

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

NORTH KNOX SCHOOL CORPORATION  
KNOX COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**  
03/29/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Terri Roesler	01-01-16 to 12-31-19
Superintendent of Schools	Dr. Darrel L. Bobe	07-01-16 to 06-30-19
President of the School Board	Elaine Pepmeier	01-01-16 to 12-31-19



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTH KNOX SCHOOL CORPORATION, KNOX COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the North Knox School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement as listed in the Table of Contents.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this 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). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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.

***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 and results of operations of the School Corporation for the period of July 1, 2016 to June 30, 2018.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2016 to June 30, 2018, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information 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 itself, 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 taken as a whole.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 26, 2019, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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.

  
Paul D. Joyce, CPA  
State Examiner

March 26, 2019



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

TO: THE OFFICIALS OF THE NORTH KNOX SCHOOL CORPORATION, KNOX COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the North Knox School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated March 26, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**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) to determine the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation'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 School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

March 26, 2019

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## 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.

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NORTH KNOX SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-16	Receipts	Disbursements		06-30-17	Receipts	Disbursements		
General	\$ 1,896,680	\$ 8,807,938	\$ 8,755,773	\$ 14,569	\$ 1,963,414	\$ 9,230,439	\$ 8,962,647	\$ 2,918	\$ 2,234,124
Debt Service	738,617	987,543	968,879	-	757,281	1,531,659	1,223,493	-	1,065,447
Retirement/Severance Bond Debt Service	182,080	275,889	278,827	-	179,142	291,462	278,537	-	192,067
Capital Projects	1,185,425	1,209,060	1,322,997	-	1,071,488	1,261,223	1,226,132	-	1,106,579
School Transportation	1,093,173	1,158,966	1,141,307	-	1,110,832	1,193,848	1,121,670	-	1,183,010
School Bus Replacement	176,228	430,420	291,453	-	315,195	376,338	324,399	-	367,134
Rainy Day	1,640,844	-	214,367	-	1,426,477	-	28,633	-	1,397,844
Post-Retirement/Severance Future Benefits	321,498	-	5,970	-	315,528	-	41,869	-	273,659
Construction	-	-	-	-	-	-	622,763	2,000,147	1,377,384
School Lunch	457,696	706,115	768,838	-	394,973	716,526	829,377	-	282,122
Textbook Rental	228,642	138,644	120,912	-	246,374	134,967	59,718	-	321,623
Self-Insurance	5,289,386	1,279,810	173,269	-	6,395,927	1,235,854	172,886	-	7,458,895
Educational License Plates	11,451	225	-	-	11,676	150	-	-	11,826
Alternative Education	915	3,500	4,415	-	-	1,445	1,445	-	-
Early Intervention Grant	-	6,300	6,300	-	-	6,579	-	-	6,579
School Intervention and Career Counseling	3,500	-	-	-	3,500	-	-	-	3,500
ASAI Grant 11-12	456	-	27	-	429	-	200	-	229
Lily Counseling Grant	-	30,000	12,361	-	17,639	-	16,451	-	1,188
United Way Kindergarten Program 15-16	2,856	6,463	6,152	-	3,167	6,350	6,929	-	2,588
Duke Energy Summer Reading	-	25,000	6,540	-	18,460	25,000	15,543	-	27,917
IN Retired Teacher	-	-	-	-	-	500	500	-	-
Duke Energy Stem Enrichment	-	-	-	-	-	5,000	2,125	-	2,875
2016-17 Adult Edu	-	26,400	26,400	-	-	26,000	26,000	-	-
Construction, Remodeling, and Equipping Buildings	1,475	-	-	-	1,475	-	-	-	1,475
Miscellaneous Programs I	17,492	6,360	7,298	-	16,554	3,750	3,195	-	17,109
Books for Kids Donation	47	-	-	-	47	-	-	-	47
Trabant Foundation - Warrior Bus	66,717	48,040	-	-	114,757	25,289	-	-	140,046
Kids First - Goodwill Prom	6,758	-	6,758	-	-	-	-	-	-
North Knox Back Pack Program	-	3,300	2,387	-	913	200	-	-	1,113
Formative Assessment	15,680	9,572	25,252	-	-	14,855	7,365	-	7,490
High Ability Grant FY 15-16	5,904	-	5,904	-	-	-	-	-	-
16-17 High Ability	-	30,667	25,392	-	5,275	-	5,275	-	-
17-18 High Ability	-	-	-	-	-	30,718	24,376	-	6,342
Teacher Quality Improvement Program	-	-	-	-	-	1,500	491	-	1,009
Secured Schools Safety Grant	(54,867)	100,000	82,776	-	(37,643)	37,642	35,100	-	(35,101)
School Technology	20,216	6,308	-	-	26,524	7,770	-	-	34,294
Career and Technical Performance Grant	-	2,314	-	-	2,314	4,015	5,245	-	1,084
21st Century Scholars	-	289	289	-	-	-	-	-	-
Miscellaneous Programs II	53,373	4,528	2,878	-	55,023	9,495	13,076	-	51,442
Project Lead the Way	-	30,000	-	-	30,000	-	30,000	-	-
CEO Program	-	-	-	-	-	24,736	21,004	-	3,732
Title I - FY 15-16	(38,155)	91,895	53,740	-	-	-	-	-	-
16-17 Title I	-	161,016	204,109	-	(43,093)	98,183	55,090	-	-
17-18 Title I	-	-	-	-	-	228,780	253,337	-	(24,557)
Special Education Grant FY 14-15	(16,343)	39,225	22,882	-	-	-	-	-	-
2016 Special Edu	-	201,618	215,455	-	(13,837)	48,057	34,220	-	-
2017 Special Edu	-	-	-	-	-	206,444	227,502	-	(21,058)
Title II, FY 15-16	(10,444)	26,110	15,666	-	-	-	-	-	-
2016 Improving Teacher Quality	-	23,076	34,319	-	(11,243)	34,932	23,689	-	-
2017-18 Improving Teacher Quality	-	-	-	-	-	40,776	46,262	-	(5,486)
Rural and Low Income Schools FY 10	12,886	-	2,419	-	10,467	-	10,467	-	-
Prepaid Food	(81)	215,629	214,759	-	789	203,134	199,168	-	4,755
Payroll Clearing	13,659	1,905,611	1,914,303	-	4,967	1,912,996	1,918,853	-	(890)
Totals	\$ 13,323,764	\$ 17,997,831	\$ 16,941,373	\$ 14,569	\$ 14,394,791	\$ 18,976,612	\$ 17,875,032	\$ 2,003,065	\$ 17,499,436

