,251	20,394	-	67,460	14,800	36,291	-	45,969
Formative Assessment	3,087	26,591	22,638	-	7,040	25,650	28,710	-	3,980
Computer Consortium/Ed Tech Adv	(8,079)	61,476	272,281	-	(218,884)	245,301	26,417	-	-
Secured School Safety Grant	(13,814)	64,386	54,600	-	(4,028)	58,038	64,783	-	(10,773)
Early Intervention Grant	6,771	8,440	6,771	-	8,440	6,588	8,440	-	6,588
Welfare Activities	487	-	-	-	487	-	-	-	487
Non-English Speaking Program	-	-	-	-	-	-	-	-	-
Non-English Speaking Program	4,565	5,985	7,405	-	3,145	3,079	3,256	-	2,968
Career And Technical Performance	5,684	-	-	-	5,684	1,155	-	-	6,839
Teacher Appreciation Grant	-	-	-	-	-	-	-	-	-
Teacher Appreciation Grant	4,915	91,689	91,689	-	4,915	90,262	90,262	-	4,915
High Ability Students	11,675	34,839	36,682	-	9,832	32,758	26,238	-	16,352
State Connectivity Grant	30,125	12,760	25,892	-	16,993	17,140	20,945	-	13,188
Title I	(24,832)	190,991	181,196	-	(15,037)	228,886	240,058	-	(26,209)
Dfs Title IV PI 107-113	(49)	644	2,095	-	(1,500)	9,520	13,883	-	(5,863)
PI 95-166 Nutritional Gra-State	-	29,733	29,733	-	-	-	-	-	-
School Technology PI 106-554	88,666	-	23,825	(64,841)	-	-	-	-	-
Title II Part A Support Instr	(5,303)	30,464	28,736	-	(3,575)	59,505	64,974	-	(9,044)
ESSER III	-	386,535	426,885	-	(40,350)	257,813	284,062	-	(66,599)
ESSER II	(61,446)	287,257	259,794	-	(33,983)	186,152	170,127	-	(17,958)

(Continued)

EAST PORTER COUNTY 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, 201 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>
GEER I	\$ (12,610)	\$ 38,447	\$ 64,580	\$ -	\$ (38,743)	\$ 39,012	\$ 269	\$ -	\$ -
ESSER I	(22,710)	47,010	24,300	-	-	-	-	-	-
Fema / Covid-19	-	12,736	-	(12,736)	-	-	-	-	-
Prepaid School Meal Accounts	40,493	139,250	132,884	-	46,859	643,023	640,946	-	48,936
Clearing Accounts	<u>136,300</u>	<u>3,853,373</u>	<u>3,894,968</u>	<u>-</u>	<u>94,705</u>	<u>4,076,885</u>	<u>4,078,512</u>	<u>-</u>	<u>93,078</u>
Totals	<u>\$ 15,628,907</u>	<u>\$ 37,026,158</u>	<u>\$ 36,916,932</u>	<u>\$ 999,411</u>	<u>\$ 16,737,544</u>	<u>\$ 38,795,548</u>	<u>\$ 39,556,755</u>	<u>\$ 23,737</u>	<u>\$ 16,000,074</u>

See notes to financial statement.

EAST PORTER COUNTY SCHOOL CORPORATION
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)

EAST PORTER COUNTY SCHOOL CORPORATION
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)

EAST PORTER COUNTY SCHOOL CORPORATION
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 did not hold investments for the period under audit.

(Continued)

EAST PORTER COUNTY SCHOOL CORPORATION
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.

NOTE 7 - 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.

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.

(Continued)

EAST PORTER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2023, and for the period of
July 1, 2021 through June 30, 2023

NOTE 7 - PENSION PLANS (Continued)

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.

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.

(Continued)

EAST PORTER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2023, and for the period of
July 1, 2021 through June 30, 2023

NOTE 7 - PENSION PLANS (Continued)

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.

NOTE 8 - SUBSEQUENT EVENTS

In December 2023, the School Corporation issued General Obligation Bonds in the amount of \$3,000,000 to finance the renovation and improvements to school facilities.

OTHER INFORMATION (Unaudited)

