



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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February 6, 2023

To: The Officials of the School Town of Highland
School Town of Highland
9145 Kennedy Avenue
Highland, IN 46322

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of School Town of Highland. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period July 1, 2019 to June 30, 2021. 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, 2021, and its cash receipts, cash disbursements, and other financing sources (uses) for the period of July 1, 2019 to June 30, 2021 in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

We call your attention to the finding included in the report on pages 33 through 34. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on pages 35 through 36.

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

In addition to the report presented herein, a Supplemental Report for School Town of Highland was prepared in accordance with the guidelines established by the State Board of Accounts.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

SCHOOL TOWN OF HIGHLAND
Lake County, Indiana

FINANCIAL STATEMENT
As of June 30, 2021, and for the
period of July 1, 2019 to June 30, 2021

SCHOOL TOWN OF HIGHLAND
Lake County, Indiana

FINANCIAL STATEMENT
As of June 30, 2021, and for the
period of July 1, 2019 to June 30, 2021

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SCHOOL TOWN OF HIGHLAND
SCHEDULE OF OFFICIALS (Unaudited)
For the period July 1, 2019 to June 30, 2021

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cynthia Adams	07-01-19 to 06-30-21
Superintendent of Schools	Brian Smith	07-01-19 to 06-30-21
President of the School Board	Patrick Krull	01-01-19 to 12-31-19
	Luanne Jurczak	01-01-20 to 12-31-20
	Robert Kuva	01-01-21 to 12-31-21

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying statement of receipts, disbursements, other financing sources (uses) and cash and investment balances of the School Town of Highland (the School Corporation) as of June 30, 2021 and for the period of July 1, 2019 to June 30, 2021, and the related notes to the financial statement.

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) as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of this financial statement that are 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 entity'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 entity'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.

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

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

(Continued)

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

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, 2021, or changes in net position for the period of July 1, 2019 to June 30, 2021.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, 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, 2021, and its cash receipts, cash disbursements, and other financing sources (uses) for the period of July 1, 2019 to June 30, 2021 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 financial statement as a whole. 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*, Schedule of Officials, Supplementary Information Schedules, and State Reporting Information are presented for purposes of additional analysis and are not a required part of the financial statement.

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. Such 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.

The Schedule of Officials, Supplementary Information Schedules, and State Reporting Information, marked as unaudited on the table of contents, have not been subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023, 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
January 31, 2023

SCHOOL TOWN OF HIGHLAND
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
As of June 30, 2021 and for the period July 1, 2019 through June 30, 2021

Fund	Cash and Investments 07-01-2019	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-2020	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-2021
Education Fund	\$ 4,850,776	\$ 21,579,400	\$ 19,380,230	\$ (4,139,048)	\$ 2,910,898	\$ 21,371,286	\$ 19,784,062	\$ (2,509,210)	\$ 1,988,912
Debt Service	439,240	4,761,689	5,567,371	1,901,563	1,535,121	6,711,243	6,209,205	(54,946)	1,982,213
Exempt Debt Svc	2,076,269	1,995,490	2,274,250	(1,797,509)	-	-	-	-	-
Exempt Pension Debt	157,868	-	-	(157,868)	-	-	-	-	-
Operations	1,308,381	3,696,066	6,588,388	4,140,442	2,556,501	4,495,262	6,194,225	2,516,000	3,373,538
Rainy Day	950,000	-	-	-	950,000	-	-	-	950,000
Construction	870,736	4,217	430,611	-	444,342	179	438,299	-	6,222
Construction 2	131,453	12,425	113,080	-	30,798	-	30,798	-	-
School Lunch	481,510	1,134,941	1,387,248	-	229,203	1,135,486	1,055,301	-	309,388
Textbook Fund	920,251	315,518	317,883	53,814	971,700	483,753	415,087	54,946	1,095,312
Self Insurance	2,254,331	2,532,024	3,799,428	-	986,927	356,201	496,822	-	846,306
Levy Excess	1,394	-	-	(1,394)	-	-	-	-	-
Dependent Care	162,549	133,847	130,920	-	165,476	48,699	85,437	-	128,738
Lc Safe Grant	-	6,293	6,293	-	-	-	-	-	-
Lc Safe Grant	-	-	-	-	-	7,032	5,500	-	1,532
Donation Fund	350	739	629	398	858	-	500	-	358
Pltw	-	5,550	1,430	3,046	7,166	-	7,166	-	-
Food Serv Grant	-	8,900	7,447	-	1,453	-	1,453	-	-
No Kid Hungry	-	-	-	-	-	48,650	731	-	47,919
Pathfinder Alt Ed	78,012	-	25,966	(52,046)	-	-	-	-	-
Pathfinder 1920	-	193,042	154,010	52,046	91,078	-	32,476	(58,602)	-
Pathfinder 2021	-	-	-	-	-	122,678	158,901	58,602	22,379
Donation/Schlshp	(375)	1,375	602	(398)	-	-	-	-	-
Lc Sub Abuse Council	154	-	154	-	-	-	-	-	-
Pltw Grant	2,500	2,150	1,604	(3,046)	-	-	-	-	-
Formative Assessment Grant	-	39,316	39,316	-	-	31,506	28,834	-	2,672
Com Schl 0521	-	-	-	-	-	-	2,060	-	(2,060)
Com Schl Fund	(233,072)	328,700	95,628	-	-	-	-	-	-
Com Schl 0719	-	-	201,044	-	(201,044)	326,600	125,556	-	-
Com Schl 0520	-	-	-	-	-	316,700	316,700	-	-
State Medicaid	-	771	-	(75)	696	6,934	-	(6,790)	840
Idhs Safety Grt	(49,980)	49,980	-	-	-	-	-	-	-
Idhs Safety 1920	-	-	36,319	-	(36,319)	36,319	-	-	-
Idhs Safety 2021	-	-	-	-	-	-	39,977	-	(39,977)
Early Intrvntn	324	-	324	-	-	-	-	-	-
Early Intervention 1920	-	12,277	11,287	-	990	-	990	-	-
Early Intervention 2021	-	-	-	-	-	8,473	8,473	-	-
Lang Minority	-	36,901	36,901	-	-	-	-	-	-
Lang Minority	-	-	-	-	-	31,436	31,436	-	-
Cte Performance Grant	17,527	-	17,527	-	-	-	-	-	-
Performance Base Award	-	118,682	118,682	-	-	-	-	-	-