The notes to the financial statement are an integral part of this statement.

NORTH KNOX SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

**A. 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.

**B. 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 regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, 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.

**C. 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.

**D. 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.

NORTH KNOX SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

*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.

**E. 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 service.* 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.

**F. 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.

NORTH KNOX SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Sale of capital assets.* Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

**G. 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 unit 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 February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. 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.

NORTH KNOX SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

**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.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and 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. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

NORTH KNOX SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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. (888) 286-3544

*Funding Policy and Annual Pension Cost*

The School Corporation contributes the employer's share to TRF 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. 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, is considered to be an obligation of, and is paid by, the State of Indiana.

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2017 and 2018. The Payroll Clearing fund showed a deficit in cash due to a reimbursement from the extracurricular fund that was not received by June 30, 2018.

**Note 8. Holding Corporation**

The School Corporation has entered into several capital leases with the North Knox School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2017 and 2018 totaled \$965,679 and \$877,817, respectively.

#### OTHER INFORMATION - UNAUDITED

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 presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

NORTH KNOX SCHOOL CORPORATION  
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 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 1,896,680	\$ 738,617	\$ 182,080	\$ 1,185,425	\$ 1,093,173	\$ 176,228	\$ 1,640,844	\$ 321,498	\$ -
Receipts:									
Local sources	78,804	987,543	275,889	1,209,060	1,153,391	430,420	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	8,729,134	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	5,575	-	-	-	-
Total receipts	8,807,938	987,543	275,889	1,209,060	1,158,966	430,420	-	-	-
Disbursements:									
Instruction	5,976,375	-	-	-	-	-	-	-	-
Support services	2,537,998	-	-	586,747	1,141,307	291,453	-	5,970	-
Noninstructional services	241,400	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	736,250	-	-	214,367	-	-
Debt service	-	968,879	278,827	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,755,773	968,879	278,827	1,322,997	1,141,307	291,453	214,367	5,970	-
Excess (deficiency) of receipts over disbursements	52,165	18,664	(2,938)	(113,937)	17,659	138,967	(214,367)	(5,970)	-
Other financing sources (uses):									
Proceeds of long-term debt	14,569	-	-	-	-	-	-	-	-
Total other financing sources (uses)	14,569	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	66,734	18,664	(2,938)	(113,937)	17,659	138,967	(214,367)	(5,970)	-
Cash and investments - ending	\$ 1,963,414	\$ 757,281	\$ 179,142	\$ 1,071,488	\$ 1,110,832	\$ 315,195	\$ 1,426,477	\$ 315,528	\$ -