EAST PORTER COUNTY 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

	School Education	Debt Service	School Operations	Local Rainy Day	Construction	School Lunch	Textbook Rental	Other Local Funds	Educational License Plates	Donations Gifts And Trusts	Formative Assessment
Cash and investments - beginning	\$ 1,522,939	\$ 3,171,327	\$ 4,780,904	\$ 2,765,000	\$ 2,449,054	\$ 454,361	\$ 313,742	\$ (80,494)	\$ 1,546	\$ 66,603	\$ 3,087
Receipts:											
Local sources	224,380	6,842,783	4,957,997	-	-	135,475	256,551	460,480	-	21,251	-
Intermediate sources	-	-	-	-	-	-	-	-	280	-	-
State sources	17,269,693	-	-	-	-	10,649	34,353	-	-	-	26,591
Federal sources	-	-	-	-	-	1,372,839	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	116,821	-	-	-	-	-	-	-	-
Total receipts	17,494,073	6,842,783	5,074,818	-	-	1,518,963	290,904	460,480	280	21,251	26,591
Disbursements:											
Instruction	11,972,711	-	-	-	-	-	1,149	3,200	-	15,245	-
Support services	2,800,603	-	5,722,823	-	42,099	462	343,547	257,681	-	5,149	22,638
Noninstructional services	233,993	-	36,698	-	-	1,192,726	-	-	-	-	-
Facilities acquisition and construction	-	-	339,120	-	301,744	-	-	67,161	-	-	-
Debt services	-	7,961,770	18,911	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	13,186	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	15,007,307	7,961,770	6,130,738	-	343,843	1,193,188	344,696	328,042	-	20,394	22,638
Excess (deficiency) of receipts over disbursements	2,486,766	(1,118,987)	(1,055,920)	-	(343,843)	325,775	(53,792)	132,438	280	857	3,953
Other financing sources (uses):											
Proceeds of long-term debt	-	4,411	-	-	995,000	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	2,297,806	235,000	-	-	25,759	-	-	-	-
Transfers out	(2,220,229)	(25,759)	(235,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(2,220,229)	(21,348)	2,062,806	235,000	995,000	-	25,759	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	266,537	(1,140,335)	1,006,886	235,000	651,157	325,775	(28,033)	132,438	280	857	3,953
Cash and investments - ending	\$ 1,789,476	\$ 2,030,992	\$ 5,787,790	\$ 3,000,000	\$ 3,100,211	\$ 780,136	\$ 285,709	\$ 51,944	\$ 1,826	\$ 67,460	\$ 7,040

(Continued)

EAST PORTER COUNTY 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

	Computer Consortium/Ed Tech Adv	Secured School Safety Grant	Early Intervention Grant	Welfare Activities	Non-English Speaking Program	Career And Technical Performance	Teacher Appreciation Grant	High Ability Students	State Connectivity Grant	Title I	Dfs Title IV PI 107-113
Cash and investments - beginning	\$ (8,079)	\$ (13,814)	\$ 6,771	\$ 487	\$ 4,565	\$ 5,684	\$ 4,915	\$ 11,675	\$ 30,125	\$ (24,832)	\$ (49)
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	61,476	64,386	8,440	-	5,985	-	91,689	34,839	12,760	-	-
Federal sources	-	-	-	-	-	-	-	-	-	190,991	644
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	61,476	64,386	8,440	-	5,985	-	91,689	34,839	12,760	190,991	644
Disbursements:											
Instruction	-	-	-	-	4,562	-	91,689	538	-	180,758	-
Support services	218,884	54,600	6,771	-	2,843	-	-	36,144	25,892	438	2,095
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	53,397	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	272,281	54,600	6,771	-	7,405	-	91,689	36,682	25,892	181,196	2,095
Excess (deficiency) of receipts over disbursements	(210,805)	9,786	1,669	-	(1,420)	-	-	(1,843)	(13,132)	9,795	(1,451)
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	(210,805)	9,786	1,669	-	(1,420)	-	-	(1,843)	(13,132)	9,795	(1,451)
Cash and investments - ending	\$ (218,884)	\$ (4,028)	\$ 8,440	\$ 487	\$ 3,145	\$ 5,684	\$ 4,915	\$ 9,832	\$ 16,993	\$ (15,037)	\$ (1,500)

(Continued)

EAST PORTER COUNTY 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

	PI 95-166 Nutritional Gra- State	School Technology PI 106-554	Title II Part A Support Instr	ESSER III	ESSER II	GEER I	ESSER I	Fema / Covid-19	Prepaid School Meal Accounts	Clearing Accounts	Totals
Cash and investments - beginning	\$ -	\$ 88,666	\$ (5,303)	\$ -	\$ (61,446)	\$ (12,610)	\$ (22,710)	\$ -	\$ 40,493	\$ 136,300	\$ 15,628,907
Receipts:											
Local sources	-	-	-	-	-	-	-	-	139,250	450	13,038,617
Intermediate sources	-	-	-	-	-	-	-	-	-	-	280
State sources	-	-	-	-	-	-	-	-	-	-	17,620,861
Federal sources	29,733	-	30,464	386,535	287,257	38,447	47,010	12,736	-	-	2,396,656
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	3,852,923	3,969,744
Total receipts	29,733	-	30,464	386,535	287,257	38,447	47,010	12,736	139,250	3,853,373	37,026,158
Disbursements:											
Instruction	-	-	25,996	204,870	211,676	40,280	24,300	-	-	-	12,776,974
Support services	-	20,545	2,740	181,270	48,118	22,770	-	-	338	-	9,818,450
Noninstructional services	-	-	-	-	-	-	-	-	132,546	-	1,595,963
Facilities acquisition and construction	29,733	3,280	-	40,745	-	1,530	-	-	-	-	836,710
Debt services	-	-	-	-	-	-	-	-	-	-	7,980,681
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	3,894,968	3,908,154
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	29,733	23,825	28,736	426,885	259,794	64,580	24,300	-	132,884	3,894,968	36,916,932
Excess (deficiency) of receipts over disbursements	-	(23,825)	1,728	(40,350)	27,463	(26,133)	22,710	12,736	6,366	(41,595)	109,226
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	999,411
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	2,558,565
Transfers out	-	(64,841)	-	-	-	-	-	(12,736)	-	-	(2,558,565)
Total other financing sources (uses)	-	(64,841)	-	-	-	-	-	(12,736)	-	-	999,411
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(88,666)	1,728	(40,350)	27,463	(26,133)	22,710	-	6,366	(41,595)	1,108,637
Cash and investments - ending	\$ -	\$ -	\$ (3,575)	\$ (40,350)	\$ (33,983)	\$ (38,743)	\$ -	\$ -	\$ 46,859	\$ 94,705	\$ 16,737,544