(Continued)

SCHOOL TOWN OF HIGHLAND
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
As of June 30, 2021 and for the period July 1, 2019 through June 30, 2021

Fund	Cash and Investments 07-01-2019	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-2020	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-2021
Teacher Appreciation Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,252	\$ 115,252	\$ -	\$ -
High Ability	-	38,761	24,297	-	14,464	32,624	38,774	-	8,314
Connectivity	-	14,777	-	-	14,777	15,818	14,777	-	15,818
Title I 2021	-	-	-	-	-	253,354	277,708	-	(24,354)
Title I	(17,576)	53,321	35,745	-	-	-	-	-	-
Title I 1920	-	249,255	260,762	-	(11,507)	38,426	26,919	-	-
Title Iv 1820	(124)	18,020	17,896	-	-	3,200	3,200	-	-
Title Iv 1921	-	11,367	11,367	-	-	11,231	11,231	-	-
Title Iv 2022	-	-	-	-	-	16,885	19,091	-	(2,206)
Federal Medicaid	-	1,721	333	75	1,463	17,857	16,515	-	2,805
Title li-A 1920	-	49,021	49,618	-	(597)	20,850	20,253	-	-
Title li-A 2021	-	-	-	-	-	50,138	55,952	-	(5,814)
Title li-A 1819	(4,519)	23,816	19,297	-	-	647	647	-	-
Title lii 2021	-	-	-	-	-	11,960	11,960	-	-
Title lii 1819	(463)	506	43	-	-	540	540	-	-
Title lii 1920	-	10,400	10,400	-	-	2,462	2,462	-	-
ESSER II	-	-	-	-	-	2,750	67,164	-	(64,414)
ESSER I	-	-	-	-	-	139,447	183,467	-	(44,020)
Tfig Grant	-	-	-	-	-	15,848	15,848	-	-
Prepaid School Lunch Clearing Fund	24,501	35,899	17,281	-	43,119	3,653	11,061	-	35,711
Payroll Clearing	184	5,082,180	5,082,364	-	-	4,997,581	4,997,581	-	-
Totals	\$ 14,422,201	\$ 42,559,337	\$ 46,273,975	\$ -	\$ 10,707,563	\$ 41,288,960	\$ 41,360,391	\$ -	\$ 10,636,132

See notes to financial statement.

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
As of June 30, 2021, and for the period
July 1, 2019 to June 30, 2021

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 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.

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.

(Continued)

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
As of June 30, 2021, and for the period
July 1, 2019 to June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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.

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.

(Continued)

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
As of June 30, 2021, and for the period
July 1, 2019 to June 30, 2021

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.

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.

(Continued)

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
As of June 30, 2021, and for the period
July 1, 2019 to June 30, 2021

NOTE 6 - CASH BALANCE DEFICITS

The financial statements 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, 2020, and 2021.

NOTE 7 - HOLDING CORPORATION

The School Corporation has entered into a series of capital leases with the Highland School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments for the period July 1, 2019 to June 30, 2020 totaled \$6,823,000. Lease payments for the period July 1, 2020 to June 30, 2021 totaled \$4,265,500.

NOTE 8 - PENSION PLANS

Public Employees' Retirement Fund

Plan Description

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

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

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 the defined contribution component of PERF Hybrid. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid.

(Continued)

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
As of June 30, 2021, and for the period
July 1, 2019 to June 30, 2021

NOTE 8 - PENSION PLANS (Continued)

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.

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

(Continued)

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
As of June 30, 2021, and for the period
July 1, 2019 to June 30, 2021

NOTE 8 - PENSION PLANS (Continued)

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 considered to be 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 9 - OTHER POSTEMPLOYMENT BENEFITS

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

NOTE 10 - SUBSEQUENT EVENTS

In April 2022, the School Corporation issued General Obligation Bonds in the amount of \$4,000,000 to finance capital improvements at various school facilities.