NORTH KNOX SCHOOL CORPORATION  
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	School Lunch	Textbook Rental	Self- Insurance	Educational License Plates	Alternative Education	Early Intervention Grant	School Intervention and Career Counseling	ASAI Grant 11-12	Lily Counseling Grant
Cash and investments - beginning	\$ 457,696	\$ 228,642	\$ 5,289,386	\$ 11,451	\$ 915	\$ -	\$ 3,500	\$ 456	\$ -
Receipts:									
Local sources	215,861	138,644	1,279,810	-	-	-	-	-	30,000
Intermediate sources	-	-	-	225	-	-	-	-	-
State sources	11,900	-	-	-	3,500	6,300	-	-	-
Federal sources	478,354	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	706,115	138,644	1,279,810	225	3,500	6,300	-	-	30,000
Disbursements:									
Instruction	-	-	-	-	4,415	6,300	-	-	-
Support services	-	120,912	166,995	-	-	-	-	27	12,361
Noninstructional services	768,838	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	6,274	-	-	-	-	-	-
Total disbursements	768,838	120,912	173,269	-	4,415	6,300	-	27	12,361
Excess (deficiency) of receipts over disbursements	(62,723)	17,732	1,106,541	225	(915)	-	-	(27)	17,639
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(62,723)	17,732	1,106,541	225	(915)	-	-	(27)	17,639
Cash and investments - ending	\$ 394,973	\$ 246,374	\$ 6,395,927	\$ 11,676	\$ -	\$ -	\$ 3,500	\$ 429	\$ 17,639

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	United Way Kindergarten Program 15-16	Duke Energy Summer Reading	IN Retired Teacher	Duke Energy Stem Enrichment	2016-17 Adult Edu	Construction, Remodeling, and Equipping Buildings	Miscellaneous Programs I	Books for Kids Donation	Trabant Foundation - Warrior Bus
Cash and investments - beginning	\$ 2,856	\$ -	\$ -	\$ -	\$ -	\$ 1,475	\$ 17,492	\$ 47	\$ 66,717
Receipts:									
Local sources	6,463	-	-	-	26,400	-	6,360	-	48,040
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	25,000	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	6,463	25,000	-	-	26,400	-	6,360	-	48,040
Disbursements:									
Instruction	6,152	6,540	-	-	26,400	-	3,314	-	-
Support services	-	-	-	-	-	-	3,984	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	6,152	6,540	-	-	26,400	-	7,298	-	-
Excess (deficiency) of receipts over disbursements	311	18,460	-	-	-	-	(938)	-	48,040
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	311	18,460	-	-	-	-	(938)	-	48,040
Cash and investments - ending	\$ 3,167	\$ 18,460	\$ -	\$ -	\$ -	\$ 1,475	\$ 16,554	\$ 47	\$ 114,757

NORTH KNOX SCHOOL CORPORATION  
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	Kids First - Goodwill Prom	North Knox Back Pack Program	Formative Assessment	High Ability Grant FY 15-16	16-17 High Ability	17-18 High Ability	Teacher Quality Improvement Program	Secured Schools Safety Grant	School Technology
Cash and investments - beginning	\$ 6,758	\$ -	\$ 15,680	\$ 5,904	\$ -	\$ -	\$ -	\$ (54,867)	\$ 20,216
Receipts:									
Local sources	-	3,300	-	-	-	-	-	-	6,308
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	9,572	-	30,667	-	-	100,000	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	3,300	9,572	-	30,667	-	-	100,000	6,308
Disbursements:									
Instruction	-	-	25,252	5,084	19,802	-	-	-	-
Support services	6,758	2,387	-	820	5,590	-	-	82,776	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	6,758	2,387	25,252	5,904	25,392	-	-	82,776	-
Excess (deficiency) of receipts over disbursements	(6,758)	913	(15,680)	(5,904)	5,275	-	-	17,224	6,308
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,758)	913	(15,680)	(5,904)	5,275	-	-	17,224	6,308
Cash and investments - ending	\$ -	\$ 913	\$ -	\$ -	\$ 5,275	\$ -	\$ -	\$ (37,643)	\$ 26,524

NORTH KNOX SCHOOL CORPORATION  
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	Career and Technical Performance Grant	21st Century Scholars	Miscellaneous Programs II	Project Lead the Way	CEO Program	Title I - FY 15-16	16-17 Title I	17-18 Title I	Special Education Grant FY 14-15
Cash and investments - beginning	\$ -	\$ -	\$ 53,373	\$ -	\$ -	\$ (38,155)	\$ -	\$ -	\$ (16,343)
Receipts:									
Local sources	-	289	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	2,314	-	4,528	-	-	-	-	-	-
Federal sources	-	-	-	30,000	-	91,895	161,016	-	39,225
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	2,314	289	4,528	30,000	-	91,895	161,016	-	39,225
Disbursements:									
Instruction	-	104	-	-	-	53,740	204,109	-	22,882
Support services	-	185	2,878	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	289	2,878	-	-	53,740	204,109	-	22,882
Excess (deficiency) of receipts over disbursements	2,314	-	1,650	30,000	-	38,155	(43,093)	-	16,343
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,314	-	1,650	30,000	-	38,155	(43,093)	-	16,343
Cash and investments - ending	\$ 2,314	\$ -	\$ 55,023	\$ 30,000	\$ -	\$ -	\$ (43,093)	\$ -	\$ -