EAST PORTER COUNTY 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

	School Education	Debt Service	School Operations	Local Rainy Day	Construction	School Lunch	Textbook Rental	Other Local Funds	Educational License Plates	Donations Gifts And Trusts	Formative Assessment
Cash and investments - beginning	\$ 1,789,476	\$ 2,030,992	\$ 5,787,790	\$ 3,000,000	\$ 3,100,211	\$ 780,136	\$ 285,709	\$ 51,944	\$ 1,826	\$ 67,460	\$ 7,040
Receipts:											
Local sources	187,150	7,479,596	5,580,396	-	140,000	642,993	212,228	16,265	-	14,800	-
Intermediate sources	-	-	-	-	-	-	-	-	169	-	-
State sources	17,807,911	-	-	-	-	10,993	18,078	-	-	-	25,650
Federal sources	-	-	-	-	-	704,202	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	17,995,061	7,479,596	5,580,396	-	140,000	1,358,188	230,306	16,265	169	14,800	25,650
Disbursements:											
Instruction	13,149,433	-	-	-	-	-	-	24,534	-	931	-
Support services	2,917,268	-	5,553,041	-	237,807	1,604	426,221	146,761	-	10,637	28,710
Noninstructional services	275,224	-	41,717	-	-	1,089,446	-	-	-	4,681	-
Facilities acquisition and construction	-	-	587,846	-	2,198,549	1,484	-	-	-	20,042	-
Debt services	-	7,033,031	74,616	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	16,341,925	7,033,031	6,257,220	-	2,436,356	1,092,534	426,221	171,295	-	36,291	28,710
Excess (deficiency) of receipts over disbursements	1,653,136	446,565	(676,824)	-	(2,296,356)	265,654	(195,915)	(155,030)	169	(21,491)	(3,060)
Other financing sources (uses):											
Proceeds of long-term debt	-	23,737	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	223,553	-	1,805,518	-	-	-	14,792	-	-	17,275	-
Transfers out	(1,805,517)	(238,346)	-	-	-	-	-	-	-	(17,275)	-
Total other financing sources (uses)	(1,581,964)	(214,609)	1,805,518	-	-	-	14,792	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	71,172	231,956	1,128,694	-	(2,296,356)	265,654	(181,123)	(155,030)	169	(21,491)	(3,060)
Cash and investments - ending	\$ 1,860,648	\$ 2,262,948	\$ 6,916,484	\$ 3,000,000	\$ 803,855	\$ 1,045,790	\$ 104,586	\$ (103,086)	\$ 1,995	\$ 45,969	\$ 3,980

(Continued)

EAST PORTER COUNTY 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

	Computer Consortium/Ed Tech Adv	Secured School Safety Grant	Early Intervention Grant	Welfare Activities	Non-English Speaking Program	Career And Technical Performance	Teacher Appreciation Grant	High Ability Students	State Connectivity Grant	Title I	Dfs Title IV PI 107-113
Cash and investments - beginning	\$ (218,884)	\$ (4,028)	\$ 8,440	\$ 487	\$ 3,145	\$ 5,684	\$ 4,915	\$ 9,832	\$ 16,993	\$ (15,037)	\$ (1,500)
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	245,301	58,038	6,588	-	3,079	1,155	90,262	32,758	17,140	-	-
Federal sources	-	-	-	-	-	-	-	-	-	228,886	9,520
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	245,301	58,038	6,588	-	3,079	1,155	90,262	32,758	17,140	228,886	9,520
Disbursements:											
Instruction	-	-	6,585	-	3,256	-	90,262	3,718	-	239,808	3,167
Support services	26,417	64,783	1,855	-	-	-	-	22,520	20,945	250	10,716
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	26,417	64,783	8,440	-	3,256	-	90,262	26,238	20,945	240,058	13,883
Excess (deficiency) of receipts over disbursements	218,884	(6,745)	(1,852)	-	(177)	1,155	-	6,520	(3,805)	(11,172)	(4,363)
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	218,884	(6,745)	(1,852)	-	(177)	1,155	-	6,520	(3,805)	(11,172)	(4,363)
Cash and investments - ending	\$ -	\$ (10,773)	\$ 6,588	\$ 487	\$ 2,968	\$ 6,839	\$ 4,915	\$ 16,352	\$ 13,188	\$ (26,209)	\$ (5,863)

