



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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April 11, 2023

To: The Officials of the North Daviess Community Schools
North Daviess Community Schools
5494 East SR 58
Elnora, IN 47529

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of North Daviess Community Schools. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period July 1, 2020 to June 30, 2022. 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, 2022, and its cash receipts, cash disbursements, and other financing sources (uses) for the period of July 1, 2020 to June 30, 2022 in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

We call your attention to the findings included in the report on pages 38 through 44. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears on pages 45 through 47.

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 North Daviess Community Schools 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

NORTH DAVIESS COMMUNITY SCHOOLS
Daviness County, Indiana

FINANCIAL STATEMENT
As of June 30, 2022, and for the
period of July 1, 2020 to June 30, 2022

NORTH DAVIESS COMMUNITY SCHOOLS
Daviness County, Indiana

FINANCIAL STATEMENT
As of June 30, 2022, and for the
period of July 1, 2020 to June 30, 2022

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NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF OFFICIALS (Unaudited)
For the period July 1, 2020 to June 30, 2022

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Glenda O'Connor	07-01-20 to 06-30-22
Superintendent of Schools	Jodi Berry	07-01-20 to 06-30-22
President of the School Board	Robin Dove	07-01-20 to 06-30-22

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
North Daviess Community Schools
Daviess County, Indiana

Report on the Audit of the Financial Statement***Opinions***

We have audited the accompanying statement of receipts, disbursements, other financing sources (uses) and cash and investment balances of the North Daviess Community Schools (the School Corporation) as of June 30, 2022 and for the period of July 1, 2020 to June 30, 2022, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement presents fairly, in all material respects, the cash and investment balances of the School Corporation as of June 30, 2022, and its cash receipts, cash disbursements, and other financing sources (uses) for the period of July 1, 2020 to June 30, 2022 in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the School Corporation as of June 30, 2022, or changes in net position for the period of July 1, 2020 to June 30, 2022.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

(Continued)

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

Responsibilities of Management for the Financial Statement

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and are not a required part of the financial statement.

(Continued)

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.

Other Information

Management is responsible for the other information included with the financial statement. The other information comprises the Schedule of Officials, Other Information Schedules, and State Reporting Information, marked as unaudited on the table of contents, but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 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
March 22, 2023

NORTH DAVIESS COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
As of June 30, 2022 and for the period of July 1, 2020 through June 30, 2022