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	2016 Special Edu	2017 Special Edu	Title II, FY 15-16	2016 Improving Teacher Quality	2017-18 Improving Teacher Quality	Rural and Low Income Schools FY 10	Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (10,444)	\$ -	\$ -	\$ 12,886	\$ (81)	\$ 13,659	\$ 13,323,764
Receipts:									
Local sources	-	-	-	-	-	-	-	-	5,896,582
Intermediate sources	-	-	-	-	-	-	-	-	225
State sources	-	-	-	-	-	-	-	-	8,922,915
Federal sources	201,618	-	26,110	23,076	-	-	-	-	1,051,294
Other receipts	-	-	-	-	-	-	215,629	1,905,611	2,126,815
Total receipts	201,618	-	26,110	23,076	-	-	215,629	1,905,611	17,997,831
Disbursements:									
Instruction	215,455	-	15,666	34,319	-	-	-	-	6,625,909
Support services	-	-	-	-	-	2,419	-	-	4,971,567
Noninstructional services	-	-	-	-	-	-	-	-	1,010,238
Facilities acquisition and construction	-	-	-	-	-	-	-	-	950,617
Debt service	-	-	-	-	-	-	-	-	1,247,706
Nonprogrammed charges	-	-	-	-	-	-	214,759	1,914,303	2,135,336
Total disbursements	215,455	-	15,666	34,319	-	2,419	214,759	1,914,303	16,941,373
Excess (deficiency) of receipts over disbursements	(13,837)	-	10,444	(11,243)	-	(2,419)	870	(8,692)	1,056,458
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	14,569
Total other financing sources (uses)	-	-	-	-	-	-	-	-	14,569
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(13,837)	-	10,444	(11,243)	-	(2,419)	870	(8,692)	1,071,027
Cash and investments - ending	\$ (13,837)	\$ -	\$ -	\$ (11,243)	\$ -	\$ 10,467	\$ 789	\$ 4,967	\$ 14,394,791

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	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 1,963,414	\$ 757,281	\$ 179,142	\$ 1,071,488	\$ 1,110,832	\$ 315,195	\$ 1,426,477	\$ 315,528	\$ -
Receipts:									
Local sources	125,506	1,531,659	291,462	1,261,223	1,187,951	376,338	-	-	-
Intermediate sources	533	-	-	-	-	-	-	-	-
State sources	9,103,971	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	429	-	-	-	5,897	-	-	-	-
Total receipts	9,230,439	1,531,659	291,462	1,261,223	1,193,848	376,338	-	-	-
Disbursements:									
Instruction	5,994,070	-	-	-	-	-	-	-	-
Support services	2,726,271	-	-	550,755	1,121,670	324,399	-	41,869	555,248
Noninstructional services	242,306	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	675,377	-	-	28,633	-	67,515
Debt service	-	1,223,493	278,537	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,962,647	1,223,493	278,537	1,226,132	1,121,670	324,399	28,633	41,869	622,763
Excess (deficiency) of receipts over disbursements	267,792	308,166	12,925	35,091	72,178	51,939	(28,633)	(41,869)	(622,763)
Other financing sources (uses):									
Proceeds of long-term debt	2,118	-	-	-	-	-	-	-	2,000,147
Sale of capital assets	800	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,918	-	-	-	-	-	-	-	2,000,147
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	270,710	308,166	12,925	35,091	72,178	51,939	(28,633)	(41,869)	1,377,384
Cash and investments - ending	\$ 2,234,124	\$ 1,065,447	\$ 192,067	\$ 1,106,579	\$ 1,183,010	\$ 367,134	\$ 1,397,844	\$ 273,659	\$ 1,377,384

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	School Lunch	Textbook Rental	Self- Insurance	Educational License Plates	Alternative Education	Early Intervention Grant	School Intervention and Career Counseling	ASAI Grant 11-12	Lily Counseling Grant
Cash and investments - beginning	\$ 394,973	\$ 246,374	\$ 6,395,927	\$ 11,676	\$ -	\$ -	\$ 3,500	\$ 429	\$ 17,639
Receipts:									
Local sources	202,416	134,967	1,235,854	-	-	-	-	-	-
Intermediate sources	-	-	-	150	-	-	-	-	-
State sources	5,226	-	-	-	1,445	6,579	-	-	-
Federal sources	508,884	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	716,526	134,967	1,235,854	150	1,445	6,579	-	-	-
Disbursements:									
Instruction	-	-	-	-	1,445	-	-	200	-
Support services	-	59,718	172,393	-	-	-	-	-	16,451
Noninstructional services	829,377	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	493	-	-	-	-	-	-
Total disbursements	829,377	59,718	172,886	-	1,445	-	-	200	16,451
Excess (deficiency) of receipts over disbursements	(112,851)	75,249	1,062,968	150	-	6,579	-	(200)	(16,451)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(112,851)	75,249	1,062,968	150	-	6,579	-	(200)	(16,451)
Cash and investments - ending	\$ 282,122	\$ 321,623	\$ 7,458,895	\$ 11,826	\$ -	\$ 6,579	\$ 3,500	\$ 229	\$ 1,188