(Continued)

EAST PORTER COUNTY 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

	PI 95-166 Nutritional Gra- State	School Technology PI 106-554	Title II Part A Support Instr	ESSER III	ESSER II	GEER I	ESSER I	Fema / Covid-19	Prepaid School Meal Accounts	Clearing Accounts	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (3,575)	\$ (40,350)	\$ (33,983)	\$ (38,743)	\$ -	\$ -	\$ 46,859	\$ 94,705	\$ 16,737,544
Receipts:											
Local sources	-	-	-	(11,880)	(6,018)	-	-	-	643,023	-	14,898,553
Intermediate sources	-	-	-	-	-	-	-	-	-	-	169
State sources	-	-	-	-	-	-	-	-	-	-	18,316,953
Federal sources	-	-	59,505	269,693	192,170	39,012	-	-	-	-	1,502,988
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	4,076,885	4,076,885
Total receipts	-	-	59,505	257,813	186,152	39,012	-	-	643,023	4,076,885	38,795,548
Disbursements:											
Instruction	-	-	59,892	153,517	9,073	-	-	-	-	-	13,744,176
Support services	-	-	5,082	106,526	20,357	269	-	-	-	-	9,601,769
Noninstructional services	-	-	-	-	-	-	-	-	640,946	-	2,052,014
Facilities acquisition and construction	-	-	-	24,019	140,697	-	-	-	-	-	2,972,637
Debt services	-	-	-	-	-	-	-	-	-	-	7,107,647
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	4,078,512	4,078,512
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	64,974	284,062	170,127	269	-	-	640,946	4,078,512	39,556,755
Excess (deficiency) of receipts over disbursements	-	-	(5,469)	(26,249)	16,025	38,743	-	-	2,077	(1,627)	(761,207)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	23,737
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	2,061,138
Transfers out	-	-	-	-	-	-	-	-	-	-	(2,061,138)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	23,737
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(5,469)	(26,249)	16,025	38,743	-	-	2,077	(1,627)	(737,470)
Cash and investments - ending	\$ -	\$ -	\$ (9,044)	\$ (66,599)	\$ (17,958)	\$ -	\$ -	\$ -	\$ 48,936	\$ 93,078	\$ 16,000,074

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2023

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ <u>2,063,790</u>	\$ <u>80,654</u>

EAST PORTER COUNTY SCHOOL CORPORATION
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:				
2016 Building Corporation	Building Renovation/Addition	\$ 1,170,000	4/28/2016	1/15/2031
2018 Building Corporation	Building Renovation/Addition	2,720,000	4/10/2018	1/15/2027
2022 Building Corporation	Building Renovation/Addition	<u>1,175,000</u>	12/21/2022	1/15/2028
Total governmental activities		<u>5,065,000</u>		
Total of annual lease payments		<u>\$ 5,065,000</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	2009 Quality School Construction Bond	\$ 322,000	\$ 322,000
Notes and Loans Payable	A2938 Common School Loan	19,611	19,611
Notes and Loans Payable	B0041 Common School Loan	74,958	49,972
Notes and Loans Payable	B0140 Common School Loan	31,425	12,570
Notes and Loans Payable	B0190 Common School Loan	44,618	17,847
Notes and Loans Payable	B0261 Common School Loan	56,000	16,000
Notes and Loans Payable	B0273 Common School Loan	43,033	12,295
Notes and Loans Payable	B0382 Common School Loan	220,770	49,060
Notes and Loans Payable	B0426 Common School Loan	92,567	18,513
Notes and Loans Payable	Series 2017A Note	740,000	490,000
Notes and Loans Payable	Series 2017B note	370,000	245,000
Notes and Loans Payable	Series 2021	<u>350,000</u>	<u>350,000</u>
Total governmental activities		<u>2,364,982</u>	<u>1,602,868</u>
Totals		<u>\$ 2,364,982</u>	<u>\$ 1,602,868</u>

EAST PORTER COUNTY SCHOOL CORPORATION
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	\$ 661,108
Buildings	89,962,558
Improvements other than buildings	3,866,512
Machinery, equipment, and vehicles	6,900,342
Construction in progress	<u>9,395,000</u>
Total governmental activities	<u>110,785,520</u>
Total capital assets	<u>\$ 110,785,520</u>

EAST PORTER COUNTY SCHOOL CORPORATION
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.