In June 2022, the School Corporation obtained a Common School Loan in the amount of \$307,700 to finance technology purchases.

SUPPLEMENTARY INFORMATION

SCHOOL TOWN OF HIGHLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2019 through June 30, 2020

	Education Fund	Debt Service	Exempt Debt Svc	Exempt Pension Debt	Operations	Rainy Day	Construction	Construction 2	School Lunch	Textbook Fund	Self Insurance
Cash and investments - beginning	\$ 4,850,776	\$ 439,240	\$ 2,076,269	\$ 157,868	\$ 1,308,381	\$ 950,000	\$ 870,736	\$ 131,453	\$ 481,510	\$ 920,251	\$ 2,254,331
Receipts:											
Local sources	132,464	4,761,689	1,995,490	-	3,380,392	-	4,217	-	540,412	210,413	2,532,024
Intermediate sources	5	-	-	-	313,650	-	-	-	-	-	-
State sources	21,446,374	-	-	-	-	-	-	-	17,019	105,105	-
Federal sources	-	-	-	-	-	-	-	-	576,815	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	557	-	-	-	2,024	-	-	12,425	695	-	-
Total receipts	21,579,400	4,761,689	1,995,490	-	3,696,066	-	4,217	12,425	1,134,941	315,518	2,532,024
Disbursements:											
Instruction	15,512,258	-	-	-	-	-	-	-	-	-	-
Support services	3,539,862	-	-	-	6,572,988	-	166,158	-	11,412	317,883	25,719
Noninstructional services	328,110	-	-	-	-	-	-	-	1,375,836	-	-
Facilities acquisition and construction	-	-	-	-	15,400	-	264,453	113,080	-	-	-
Debt services	-	5,567,371	2,274,250	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	3,773,709
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	19,380,230	5,567,371	2,274,250	-	6,588,388	-	430,611	113,080	1,387,248	317,883	3,799,428
Excess (deficiency) of receipts over disbursements	2,199,170	(805,682)	(278,760)	-	(2,892,322)	-	(426,394)	(100,655)	(252,307)	(2,365)	(1,267,404)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	1,955,377	-	-	4,140,442	-	-	-	-	53,814	160,039
Transfers out	(4,139,048)	(53,814)	(1,797,509)	(157,868)	-	-	-	-	-	-	(160,039)
Total other financing sources (uses)	(4,139,048)	1,901,563	(1,797,509)	(157,868)	4,140,442	-	-	-	-	53,814	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,939,878)	1,095,881	(2,076,269)	(157,868)	1,248,120	-	(426,394)	(100,655)	(252,307)	51,449	(1,267,404)
Cash and investments - ending	\$ 2,910,898	\$ 1,535,121	\$ -	\$ -	\$ 2,556,501	\$ 950,000	\$ 444,342	\$ 30,798	\$ 229,203	\$ 971,700	\$ 986,927

(Continued)

SCHOOL TOWN OF HIGHLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2019 through June 30, 2020

	Levy Excess	Dependent Care	Lc Safe Grant	Donation Fund	Pltw	Food Serv Grant	Pathfinder Alt Ed	Pathfinder 1920	Donation/Schlshp	Lc Sub Abuse Council	Pltw Grant	Formative Assessment Grant
Cash and investments - beginning	\$ 1,394	\$ 162,549	\$ -	\$ 350	\$ -	\$ -	\$ 78,012	\$ -	\$ (375)	\$ 154	\$ 2,500	\$ -
Receipts:												
Local sources	-	133,847	6,293	739	5,550	8,900	-	147,954	1,375	-	2,150	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	45,088	-	-	-	39,316
Federal sources	-	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	133,847	6,293	739	5,550	8,900	-	193,042	1,375	-	2,150	39,316
Disbursements:												
Instruction	-	-	-	409	-	7,447	25,966	147,010	-	-	-	-
Support services	-	-	6,293	220	1,430	-	-	7,000	602	154	1,604	39,316
Noninstructional services	-	130,920	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	130,920	6,293	629	1,430	7,447	25,966	154,010	602	154	1,604	39,316
Excess (deficiency) of receipts over disbursements	-	2,927	-	110	4,120	1,453	(25,966)	39,032	773	(154)	546	-
Other financing sources (uses):												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	398	3,046	-	-	52,046	-	-	-	-
Transfers out	(1,394)	-	-	-	-	-	(52,046)	-	(398)	-	(3,046)	-
Total other financing sources (uses)	(1,394)	-	-	398	3,046	-	(52,046)	52,046	(398)	-	(3,046)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,394)	2,927	-	508	7,166	1,453	(78,012)	91,078	375	(154)	(2,500)	-
Cash and investments - ending	\$ -	\$ 165,476	\$ -	\$ 858	\$ 7,166	\$ 1,453	\$ -	\$ 91,078	\$ -	\$ -	\$ -	\$ -

(Continued)

SCHOOL TOWN OF HIGHLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2019 through June 30, 2020