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	United Way Kindergarten Program 15-16	Duke Energy Summer Reading	IN Retired Teacher	Duke Energy Stem Enrichment	2016-17 Adult Edu	Construction, Remodeling, and Equipping Buildings	Miscellaneous Programs I	Books for Kids Donation	Trabant Foundation - Warrior Bus
Cash and investments - beginning	\$ 3,167	\$ 18,460	\$ -	\$ -	\$ -	\$ 1,475	\$ 16,554	\$ 47	\$ 114,757
Receipts:									
Local sources	6,350	-	500	5,000	26,000	-	3,750	-	25,289
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	25,000	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	6,350	25,000	500	5,000	26,000	-	3,750	-	25,289
Disbursements:									
Instruction	6,929	13,837	500	-	26,000	-	2,695	-	-
Support services	-	1,706	-	2,125	-	-	500	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	6,929	15,543	500	2,125	26,000	-	3,195	-	-
Excess (deficiency) of receipts over disbursements	(579)	9,457	-	2,875	-	-	555	-	25,289
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(579)	9,457	-	2,875	-	-	555	-	25,289
Cash and investments - ending	\$ 2,588	\$ 27,917	\$ -	\$ 2,875	\$ -	\$ 1,475	\$ 17,109	\$ 47	\$ 140,046

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	Kids First - Goodwill Prom	North Knox Back Pack Program	Formative Assessment	High Ability Grant FY 15-16	16-17 High Ability	17-18 High Ability	Teacher Quality Improvement Program	Secured Schools Safety Grant	School Technology
Cash and investments - beginning	\$ -	\$ 913	\$ -	\$ -	\$ 5,275	\$ -	\$ -	\$ (37,643)	\$ 26,524
Receipts:									
Local sources	-	200	-	-	-	-	1,500	-	7,770
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	14,855	-	-	30,718	-	37,642	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	200	14,855	-	-	30,718	1,500	37,642	7,770
Disbursements:									
Instruction	-	-	7,365	-	5,275	24,278	-	-	-
Support services	-	-	-	-	-	98	491	35,100	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	7,365	-	5,275	24,376	491	35,100	-
Excess (deficiency) of receipts over disbursements	-	200	7,490	-	(5,275)	6,342	1,009	2,542	7,770
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	200	7,490	-	(5,275)	6,342	1,009	2,542	7,770
Cash and investments - ending	\$ -	\$ 1,113	\$ 7,490	\$ -	\$ -	\$ 6,342	\$ 1,009	\$ (35,101)	\$ 34,294

NORTH KNOX SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Career and Technical Performance Grant	21st Century Scholars	Miscellaneous Programs II	Project Lead the Way	CEO Program	Title I - FY 15-16	16-17 Title I	17-18 Title I	Special Education Grant FY 14-15
Cash and investments - beginning	\$ 2,314	\$ -	\$ 55,023	\$ 30,000	\$ -	\$ -	\$ (43,093)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	24,736	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	4,015	-	9,495	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	98,183	228,780	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	4,015	-	9,495	-	24,736	-	98,183	228,780	-
Disbursements:									
Instruction	5,110	-	8,684	30,000	21,004	-	55,090	253,337	-
Support services	135	-	4,392	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	5,245	-	13,076	30,000	21,004	-	55,090	253,337	-
Excess (deficiency) of receipts over disbursements	(1,230)	-	(3,581)	(30,000)	3,732	-	43,093	(24,557)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,230)	-	(3,581)	(30,000)	3,732	-	43,093	(24,557)	-
Cash and investments - ending	\$ 1,084	\$ -	\$ 51,442	\$ -	\$ 3,732	\$ -	\$ -	\$ (24,557)	\$ -

NORTH KNOX SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	2016 Special Edu	2017 Special Edu	Title II, FY 15-16	2016 Improving Teacher Quality	2017-18 Improving Teacher Quality	Rural and Low Income Schools FY 10	Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ (13,837)	\$ -	\$ -	\$ (11,243)	\$ -	\$ 10,467	\$ 789	\$ 4,967	\$ 14,394,791
Receipts:									
Local sources	-	-	-	-	-	-	-	-	6,448,471
Intermediate sources	-	-	-	-	-	-	-	-	683
State sources	-	-	-	-	-	-	-	-	9,238,946
Federal sources	48,057	206,444	-	34,932	40,776	-	-	-	1,166,056
Other receipts	-	-	-	-	-	-	203,134	1,912,996	2,122,456
Total receipts	48,057	206,444	-	34,932	40,776	-	203,134	1,912,996	18,976,612
Disbursements:									
Instruction	34,220	227,502	-	23,689	46,262	-	-	-	6,787,492
Support services	-	-	-	-	-	10,467	-	-	5,623,788
Noninstructional services	-	-	-	-	-	-	-	-	1,071,683
Facilities acquisition and construction	-	-	-	-	-	-	-	-	771,525
Debt service	-	-	-	-	-	-	-	-	1,502,030
Nonprogrammed charges	-	-	-	-	-	-	199,168	1,918,853	2,118,514
Total disbursements	34,220	227,502	-	23,689	46,262	10,467	199,168	1,918,853	17,875,032
Excess (deficiency) of receipts over disbursements	13,837	(21,058)	-	11,243	(5,486)	(10,467)	3,966	(5,857)	1,101,580
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	2,002,265
Sale of capital assets	-	-	-	-	-	-	-	-	800
Total other financing sources (uses)	-	-	-	-	-	-	-	-	2,003,065
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,837	(21,058)	-	11,243	(5,486)	(10,467)	3,966	(5,857)	3,104,645
Cash and investments - ending	\$ -	\$ (21,058)	\$ -	\$ -	\$ (5,486)	\$ -	\$ 4,755	\$ (890)	\$ 17,499,436