EAST PORTER COUNTY SCHOOL CORPORATION
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 7-01-2021 to 06-30-23
<u>Department of Agriculture</u>						
Child Nutrition Cluster						
Child Nutrition Cluster	Indiana Department of Education					
School Breakfast Program		10.553	FY2022, FY2023	\$ 230,959	\$ 75,791	\$ 306,750
National School Lunch Program		10.555	FY2022, FY2023	1,141,880	627,783	1,769,663
Commodities		10.555	FY2022, FY2023	124,288	72,248	196,536
Total - Child Nutrition Cluster				<u>1,497,127</u>	<u>775,822</u>	<u>2,272,949</u>
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education					
National School Lunch Equipment		10.579	FY2020	29,733	-	29,733
Pandemic EBT Administrative Costs	Indiana Department of Education					
National School Lunch Program		10.649	FY 2023	-	628	628
Total - Department of Agriculture				<u>1,526,860</u>	<u>776,450</u>	<u>2,303,310</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	20611-046-PN01	5,483	-	5,483
Special Ed- Part B		84.027	21611-046-PN01	166,741	15,604	182,345
Special Ed- Part B		84.027	22611-046-PN01	376,724	156,910	533,634
Special Ed- Part B		84.027	23611-046-PN01	-	361,604	361,604
COVID-19 - Supplemental Funding - IDEA, Part B		84.027X	22611-046-ARP	-	16,364	16,364
Total - Special Education Grants to States				<u>548,948</u>	<u>550,482</u>	<u>1,099,430</u>
Special Education Preschool Grants	Indiana Department of Education					
Special Ed Preschool		84.173	21619-046-PN01	750	-	750
Special Ed Preschool		84.173	22619-046-PN01	11,147	621	11,768
Special Ed Preschool		84.173	23619-046-PN01	-	11,900	11,900
Total - Special Education Preschool Grants				<u>11,897</u>	<u>12,521</u>	<u>24,418</u>
Total - Special Education Cluster(IDEA)				<u>560,845</u>	<u>563,003</u>	<u>1,123,848</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education					
Title I, Part A		84.010A	S010A210014	97,527	99,533	197,060
Title I, Part A		84.010A	S010A220014	87,890	129,352	217,242
Total - Title I Grants to Local Educational Agencies				<u>185,417</u>	<u>228,885</u>	<u>414,302</u>

(Continued)

EAST PORTER COUNTY SCHOOL CORPORATION
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 7-01-2021 to 06-30-23
Title I State Agency Program for Neglected & Delinquent Children & Youth Title I, Part D	Indiana Department of Education	84.013	S010A210014	\$ 5,574	\$ -	\$ 5,574
Total - Title I State Agency Program for Neglected and Delinquent Children and Youth				<u>5,574</u>	<u>-</u>	<u>5,574</u>
Title II Part A; Supporting Effective Instruction State Grants	Indiana Department of Education					
Title II, Part A		84.367A	S367A190013	260	-	260
Title II, Part A		84.367A	S367A200013	9,759	693	10,452
Title II, Part A		84.367A	S367A210013	20,446	19,228	39,674
Title II, Part A		84.367A	S367A220013	-	35,972	35,972
Title II A Leader Bootcamp		84.367A	FY 2023	-	3,613	3,613
Total - Title II Supporting Effective Instruction State Grants				<u>30,465</u>	<u>59,506</u>	<u>89,971</u>
Title IV Part A; Student Support and Academic Enrichment Program	Indiana Department of Education					
Title IV Part A		84.424	S424A190015	49	1,675	1,724
Title IV Part A		84.424	S424A200015	595	2,723	3,318
Title IV Part A		84.424	S424A210015	-	5,120	5,120
Total - Title IV-A Student Support and Academic Enrichment				<u>644</u>	<u>9,518</u>	<u>10,162</u>
COVID-19 Education Stabilization Fund	Indiana Department of Education					
Governor's Emergency Education Relief (GEER) Fund		84.425C	S425C200018	38,447	38,743	77,190
Elementary and Secondary School Emergency Relief (ESSER I) Fund		84.425D	S425D200013	47,010	269	47,279
Elementary and Secondary School Emergency Relief (ESSER II) Fund		84.425D	S425D200013	287,254	186,152	473,406
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund		84.425U	S425U200013	386,535	257,813	644,348
Total - COVID-19 Education Stabilization Fund				<u>759,246</u>	<u>482,977</u>	<u>1,242,223</u>
Total - Department of Education				<u>1,542,191</u>	<u>1,343,889</u>	<u>2,886,080</u>
<u>Department of Health and Human Services</u>						
Medicaid Cluster	Indiana Department of Education					
Medical Assistance Program		93.778	FY 2022, FY2023	12,737	1,213	13,950
Total - Department of Health and Human Services				<u>12,737</u>	<u>1,213</u>	<u>13,950</u>
<u>Department of Homeland Security</u>						
Disaster Grants - Public Assistance (Presidentially Declared Disasters) FEMA/COVID-19	Indiana Department of Homeland Security	97.036	385PA4515000000	12,736	-	12,736
Total - Department of Homeland Security				<u>12,736</u>	<u>-</u>	<u>12,736</u>
Total federal awards expended				<u>\$ 3,094,524</u>	<u>\$ 2,121,552</u>	<u>\$ 5,216,076</u>