	Com Schl Fund	Com Schl 0719	State Medicaid	Idhs Safety Grt	Idhs Safety 1920	Early Intrvntn	Early Intervention 1920	Lang Minority	Cte Performance Grant	Performance Base Award	High Ability	Connectivity
Cash and investments - beginning	\$ (233,072)	\$ -	\$ -	\$ (49,980)	\$ -	\$ 324	\$ -	\$ -	\$ 17,527	\$ -	\$ -	\$ -
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	328,700	-	771	49,980	-	-	12,277	36,901	-	118,682	38,761	14,777
Federal sources	-	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	328,700	-	771	49,980	-	-	12,277	36,901	-	118,682	38,761	14,777
Disbursements:												
Instruction	-	-	-	-	-	324	11,287	36,901	17,527	9,172	24,297	-
Support services	95,628	201,044	-	-	36,319	-	-	-	-	109,510	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	95,628	201,044	-	-	36,319	324	11,287	36,901	17,527	118,682	24,297	-
Excess (deficiency) of receipts over disbursements	233,072	(201,044)	771	49,980	(36,319)	(324)	990	-	(17,527)	-	14,464	14,777
Other financing sources (uses):												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(75)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(75)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	233,072	(201,044)	696	49,980	(36,319)	(324)	990	-	(17,527)	-	14,464	14,777
Cash and investments - ending	\$ -	\$ (201,044)	\$ 696	\$ -	\$ (36,319)	\$ -	\$ 990	\$ -	\$ -	\$ -	\$ 14,464	\$ 14,777

(Continued)

SCHOOL TOWN OF HIGHLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2019 through June 30, 2020

	Title I	Title I 1920	Title Iv 1820	Title Iv 1921	Federal Medicaid	Title li-A 1920	Title li-A 1819	Title lii 1819	Title lii 1920	Prepaid School Lunch Clearing Fund	Payroll Clearing	Totals
Cash and investments - beginning	\$ (17,576)	\$ -	\$ (124)	\$ -	\$ -	\$ -	\$ (4,519)	\$ (463)	\$ -	\$ 24,501	\$ 184	\$ 14,422,201
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	13,863,909
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	313,655
State sources	-	-	-	-	-	-	-	-	-	-	-	22,253,751
Federal sources	53,321	249,255	18,020	11,367	1,721	49,021	23,816	506	10,400	-	-	994,242
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	35,899	5,082,180	5,133,780
Total receipts	53,321	249,255	18,020	11,367	1,721	49,021	23,816	506	10,400	35,899	5,082,180	42,559,337
Disbursements:												
Instruction	35,745	260,762	-	3,545	-	28,852	7,162	43	10,400	-	-	16,139,107
Support services	-	-	17,896	7,822	333	20,766	12,135	-	-	-	-	11,192,094
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	1,834,866
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	392,933
Debt services	-	-	-	-	-	-	-	-	-	-	-	7,841,621
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	17,281	5,082,364	8,873,354
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	35,745	260,762	17,896	11,367	333	49,618	19,297	43	10,400	17,281	5,082,364	46,273,975
Excess (deficiency) of receipts over disbursements	17,576	(11,507)	124	-	1,388	(597)	4,519	463	-	18,618	(184)	(3,714,638)
Other financing sources (uses):												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	75	-	-	-	-	-	-	6,365,237
Transfers out	-	-	-	-	-	-	-	-	-	-	-	(6,365,237)
Total other financing sources (uses)	-	-	-	-	75	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	17,576	(11,507)	124	-	1,463	(597)	4,519	463	-	18,618	(184)	(3,714,638)
Cash and investments - ending	\$ -	\$ (11,507)	\$ -	\$ -	\$ 1,463	\$ (597)	\$ -	\$ -	\$ -	\$ 43,119	\$ -	\$ 10,707,563

SCHOOL TOWN OF HIGHLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	Education Fund	Debt Service	Exempt Debt Svc	Operations	Rainy Day	Construction	Construction 2	School Lunch	Textbook Fund	Self Insurance	Dependent Care	Lc Safe Grant
Cash and investments - beginning	\$ 2,910,898	\$ 1,535,121	\$ -	\$ 2,556,501	\$ 950,000	\$ 444,342	\$ 30,798	\$ 229,203	\$ 971,700	\$ 986,927	\$ 165,476	\$ -
Receipts:												
Local sources	121,157	6,711,243	-	4,174,233	-	179	-	54,354	379,410	356,201	48,699	7,032
Intermediate sources	5	-	-	321,029	-	-	-	-	-	-	-	-
State sources	21,250,086	-	-	-	-	-	-	17,986	104,343	-	-	-
Federal sources	-	-	-	-	-	-	-	1,062,344	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	38	-	-	-	-	-	-	802	-	-	-	-
Total receipts	21,371,286	6,711,243	-	4,495,262	-	179	-	1,135,486	483,753	356,201	48,699	7,032
Disbursements:												
Instruction	15,690,517	-	-	-	-	-	-	-	-	-	-	-
Support services	3,765,791	-	-	6,181,195	-	358,766	-	12,723	415,087	2,043	-	5,500
Noninstructional services	327,754	-	-	-	-	-	-	1,042,578	-	-	85,437	-
Facilities acquisition and construction	-	-	-	13,030	-	79,533	30,798	-	-	-	-	-
Debt services	-	6,209,205	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	494,779	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	19,784,062	6,209,205	-	6,194,225	-	438,299	30,798	1,055,301	415,087	496,822	85,437	5,500
Excess (deficiency) of receipts over disbursements	1,587,224	502,038	-	(1,698,963)	-	(438,120)	(30,798)	80,185	68,666	(140,621)	(36,738)	1,532
Other financing sources (uses)												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	6,790	-	-	2,516,000	-	-	-	-	54,946	-	-	-
Transfers out	(2,516,000)	(54,946)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(2,509,210)	(54,946)	-	2,516,000	-	-	-	-	54,946	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(921,986)	447,092	-	817,037	-	(438,120)	(30,798)	80,185	123,612	(140,621)	(36,738)	1,532
Cash and investments - ending	\$ 1,988,912	\$ 1,982,213	\$ -	\$ 3,373,538	\$ 950,000	\$ 6,222	\$ -	\$ 309,388	\$ 1,095,312	\$ 846,306	\$ 128,738	\$ 1,532