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NORTH KNOX SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 551,013</u>	<u>\$ 86,201</u>

NORTH KNOX SCHOOL CORPORATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
North Knox School Building Corporation	QZAB 3-School Renovations	\$ 119,830	6/30/2007	6/30/2021
North Knox School Building Corporation	QZAB 4-Renovations and Equipping Projects	133,288	7/15/2008	7/15/2022
North Knox School Building Corporation	QZAB 5-School Renovations	195,000	6/30/2013	12/31/2026
North Knox School Building Corporation	First Mortgage Bonds-Construction of Gym and Renovations to NK Jr. Sr. HS	<u>445,500</u>	9/18/2013	12/31/2028
Total governmental activities		<u>893,618</u>		
Total of annual lease payments		<u>\$ 893,618</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	School Pension Debt	\$ 360,170	\$ 282,063
General obligation bonds	GO Bonds-NKJSHS Chiller/Air Handler	<u>1,670,000</u>	<u>690,100</u>
Totals		<u>\$ 2,030,170</u>	<u>\$ 972,163</u>

NORTH KNOX SCHOOL CORPORATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2018

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.

	Ending Balance
Governmental activities:	
Land	\$ 337,729
Buildings	14,756,705
Improvements other than buildings	385,078
Machinery, equipment, and vehicles	<u>2,927,346</u>
Total governmental activities	<u>18,406,858</u>
Total capital assets	<u>\$ 18,406,858</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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

TO: THE OFFICIALS OF THE NORTH KNOX SCHOOL CORPORATION, KNOX COUNTY, INDIANA

**Report on Compliance for the Major Federal Program**

We have audited the North Knox School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the period of July 1, 2016 to June 30, 2018. The School Corporation's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the School Corporation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

***Opinion on the Major Federal Program***

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 its major federal program for the period of July 1, 2016 to June 30, 2018.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002. Our opinion on the major federal program is not modified with respect to this matter.

The School Corporation's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.


A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the 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.

  
Paul D. Joyce, CPA  
State Examiner

March 26, 2019

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

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NORTH KNOX SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2017 and 2018

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<b>Department of Agriculture</b>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			16-17	\$ -	\$ 118,601	\$ -	\$ -
School Breakfast Program			17-18	-	-	-	124,696
Total - School Breakfast Program				-	118,601	-	124,696
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			16-17	-	359,753	-	-
National School Lunch Program			17-18	-	-	-	381,214
Commodities			16-17/17-18	-	55,099	-	64,323
Total - National School Lunch Program				-	414,852	-	445,537
Summer Food Service Program for Children							
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program for Children			16-17	-	6,658	-	-
Summer Food Service Program for Children			17-18	-	-	-	10,202
Total - Summer Food Service Program for Children				-	6,658	-	10,202
Total - Child Nutrition Cluster				-	540,111	-	580,435
Total - Department of Agriculture				-	540,111	-	580,435
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
Special Education Grant 2015	Indiana Department of Education	84.027	14215-032-PN01	-	51,852	-	-
2016 Special Education Grant			14216-032-PN01	-	220,944	-	61,374
2017 Special Education Grant			14217-032-PN01	-	85	-	226,304
Total - Special Education Grants to States				-	272,881	-	287,678
Special Education Preschool Grants							
Pre-School 15-16	Indiana Department of Education	84.173	45715-032-PN01	-	7,529	-	-
Pre-School 16-17			45716-032-PN01	-	8,405	-	3,922
Pre-School 17-18			45717-032-PN01	-	4	-	13,985
Total - Special Education Preschool Grants				-	15,938	-	17,907
Total - Special Education Cluster (IDEA)				-	288,819	-	305,585
Title I Grants to Local Educational Agencies							
Title I 2015-16	Indiana Department of Education	84.010	S010A150014	-	91,895	-	-
2016-17 Title I			S010A160014	-	161,016	-	98,181
2017-18 Title I			S010A170014	-	-	-	228,780
Total - Title I Grants to Local Educational Agencies				-	252,911	-	326,961
Supporting Effective Instruction State Grants							
2015-17 Improving Teacher Quality	Indiana Department of Education	84.367	S367A150013	-	26,110	-	-
2016-18 Improving Teacher Quality			S367A160013	-	23,076	-	34,933
2017-18 Improving Teacher Quality			S367A170013	-	-	-	40,776
Total - Supporting Effective Instruction State Grants				-	49,186	-	75,709
Total - Department of Education				-	590,916	-	708,255
Total federal awards expended				\$ -	\$ 1,131,027	\$ -	\$ 1,288,690

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

NORTH KNOX SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. 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 years ended June 30, 2017 and 2018. 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.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. Knox County Special Education Cooperative**

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

NORTH KNOX SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**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 identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified

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

Auditee qualified as low-risk auditee?	no
--	----

**Section II - Financial Statement Findings**

No matters are reportable.