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

EAST PORTER COUNTY SCHOOL CORPORATION
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 - OTHER INFORMATION

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

NOTE 4 - SPECIAL EDUCATION COOPERATIVE (ALN: 84.027, 84.027X, 84.173)

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

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

Those Charged with Governance
East Porter County School Corporation
Porter 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 East Porter County School Corporation ("School Corporation"), which comprise the statement of receipts, disbursements, other financing sources (uses), and cash and investment balances of the School Corporation as of June 30, 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 23, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* as item 2023-001 that we consider to be a material weakness.

(Continued)

Report on Compliance and Other Matters

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

School Corporation's Response to Findings

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

Purpose of this Report

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

Crowe LLP
Crowe LLP

Indianapolis, Indiana
February 23, 2024

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

Those Charged with Governance
East Porter School Corporation
Porter County, Indiana

Report on Compliance for Each Major Federal Program***Qualified and Unmodified Opinions***

We have audited East Porter County School Corporation' (School Corporation) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the School Corporation's major federal programs for the period of July 1, 2021 through 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.

Qualified Opinion on the Education Stabilization Fund

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on *the Education Stabilization Fund* for the period of July 1, 2021 through June 30, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the period of July 1, 2021 through June 30, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

(Continued)

Matter Giving Rise to Qualified Opinion on the Education Stabilization Fund

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding ALN 84.425D, 84.425U Education Stabilization Fund as described in finding number 2023-006 for Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

(Continued)

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-003, 2023-005, and 2023-006 to be material weaknesses.

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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 2023-002 and 2023-004 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The School Corporation's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the 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 23, 2024

EAST PORTER COUNTY SCHOOL CORPORATION
 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?	<u> X </u>	Yes	_____ No
Significant deficiencies identified not considered to be material weaknesses?	_____	Yes	<u> X </u> None Reported
Noncompliance material to financial statement noted?	_____	Yes	<u> X </u> No

Federal Awards

Internal control over major programs			
Material weakness(es) identified?	<u> X </u>	Yes	_____ No
Significant deficiencies identified not considered to be material weaknesses?	<u> X </u>	Yes	_____ None Reported
Type of auditor’s report issued on compliance for major programs	Child Nutrition Cluster: Unmodified Special Education Cluster: Unmodified Education Stabilization Fund: Qualified		
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	<u> X </u>	Yes	_____ No

Identification of major programs

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.027, 84.027X, 84.173	Special Education Cluster
84.425C, 84.425D, 84.425U	COVID-19 - Education Stabilization Fund

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

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

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2021 through June 30, 2023

Section II – Financial Statement Findings

FINDING 2023-001

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

Criteria: The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . . There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduce here for reference purposes:

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

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

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

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

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

- 1) The beginning July 1, 2021 cash balance was understated by \$4,518,108 which resulted in the ending June 30, 2022 and June 30, 2023 ending cash balances being understated by the same amount. The error was due to the School Corporation including the investment fund accounts as negative amounts in the AFR report. The accounting system tracks the investment accounts as negative amounts in the funds ledger, however these negative amounts should be excluded from the AFR as the balance of the investment accounts are already accounted for in other funds.

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

(Continued)

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2021 through June 30, 2023

Section II – Financial Statement Findings (Continued)

FINDING 2023-001 (Continued)

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

Identification as a repeat finding, if applicable: No.

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

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

(Continued)

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2021 through June 30, 2023

Section III – Federal Award Findings and Questioned Costs

FINDING 2023-002

Information on the federal program:

Subject: Child Nutrition Cluster - Internal Controls
Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
Assistance Listing Number: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 21-22, FY 22-23
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Significant Deficiency

Criteria: 2 CFR section 200.303 states in part:

"The non-Federal entity must:

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

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

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

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

Questioned Costs: There were no questioned costs identified.

Context: We noted that for one claim in a sample of four, the Food Service Director prepared the reimbursement claim without a secondary, documented review to ensure the accuracy of the reimbursement claim.

Identification as a repeat finding, if applicable: This is a repeat finding from the immediately prior audit. The prior finding number was 2021-004.

Recommendation: We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and cash management compliance requirements.

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

(Continued)

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2021 through June 30, 2023

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

FINDING 2023-003

Information on the federal program:

Subject: Child Nutrition Cluster - Internal Controls
Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
Assistance Listing Number: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 21-22, FY 22-23
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions – Verification of Free and Reduced-Price Applications
Audit Finding: Material Weakness

Criteria: 2 CFR section 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 245.6(a) states in part:

The local educational agency must verify eligibility of children in a sample of household applications approved for free and reduced price meal benefits for that school year.