(Continued)

SCHOOL TOWN OF HIGHLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	Donation Fund	Pitw	Food Serv Grant	No Kid Hungry	Pathfinder 1920	Pathfinder 2021	Formative Assessment Grant	Com Schl 0521	Com Schl 0719	Com Schl 0520	State Medicaid	Idhs Safety 1920	Idhs Safety 2021
Cash and investments - beginning	\$ 858	\$ 7,166	\$ 1,453	\$ -	\$ 91,078	\$ -	\$ -	\$ -	\$ (201,044)	\$ -	\$ 696	\$ (36,319)	\$ -
Receipts:													
Local sources	-	-	-	48,650	-	101,398	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	21,280	31,506	-	326,600	316,700	6,934	36,319	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	48,650	-	122,678	31,506	-	326,600	316,700	6,934	36,319	-
Disbursements:													
Instruction	-	-	1,453	-	25,976	153,901	-	-	-	-	-	-	-
Support services	-	7,166	-	-	6,500	5,000	28,834	2,060	125,556	316,700	-	-	39,977
Noninstructional services	-	-	-	731	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	500	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	500	7,166	1,453	731	32,476	158,901	28,834	2,060	125,556	316,700	-	-	39,977
Excess (deficiency) of receipts over disbursements	(500)	(7,166)	(1,453)	47,919	(32,476)	(36,223)	2,672	(2,060)	201,044	-	6,934	36,319	(39,977)
Other financing sources (uses)													
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	58,602	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(58,602)	-	-	-	-	-	(6,790)	-	-
Total other financing sources (uses)	-	-	-	-	(58,602)	58,602	-	-	-	-	(6,790)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(500)	(7,166)	(1,453)	47,919	(91,078)	22,379	2,672	(2,060)	201,044	-	144	36,319	(39,977)
Cash and investments - ending	\$ 358	\$ -	\$ -	\$ 47,919	\$ -	\$ 22,379	\$ 2,672	\$ (2,060)	\$ -	\$ -	\$ 840	\$ -	\$ (39,977)

(Continued)

SCHOOL TOWN OF HIGHLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	Early Intervention 1920	Early Intervention 2021	Lang Minority	Teacher Appreciation Grant	High Ability	Connectivity	Title I 2021	Title I 1920	Title Iv 1820	Title Iv 1921	Title Iv 2022	Federal Medicaid	Title li-A 1920
Cash and investments - beginning	\$ 990	\$ -	\$ -	\$ -	\$ 14,464	\$ 14,777	\$ -	\$ (11,507)	\$ -	\$ -	\$ -	\$ 1,463	\$ (597)
Receipts:													
Local sources	-	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	8,473	31,436	115,252	32,624	15,818	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	253,354	38,426	3,200	11,231	16,885	17,857	20,850
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	8,473	31,436	115,252	32,624	15,818	253,354	38,426	3,200	11,231	16,885	17,857	20,850
Disbursements:													
Instruction	990	8,473	31,436	115,252	38,774	-	273,564	26,919	-	11,231	14,244	-	-
Support services	-	-	-	-	-	14,777	4,144	-	3,200	-	4,847	16,515	20,253
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	990	8,473	31,436	115,252	38,774	14,777	277,708	26,919	3,200	11,231	19,091	16,515	20,253
Excess (deficiency) of receipts over disbursements	(990)	-	-	-	(6,150)	1,041	(24,354)	11,507	-	-	(2,206)	1,342	597
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	(990)	-	-	-	(6,150)	1,041	(24,354)	11,507	-	-	(2,206)	1,342	597
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 8,314	\$ 15,818	\$ (24,354)	\$ -	\$ -	\$ -	\$ (2,206)	\$ 2,805	\$ -

(Continued)