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2018-001**

Subject: School Breakfast Program, National School Lunch Program - Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Application (NSLP)  
 Federal Agency: Department of Agriculture  
 Federal Programs: School Breakfast Program, National School Lunch Program  
 CFDA Numbers: 10.553, 10.555  
 Federal Award Numbers and Years (or Other Identifying Numbers): 16-17, 17-18  
 Pass-Through Entity: Indiana Department of Education  
 Compliance Requirements: Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)  
 Audit Finding: Material Weakness

NORTH KNOX SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Repeat Finding*

This is a repeat of Finding 2016-001 from the immediately prior audit report.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

There was no segregation of duties, such as an oversight, review, or approval process, over the verifications performed or the preparation of the School Food Authority (SFA) Verification Collection Reports filed. The School Lunch Director was responsible for all duties related to verification and reporting.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period.

*Criteria*

2 CFR 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 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). . . ."

*Cause*

Management of the School Corporation had not developed a system of internal controls, including segregation of duties, which would have ensured compliance with the grant agreement and the Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Application (NSLP) compliance 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 Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Application (NSLP) compliance requirements. A lack of segregation of duties within an internal control system could have enabled noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, review, or approval over the activities of the programs.

NORTH KNOX SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Reporting and Special Tests and Provisions – Verification of Free and Reduced Price Application (NSLP) compliance requirements.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2018-002**

Subject: Child Nutrition Cluster - Equipment and Real Property  
Management, Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: School Breakfast Program, National School Lunch  
Program, Summer Food Service Program

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): 16-17, 17-18

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Equipment and Real Property Management, Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat of Finding 2016-002 from the immediately prior audit report.

*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, the Equipment and Real Property Management compliance requirement, and Allowable Costs/Cost Principles compliance requirement.

The School Corporation did not have controls in place to ensure that assets purchased for the food service programs were properly inventoried and were included in the Capital Asset Listing of the School Corporation. The School Corporation did not perform or reconcile a physical inventory of equipment at least once every two years. The Capital Asset Listing did not include the following required information: serial number, source of funding, titleholder, and disposition data if applicable.

The School Corporation did not request approval from Indiana Department of Education prior to making purchases greater than \$5,000.

*Context*

The lack of controls and noncompliance were systemic problems throughout the audit period.

NORTH KNOX SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

2 CFR 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 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 200.313(d) states in part:

*"Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. . . ."

2 CFR 200.439(b)(2) states: "Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity."

*Cause*

Management of the School Corporation had not established an effective internal control system that would have ensured compliance with the grant agreement, the Equipment and Real Property Management compliance requirement, and the Allowable Costs/Costs Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to remain undetected. The failure to comply with the grant agreement, the Equipment and Real Property Management compliance requirement, and the Allowable Costs/Costs Principles compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

NORTH KNOX SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish an effective system of internal controls to ensure compliance with the grant agreement, the Equipment and Real Property Management compliance requirement, and the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

# NORTH KNOX SCHOOL CORPORATION

## Board of School Trustees

*Elaine Pepmeier*  
President

*L. Vaughn Huey*  
Vice-President

*Jared Saucerman*  
Secretary

*V. Max Nickless*  
Member

*Michael McKinley*  
Member

11110 N. STATE ROAD 159  
BICKNELL, IN 47512

(812) 735-4434 • (812) 882-7538

FAX: (812) 328-6262

*Dr. Darrel L. Bobe*  
Superintendent

*Terri L. Roesler*  
Treasurer

*Debbie Utt*  
Payroll/Personnel

*Allyson Bowers*  
Secretary / Transportation Director

*Ethan Singleton*  
Technology Coordinator

*Kevin Curtis*  
Director of Buildings & Grounds

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDING 2016-001 – CHILD NUTRITION CLUSTER – REPORTING AND SPECIAL TESTS AND PROVISIONS – VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS (NSLP)

Fiscal year in which the finding initially occurred: 2014-16  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education  
Contact Person Responsible for Corrective Action: Terri Roesler  
Contact Phone Number: 812-735-4434

#### Status of Audit Finding:

The Food Services Supervisor verifies the Free and Reduced Price Applications (NSLP) each year. A percentage of the Free and Reduced Price Applications are then reviewed and initialed by the Food Service Director. Immediately following the completion of the 2014-16 audit, the Corporation Treasurer began reviewing the verifications and initialing School Food Authority (SFA) Verification Collections Reports prior to their submission.