(ii) An application must be approved if it contains the essential documentation specified in the definition of Documentation in § 245.2 and, if applicable, the household meets the income eligibility criteria for free or reduced price benefits. Verification efforts must not delay the approval of applications.

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

Cause: The School Corporation's management had not developed a system of internal controls to ensure compliance with the Special Tests and Provisions – Verification of Free and Reduced-Price Applications requirements.

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

(Continued)

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2021 through June 30, 2023

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

FINDING 2023-003 (Continued)

Questioned Costs: There were no questioned costs identified.

Context: During the testing of the one student selected for verification sample testing, we noted the student was incorrectly verified as qualifying for reduced lunch when they should have been change to paid lunch based on the income eligibility criteria. The appropriate supporting documentation was provided by the parent, however the reduced lunch status was incorrectly applied to the student.

Identification as a repeat finding, if applicable: No.

Recommendation: We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and verification compliance requirements.

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

FINDING 2023-004

Information on the federal program:

Subject: Special Education Cluster (IDEA) – Internal Controls

Federal Agency: Department of Education

Federal Program: Special Education Grants to States, Special Education Preschool Grants

Assistance Listings Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 21611-046-PN01, 21619-046-PN01, 22619-046-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Earmarking

Audit Findings: Significant Deficiency

Criteria: 2 CFR section 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the 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)...."

(Continued)

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2021 through June 30, 2023

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

FINDING 2023-004 (Continued)

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

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

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

Questioned Costs: There were no questioned costs identified.

Context: The School Corporation is a member of the Porter County Education Interlocal (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 Earmarking compliance requirement.

(Continued)

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2021 through June 30, 2023

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

FINDING 2023-004 (Continued)

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.

The Non-Public Proportionate Share expenditures for the 22619-046-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 21611-046-PN01, 21619-046-PN01, and 22619-046-PN01 grant awards.

Identification as a repeat finding, if applicable: No.

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

FINDING 2023-005

Information on the federal program:

Subject: Special Education Cluster (IDEA) – Internal Controls
Federal Agency: Department of Education
Federal Program: Special Education Grants to States
Assistance Listings Number: 84.027
Federal Award Numbers and Years (or Other Identifying Numbers): 21611-046-PN01, 21619-046-PN01, 22619-046-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Procurement and Suspension and Debarment
Audit Findings: Material Weakness

Criteria:

2 CFR 200.303 states in part:

"The non-Federal entity must:

(Continued)

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2021 through June 30, 2023

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

FINDING 2023-005 (Continued)

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

2 CFR 180.300 states:

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

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

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

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

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

Questioned Costs: There were no questioned costs identified.

Context: The School Corporation is a member of the Porter County Education Interlocal (Cooperative). During fiscal year 2022-2023, the Cooperative operated the special education programs and spent the federal money on behalf of all its members. As the grant agreements were 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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the suspension and debarment requirements. The Cooperative did not have effective internal controls to ensure compliance with the suspension and debarment requirements.

(Continued)

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2021 through June 30, 2023

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

FINDING 2023-005 (Continued)

Prior to entering into covered transactions with grant award funds, entities are required to verify that vendors under covered transactions are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to contracts for goods or services awarded under procurement and non-procurement transactions (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the System for Award Management (SAM) exclusions, collecting a certification from that person, or adding a clause or condition to the covered transaction with that person.

Upon inquiry of the Cooperative in order to review procedures in place for verifying that an entity with which it plans to enter into a covered transaction is not suspended, debarred or otherwise excluded, the Cooperative explained that if the covered transaction had a contract, the contract was verified to make sure the clause for suspension and debarment was included. However, if the covered transaction did not involve a contract, the Cooperative did not have procedures in place to verify the suspension and debarment requirements. A population of five covered transactions for goods or services that equaled or exceeded \$25,000 paid from grant award funds during the audit period was identified. Three of the five covered transactions did not have documentation to show that they were verified for the suspension and debarment requirements.

The lack of internal controls was isolated to the 22611-046-PN01 and 23611-046-PN01 grant awards in fiscal year 23.

Identification as a repeat finding, if applicable: No.

Recommendation: We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to monitor the Cooperative and ensure vendors are not suspended, debarred, or otherwise excluded prior to entering into any covered transactions.

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

Finding 2023-006

Information on the federal program:

Subject: Education Stabilization Fund – Special Tests and Provisions - Wage Rate Requirements
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listing Number: 84.425D, 84.425U
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements
Audit Findings: Material Weakness, Material Noncompliance, Modified Opinion

Criteria: 2 CFR section 200.303 states in part:

"The non-Federal entity must:

(Continued)

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2021 through June 30, 2023

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

FINDING 2023-006 (Continued)

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

29 CFR 5.5 states in part:

a. The Agency head shall cause or require the contracting officer to insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in §5.1, the following clauses...

(1) Minimum wages.

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

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

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

2 CFR 200 Appendix II states in part:

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

(Continued)

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2021 through June 30, 2023

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

FINDING 2023-006 (Continued)

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

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

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

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

Questioned Costs: There were no questioned costs identified.