SCHOOL TOWN OF HIGHLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	Title li-A 2021	Title li-A 1819	Title lii 2021	Title lii 1819	Title lii 1920	ESSER II	ESSER I	Tfig Grant	Prepaid School Lunch Clearing Fund	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,119	\$ -	\$ 10,707,563
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	12,002,556
Intermediate sources	-	-	-	-	-	-	-	-	-	-	321,034
State sources	-	-	-	-	-	-	-	-	-	-	22,315,357
Federal sources	50,138	647	11,960	540	2,462	2,750	139,447	15,848	-	-	1,647,939
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	3,653	4,997,581	5,002,074
Total receipts	50,138	647	11,960	540	2,462	2,750	139,447	15,848	3,653	4,997,581	41,288,960
Disbursements:											
Instruction	46,622	-	2,310	540	2,462	62,875	50,546	15,848	-	-	16,573,933
Support services	9,330	647	9,650	-	-	4,289	132,921	-	-	-	11,493,471
Noninstructional services	-	-	-	-	-	-	-	-	-	-	1,456,500
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	123,361
Debt services	-	-	-	-	-	-	-	-	-	-	6,209,205
Nonprogrammed charges	-	-	-	-	-	-	-	-	11,061	4,997,581	5,503,921
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	55,952	647	11,960	540	2,462	67,164	183,467	15,848	11,061	4,997,581	41,360,391
Excess (deficiency) of receipts over disbursements	(5,814)	-	-	-	-	(64,414)	(44,020)	-	(7,408)	-	(71,431)
Other financing sources (uses)											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	2,636,338
Transfers out	-	-	-	-	-	-	-	-	-	-	(2,636,338)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,814)	-	-	-	-	(64,414)	(44,020)	-	(7,408)	-	(71,431)
Cash and investments - ending	\$ (5,814)	\$ -	\$ -	\$ -	\$ -	\$ (64,414)	\$ (44,020)	\$ -	\$ 35,711	\$ -	\$ 10,636,132

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2021

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,482,056</u>	<u>\$ 182,843</u>

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF LEASES AND DEBT
June 30, 2021

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities:				
Highland School Building Corporation	2012 Various Roof & Improvement Projects	\$ 180,500	7/15/2012	1/15/2023
Highland School Building Corporation	2016 Various Roof & Improvement Projects	1,521,500	6/30/2016	12/31/2035
Highland School Building Corporation	2018 Various Roof & Improvement Projects	<u>3,058,250</u>	12/31/2018	12/31/2021
Total governmental activities		<u>4,760,250</u>		
Total of annual lease payments		<u>\$ 4,760,250</u>		

<u>Description of Debt</u>		<u>Ending Principal Balance</u>	<u>Principal and Interest Due Within One Year</u>
<u>Type</u>	<u>Purpose</u>		
Governmental activities:			
General Obligation Bonds	General Obligation Bond 2015 & 2016	\$ 4,015,000	\$ 1,840,645
Notes and Loans Payable	Common School Loans for Technology	<u>1,344,786</u>	<u>547,121</u>
Total governmental activities		<u>5,359,786</u>	<u>2,387,766</u>
Totals		<u>\$ 5,359,786</u>	<u>\$ 2,387,766</u>

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF CAPITAL ASSETS
June 30, 2021

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	\$ 743,990
Buildings	102,887,622
Improvements other than buildings	6,373,150
Machinery, equipment, and vehicles	<u>11,620,452</u>
Total governmental activities	<u>121,625,214</u>
Total capital assets	<u>\$ 121,625,214</u>

SCHOOL TOWN OF HIGHLAND
STATE REPORTING INFORMATION
July 1, 2019 - June 30, 2021

Financial Statement and Accompanying Notes:

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.

Indiana Department of Education Reporting:

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information on the IDOE website and on the Indiana Gateway for Government Units presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the period July 1, 2019 through June 30, 2021

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 06-30-20	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 07-01-19 to 06-30-21
<u>Department of Agriculture</u>						
Child Nutrition Cluster	Indiana Department of Education					
School Breakfast Program		10.553	FY2020, FY2021	\$ 88,730	\$ 10,505	\$ 99,235
National School Lunch Program		10.555	FY2020, FY2021	488,085	13,358	501,443
Commodities		10.555	FY2020, FY2021	112,332	139,005	251,337
Summer Food Service Program for Children		10.559	FY2020, FY2021	-	1,038,481	1,038,481
				<u>689,147</u>	<u>1,201,349</u>	<u>1,890,496</u>
Total - Child Nutrition Cluster						
				<u>689,147</u>	<u>1,201,349</u>	<u>1,890,496</u>
<u>Department of Education</u>						
Special Education Cluster(IDEA)						
Special Education Grants to States	Indiana Department of Education					
IDEA-Part B		84.027	18611-045-PN01	6,776	-	6,776
IDEA-Part B		84.027	19611-045-PN01	141,331	1,910	143,241
IDEA-Part B		84.027	20611-045-PN01	567,036	160,069	727,105
IDEA-Part B		84.027	21611-045-PN01	-	56,933	56,933
				<u>715,143</u>	<u>218,912</u>	<u>934,055</u>
Total - Special Education Grants to States						
				<u>715,143</u>	<u>218,912</u>	<u>934,055</u>
Special Education Preschool Grants	Indiana Department of Education					
IDEA-Preschool		84.173	19619-045-PN01	8,694	-	8,694
IDEA-Preschool		84.173	20619-045-PN01	12,981	4,435	17,416
IDEA-Preschool		84.173	21619-045-PN01	-	12,329	12,329
				<u>21,675</u>	<u>16,764</u>	<u>38,439</u>
Total - Special Education Preschool Grants						
				<u>21,675</u>	<u>16,764</u>	<u>38,439</u>
Total - Special Education Cluster(IDEA)				<u>736,818</u>	<u>235,676</u>	<u>972,494</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education					
Title I, Part A		84.010	S010A180014	53,321	-	53,321
Title I, Part A		84.010	S010A190014	249,255	38,426	287,681
Title I, Part A		84.010	S010A200014	-	253,354	253,354
				<u>302,576</u>	<u>291,780</u>	<u>594,356</u>
Total - Title I Grants to Local Educational Agencies						
				<u>302,576</u>	<u>291,780</u>	<u>594,356</u>