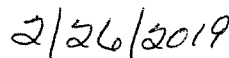
In the absence of the Corporation Treasurer, the Building Principal will review and initial the School Food Authority (SFA) Verification Collections Report.



\_\_\_\_\_  
Signature



\_\_\_\_\_  
Title



\_\_\_\_\_  
Date

# NORTH KNOX SCHOOL CORPORATION

## Board of School Trustees

*Elaine Pepmeier*  
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*L. Vaughn Huey*  
Vice-President

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Director of Buildings & Grounds

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDING 2016-002 – CHILD NUTRITION CLUSTER – EQUIPMENT AND REAL PROPERTY MANAGEMENT

Fiscal year in which the finding initially occurred: 2014-16  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education  
Contact Person Responsible for Corrective Action: Terri Roesler  
Contact Phone Number: 812-735-4434

#### Status of Audit Finding:

The Corporation Treasurer developed a Capital Asset list in March 2018 of food service equipment. As additional equipment is purchased, those items are added to the inventory list.

The Food Service Supervisor also maintains an inventory list for each kitchen. The Corporation Treasurer and Food Service Supervisor review/compare inventory sheets once a year to check for accuracy. We began this process May of 2018.

  
\_\_\_\_\_  
Signature

*Treasurer*  
\_\_\_\_\_  
Title

*2/26/2019*  
\_\_\_\_\_  
Date

# NORTH KNOX SCHOOL CORPORATION

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDING 2016-003 – TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES – SPECIAL TESTS AND PROVISIONS – ASSESSMENT SYSTEM SECURITY

Fiscal year in which the finding initially occurred: 2014-16  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education  
Contact Person Responsible for Corrective Action: Terri Roesler  
Contact Phone Number: 812-735-4434

#### Status of Audit Finding:

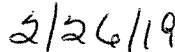
The Curriculum Director developed procedural guidelines to ensure the security of assessment testing. Those procedures were adopted by the Board of School Trustees on July 18, 2018 and forwarded to NEOLA for inclusion in our Administrative Guidelines.



\_\_\_\_\_  
Signature



\_\_\_\_\_  
Title



\_\_\_\_\_  
Date

# NORTH KNOX SCHOOL CORPORATION

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## CORRECTIVE ACTION PLAN

*Dr. Darrel L. Bobe*  
Superintendent

*Terri L. Roesler*  
Treasurer

*Debbie Utt*  
Payroll/Personnel

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Secretary / Transportation Director

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Technology Coordinator

*Kevin Curtis*  
Director of Buildings & Grounds

### **FINDING 2018-001**

Contact Person Responsible for Corrective Action: **Terri Roesler, Treasurer**  
Contact Phone Number: **812-735-4434**

### Views of Responsible Official:

We concur with the finding

### Description of Corrective Action Plan:

The Food Services Supervisor verifies the Free and Reduced Price Applications (NSLP) each year. A percentage of the Free and Reduced Price Applications are then reviewed and initialed by the Food Service Director. The Corporation Treasurer reviews the verifications and initials all School Food Authority (SFA) Verification Collections Reports prior to their submission.

In the absence of the Corporation Treasurer, the Building Principal will review and initial the School Food Authority (SFA) Verification Collections Report.

### Anticipated Completion Date:

The corrective plan went into effect immediately following the conclusion of the 2014-16 audit. The Corporation Treasurer reviewed the 2018-19 School Food Authority (SFA) Verification Collections Report prior to its submission in October 2018.

  
\_\_\_\_\_  
(Signature)

Corporation Treasurer

\_\_\_\_\_  
(Title)

*3/14/19*  
\_\_\_\_\_  
(Date)

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Director of Buildings & Grounds

### **FINDING 2018-002**

Contact Person Responsible for Corrective Action: Terri Roesler, Treasurer

Contact Phone Number: 812-735-4434

### Views of Responsible Official:

We concur with the finding

### Description of Corrective Action Plan:

An inventory list of food service equipment was developed by the Corporation Treasurer immediately following the 2014-16 audit. New equipment is added to the inventory as it is purchased. The Food Service Supervisor also maintains an inventory list for each kitchen. The Corporation Treasurer and Food Service Supervisor review inventory sheets once a year to check for accuracy.

The Corporation Treasurer will include Serial/Model numbers for items, source of funding, holder title, etc., for all additional equipment that is purchased. The Food Service Supervisor will conduct a walk-through once a year of each kitchen's equipment inventory and document the condition of equipment on the inventory sheet.

The Corporation Treasurer made contact with the Indiana Department of Education for purchases greater than \$5,000 effective with the 2018 calendar year. We will continue to contact the Indiana Department of Education for approval prior to making purchases over \$5,000 as well as for guidance with disposal procedures for items that are no longer of any value

### Anticipated Completion Date:

Effective immediately.



(Signature)

Corporation Treasurer

3/14/19 (Title)

(Date)

#### OTHER REPORTS

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/>.