Context: The School Corporation did not obtain the weekly payroll reports certifications from a company that performed renovations to replace fan coil units in the building. Therefore, no review was performed to ensure that pay rates complied with the federal wage rate requirements. Additionally, the School Corporation did not have a contract with the company that included clauses for the federal wage rate requirements.

Identification as a repeat finding: No.

Recommendation: We recommend the School Corporation implement a formal process to ensure the required weekly payroll reports certifications are collected and reviewed to ensure compliance with the wage rate requirements.

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



502 E. College Ave. Kouts, IN 46347

CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS

June 30, 2023

Finding 2023-001 – Preparation of the Annual Financial Report

Contact Person Responsible for Corrective Action: Kimberly Nieves

Contact Phone Number: 219-508-0504

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: As an internal control, the Director of Business Affairs and Human Resources has reviewed the process for preparing the Financial Statement in the AFR and understands that the investment funds should not be included.

Anticipated Completion Date: Immediate - Audit Adjustments were made to the current Financial Statements to correct the error.

Finding 2023-002 – Child Nutrition Cluster – Reporting

Contact Person Responsible for Corrective Action: Kimberly Nieves

Contact Phone Number: 219-508-0504

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: As an internal control, the Food Service Manager or Director of Food Service will prepare the reimbursement claim and the Director of Business Affairs and HR or Treasurer will review and initial the claims. This will ensure the accuracy of the reimbursement claim.

Anticipated Completion Date: This Corrective Action was put into place in September 2022 following our prior audit. The Claim that was not signed for this Audit was from October 2021.

Finding 2023-003 – Child Nutrition Cluster – Special Tests and Provisions – Verification of Free and Reduced Price Applications

Contact Person Responsible for Corrective Action: Kimberly Nieves

Contact Phone Number: 219-508-0504

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: As an internal control, the Director of Business Affairs and Human Resources has reviewed the process for Verification of Free and Reduced Price Applications. We have now contracted with a Food Service Director through NIESC. They will perform the Verification of Free and Reduced Price Applications and the Director of Business Affairs & HR will review these documents for accuracy.

Anticipated Completion Date: FY24 Verification of Free and Reduced Price Application Review Period

Finding 2023-004 – Special Education Cluster – Earmarking

Contact Person Responsible for Corrective Action: Kimberly Nieves

Contact Phone Number: 219-508-0504

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Director of Business Affairs & HR will work with the Special Education Coop to ensure compliance with the Earmarking requirement.

Anticipated Completion Date: February 2024

Finding 2023-005 – Special Education Cluster – Procurement and Suspension and Debarment

Contact Person Responsible for Corrective Action: Kimberly Nieves

Contact Phone Number: 219-508-0504

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Director of Business Affairs & HR will work with the Special Education Coop to ensure compliance with the Procurement and Suspension and Debarment requirement.

Anticipated Completion Date: February 2024

Finding 2023-006 – Education Stabilization Fund – Special Tests and Provisions - Wage Rate Requirements

Contact Person Responsible for Corrective Action: Kimberly Nieves

Contact Phone Number: 219-508-0504

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: As an internal control, the Director of Business Affairs and Human Resources has reviewed the Davis-Bacon Act. We will collect weekly payroll documentation for any constructions projects where Federal Grant money is used.

Anticipated Completion Date: February 2024

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards

Audit Findings: Material Weakness

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. The SEFA was not reviewed prior to submission. Due to the lack of effective internal controls, the following errors resulted in the understatement of the total federal awards expended on the SEFA by \$138,082 for the period July 1, 2019, through June 30, 2021:

1. The Child Nutrition Cluster expenditures were understated by \$114,891
2. The Special Education Cluster expenditures were understated by \$2,973
3. The Medicaid Cluster expenditures were understated by \$20,218

Additionally, the pass-through numbers were incorrectly listed for the Title I, Title II, and Title IV grants on the SEFA. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA to correct the issues noted above.

Status: Resolved, controls were implemented.

FINDING 2021-002

Information on the federal program:

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

Assistance Listing Number: 10.553, 10.555

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Finding: Material Weakness

Context: During testing of 40 students for eligibility, we noted 26 instances where there was no documented review by someone other than the individual making the eligibility determination.

Status: Resolved, controls were implemented.

FINDING 2021-003

Information on the federal program:

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

Assistance Listing Number: 10.553, 10.555

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

Context: The Treasurer completed the paid lunch equity calculation without a secondary, documented review to ensure the accuracy of the calculation.

Status: Resolved, controls were implemented.

FINDING 2021-004

Information on the federal program:

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

Assistance Listing Number: 10.553, 10.555

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Cash Management

Audit Finding: Significant Deficiency

Context: We noted that for one claim in a sample of four, the Food Service Director prepared the reimbursement claim without a secondary, documented review to ensure the accuracy of the reimbursement claim.

Status: Not resolved, see finding 2023-002