(Continued)

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the period July 1, 2019 through June 30, 2021

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 06-30-20	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 07-01-19 to 06-30-21
English Language Acquisition State Grants	Indiana Department of Education					
Title III, Part A		84.365	S365A180014	\$ 506	\$ 540	\$ 1,046
Title III, Part A		84.365	S365A190014	10,400	2,462	12,862
Title III, Part A		84.365	S365A200014	-	11,960	11,960
Total - English Language Acquisition State Grants				<u>10,906</u>	<u>14,962</u>	<u>25,868</u>
Supporting Effective Instruction State Grants	Indiana Department of Education					
Title II, Part A		84.367	S367A180013	23,816	647	24,463
Title II, Part A		84.367	S367A190013	49,021	20,850	69,871
Title II, Part A		84.367	S367A200013	-	50,138	50,138
Total - Supporting Effective Instruction State Grants				<u>72,837</u>	<u>71,635</u>	<u>144,472</u>
Student Support and Academic Enrichment Program	Indiana Department of Education					
Title IV, Part A		84.424	S424A180015	18,020	3,200	21,220
Title IV, Part A		84.424	S424A190015	11,367	11,231	22,598
Title IV, Part A		84.424	S424A200015	-	16,885	16,885
Total - Student Support and Academic Enrichment Program				<u>29,387</u>	<u>31,316</u>	<u>60,703</u>
COVID-19 - Education Stabilization Fund	Indiana Department of Education					
Elementary and Secondary School Emergency Relief (ESSER I) Fund		84.425D	S425D200013	-	139,447	139,447
Tutoring Fellowship Innovation Grant (TFIG)		84.425D	S425D200013	-	15,848	15,848
Elementary and Secondary School Emergency Relief (ESSER II) Fund		84.425D	S425D210013	-	2,750	2,750
Total - COVID-19 - Education Stabilization Fund				<u>-</u>	<u>158,045</u>	<u>158,045</u>
Total - Department of Education				<u>1,152,524</u>	<u>803,414</u>	<u>1,955,938</u>
<u>Department of Health and Human Services</u>						
Medicaid Cluster	Indiana Department of Education					
Medicaid		93.778	FY2020, FY2021	1,795	17,857	19,652
Total - Medicaid Cluster				<u>1,795</u>	<u>17,857</u>	<u>19,652</u>
Total - Department of Health and Human Services				<u>1,795</u>	<u>17,857</u>	<u>19,652</u>
Total federal awards expended				<u>\$ 1,843,466</u>	<u>\$ 2,022,620</u>	<u>\$ 3,866,086</u>

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

SCHOOL TOWN OF HIGHLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period of July 1, 2019 to June 30, 2021

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, 2019 to June 30, 2021. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

NOTE 2 - INDIRECT COST RATE

The School Corporation has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - SPECIAL EDUCATION COOPERATIVE (ALN: 84.027, 84.173)

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

NOTE 4 - OTHER INFORMATION

The School Corporation did not have any subrecipient activity for the period July 1, 2019 to June 30, 2021.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of School Town of Highland ("School Corporation"), which comprise the statement of receipts, disbursements, other financing sources (uses), and cash and investment balances of the School Corporation as of June 30, 2021 and for the period July 1, 2019 to June 30, 2021 and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement, and have issued our report thereon dated January 31, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Crowe LLP
Crowe LLP

Indianapolis, Indiana
January 31, 2023

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

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

Report on Compliance for Each Major Federal Program

We have audited School Town of Highland (the School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the School Corporation's major federal programs for the period July 1, 2019 to June 30, 2021. 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.

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 each of the School Corporation's major federal programs 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 each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Basis for Qualified Opinion on the Special Education Cluster

As described in the accompanying schedule of findings and questioned costs, the School Corporation did not comply with requirements regarding the Special Education Cluster (ALNs 84.027 and 84.173) as described in finding number 2021-001 for Matching, Level of Effort, and Earmarking. Compliance with such

(Continued)

requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Qualified Opinion on the Special Education Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Special Education Cluster for the period July 1, 2019 to June 30, 2021.

Unmodified Opinion on the Other 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 other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the period July 1, 2019 to June 30, 2021.

Other Matters

The School Corporation's response to the noncompliance finding identified in our audit is described in the accompanying *schedule of findings and questioned costs*. 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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 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 a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a material weakness.

The School Corporation's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. 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.

(Continued)

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
January 31, 2023

SCHOOL TOWN OF HIGHLAND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 July 1, 2019 to June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statement

Type of auditor’s report issued: Adverse as to GAAP, Unmodified
as to regulatory basis

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes _____ X No

Significant deficiencies identified not
considered to be material weaknesses? _____ Yes _____ X None Reported

Noncompliance material to financial statement
noted? _____ Yes _____ X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ X Yes _____ No

Significant deficiencies identified not
considered to be material weaknesses? _____ Yes _____ X None Reported

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

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

Any audit findings disclosed that are required to
be reported in accordance with
2CFR 200.516(a)? _____ X Yes _____ No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? _____ Yes _____ X No

Section II – Financial Statement Findings

None noted.

(Continued)

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2019 to June 30, 2021

Section III – Federal Award Findings and Questioned Costs

FINDING 2021-001

Information on the federal program:

Subject: Special Education Cluster – Earmarking
Federal Agency: Department of Education
Federal Program: Special Education Grants to States, Special Education Preschool Grants
Assistance Listing Numbers: 84.027, 84.173
Federal Award Numbers and Years: 19611-045-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Matching, Level of Effort, Earmarking
Audit Findings: Material Weakness, Qualified Opinion

Criteria: 2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.403 states in part:

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

- (g) Be adequately documented.... "

2 CFR 200.208(b) states in part:

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

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

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

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

(Continued)

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2019 to June 30, 2021

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

FINDING 2021-001 (Continued)

Cause: The School Corporation's management had not developed an effective system of internal controls that would have ensured compliance with the grant agreement and the earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement.

Effect: The failure to establish an effective internal control system, as well as adequately document costs of federal awards, prevented the determination of the School Corporation's compliance with the earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement.

Questioned Costs: There were no questioned costs identified.

Context: The School Corporation is a member of the Northwest Indiana Special Education Cooperative (Cooperative). During fiscal year 2020-2021, 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 Matching, Level of Effort, Earmarking compliance requirement.

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 19611-045-PN01 grant award could not be verified for the individual member schools. The non-public school share funds for all member schools were comingled and the aggregate amount of expenditures was then allocated to the member schools on a percentage basis. These allocations were the amounts reported to IDOE. As such, we were unable to identify which expenditures were for each school in order to verify the minimum amount per the grant award was expended and properly reported to IDOE as required.

The lack of internal controls and noncompliance was isolated to the 19611-045-PN01 grant award. The School Corporation's proportionate share amount for the 19611-045-PN01 grant award was \$50,110.09.

Identification as a repeat finding: No.

Recommendation: We recommended that the School Corporation's management establish an effective system of internal controls, as well as appropriately document and identify federal award expenditures to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

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

SCHOOL TOWN OF HIGHLAND

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

Administration

Brian J. Smith, *Superintendent*
Ryan Erdelac, *Asst. Supt.*
Cynthia Adams, *CFO*

Board of Trustees

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

January 25, 2023

CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS June 30, 2021

FINDING 2021-001

Information on the federal program:

Subject: Special Education Cluster – Earmarking
Federal Agency: Department of Education
Federal Program: Special Education Grants to States, Special Education Preschool Grants
Assistance Listing Numbers: 84.027, 84.173
Federal Award Numbers and Years: 19611-045-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Matching, Level of Effort, Earmarking
Audit Findings: Material Weakness, Qualified Opinion

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

Context: The School Corporation is a member of the Northwest Indiana Special Education Cooperative (Cooperative). During fiscal year 2020-2021, 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 Matching, Level of Effort, Earmarking compliance requirement.

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 19611-045-PN01 grant award could not be verified for the individual member schools. The non-public school share funds for all member schools were comingled and the aggregate amount of expenditures was then allocated to the member schools on a percentage basis. These allocations were the amounts reported to IDOE. As such, we were unable to identify which expenditures were for each school in order to verify the minimum amount per the grant award was expended and properly reported to IDOE as required.

The lack of internal controls and noncompliance was isolated to the 19611-045-PN01 grant award. The School Corporation's proportionate share amount for the 19611-045-PN01 grant award was \$50,110.09.

“Educating Today’s Students for Tomorrow’s Challenges”

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Erica Smith-Gomez, *Member*

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and will take the following corrective action:

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

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

Responsible party and timeline for completion: Federal regulation requires name and title of person overseeing corrective action plan and anticipated completion date:

Lisa Rosinko, NISEC CFO

The Northwest Indiana Special Education Cooperative stopped reporting nonpublic proportionate share expenditures by percentage as of the 2022-2023 school year. An internal control procedure to report nonpublic proportionate share expenditures by detailed time and effort work and expenditures was implemented as of the 2022-2023 school year.

Respectfully,



Cynthia Adams

“Educating Today’s Students for Tomorrow’s Challenges”

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-001

Subject: Financial Transactions
Audit Finding: Significant Deficiency

Condition and Context

There was a deficiency in the internal control system of the School Corporation related to financial transactions.

The School Corporation had not designed or implemented proper segregation of duties related to non-grant receipts. One employee issued and recorded receipts without evidence of an oversight or approval process to ensure the accuracy and classification of the non-grant receipts to the proper fund and account.

Status: Resolved.