Fund	Cash and Investments			Other Financing		Cash and Investments			Other Financing		Cash and Investments	
	07-01-2020	Receipts	Disbursements	Sources	(Uses)	06-30-2021	Receipts	Disbursements	Sources	(Uses)	06-30-2022	
Education	\$ 541,729	\$ 8,222,637	\$ 7,185,865	\$ (900,000)	\$ 678,501	\$ 8,095,713	\$ 6,986,660	\$ (420,000)	\$ 1,367,554			
Debt Service	443,576	1,293,825	1,393,050	-	344,351	1,271,655	1,212,200	-	403,806			
Operations	1,713,026	3,026,132	3,081,740	600,000	2,257,418	3,012,585	3,201,407	420,000	2,488,596			
Rainy Day	4,655,325	48,473	434,370	300,000	4,569,428	-	490,965	-	4,078,463			
Post-Retirement/Severance Futu	116,458	-	5,545	-	110,913	20,000	-	-	130,913			
2019-2020 Hs Renovations	1,827,517	-	1,400,388	17,494	444,623	-	301,160	-	143,463			
2020-2021 Hs Renovations	-	-	9,142	1,500,000	1,490,858	-	56,782	-	1,434,076			
School Lunch	269,508	767,156	729,258	-	307,406	871,942	928,996	-	250,352			
Textbook	68,806	117,372	151,100	-	35,078	128,694	147,003	-	16,769			
Insurance	1,831,768	359,874	438,784	-	1,752,858	106,175	429,387	-	1,429,646			
Fd Res & Action/Gen Mills	8,000	-	1,730	-	6,270	-	-	-	6,270			
Covid Relief Stipend	-	-	-	-	-	172,055	172,055	-	-			
Dollar General Grant 2021	-	-	-	-	-	4,000	-	-	4,000			
Education License Plates	56	56	75	-	37	75	-	-	112			
Donations	5,966	3,000	368	-	8,598	5	-	-	8,603			
Scholarship Harold Lee	5,671	-	5,671	-	-	27,267	12,650	-	14,617			
Formative Assessment	5,218	8,923	14,141	-	-	10,576	9,280	-	1,296			
Drug Free Llc High School	4,986	3,630	2,724	-	5,892	370	2,175	-	4,087			
Drug Free Communities	600	-	600	-	-	-	-	-	-			
Elem Drug Free Grant 2021	-	1,500	-	-	1,500	650	1,248	-	902			
Secured Schools Safety Grant	(10,836)	20,242	13,960	-	(4,554)	12,564	13,960	-	(5,950)			
Stem Grant	-	12,896	17,010	-	(4,114)	7,515	3,401	-	-			
Stem Pbl Training Grant	-	-	1,000	-	(1,000)	1,000	-	-	-			
Early Intervention Grant	68	3,776	68	-	3,776	4,191	7,967	-	-			
Nesp 2020-2021	-	9,130	5,530	-	3,600	11,113	14,713	-	-			
Career & Tech Performance Gt	2,694	-	1,702	-	992	-	-	-	992			
Teacher Appreciation Grant	-	42,345	42,345	-	-	41,160	41,160	-	-			
High Ability Fy 2020/2021	2,211	24,101	8,314	-	17,998	26,554	41,568	-	2,984			
State Connectivity Grant	11,958	10,080	13,380	-	8,658	79,110	89,230	-	(1,462)			
Project Lead The Way	-	-	-	-	-	4,800	7,300	-	(2,500)			
Title I	(55,070)	129,540	74,470	-	-	-	-	-	-			
20-21 Title I	-	169,167	210,470	-	(41,303)	152,048	110,745	-	-			
21-22 Title I	-	-	-	-	-	121,545	169,900	-	(48,355)			
Title Iv Part A Social Worker	-	21,048	21,048	-	-	-	-	-	-			
Title Iv Ffy 20	-	3,725	12,597	-	(8,872)	21,369	19,783	-	(7,286)			
Title Ii Part A Supporting Effective I	(7,266)	7,266	-	-	-	-	-	-	-			
Title Ii Pt A Ffy Sy 19-20	(2,317)	45,709	51,305	-	(7,913)	16,433	8,520	-	-			
Title Ii Ffy 2020	-	-	-	-	-	35,602	46,218	-	(10,616)			
Title Iii Non Eng Speak/Siec	-	-	-	-	-	3,524	1,524	-	2,000			
Title Iii English Language Acquisition	8,370	3,215	11,585	-	-	-	-	-	-			

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
As of June 30, 2022 and for the period of July 1, 2020 through June 30, 2022

<u>Fund</u>	<u>Cash and Investments 07-01-2020</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Other Financing Sources (Uses)</u>	<u>Cash and Investments 06-30-2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Other Financing Sources (Uses)</u>	<u>Cash and Investments 06-30-2022</u>
ESSER III	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 426,945	\$ 501,082	\$ -	\$ (74,137)
ESSER II	-	-	32,572	-	(32,572)	398,401	520,481	-	(154,652)
Governor's Emergency Education Relief (GEER)	-	39,000	39,000	-	-	29,152	29,914	-	(762)
ESSER I	-	149,283	208,295	-	(59,012)	143,354	118,326	-	(33,984)
Fema Covid Reimbursement	-	68,492	68,492	-	-	-	-	-	-
Clearing/Pre Paid Food/Lunch	21,211	50,759	57,114	-	14,856	78,648	83,253	-	10,251
Clearing-Federal Tax	-	419,245	419,245	-	-	425,639	425,639	-	-
Clearing- Social Security	-	409,984	409,984	-	-	431,914	431,914	-	-
Clearing - State Tax	-	166,812	166,812	-	-	176,341	176,341	-	-
Clearing - County Tax	-	79,663	79,663	-	-	86,236	86,236	-	-
Clearing/Insurance	-	371,582	371,582	-	-	382,509	382,509	-	-
Clearing /Annuities	-	157,969	157,969	-	-	146,540	146,540	-	-
Roth Annuity Aul Taxable	-	3,510	3,510	-	-	10,775	10,775	-	-
Clearing/Dues	-	3,517	3,517	-	-	929	929	-	-
Clearing Perf Deductions	-	4,920	4,920	-	-	4,586	4,586	-	-
Clearing/Eca Payroll	-	2,018	2,018	-	-	6,309	6,300	-	9
Clearing Garnishment	-	2,337	2,337	-	-	2,058	2,058	-	-
Clearing School Bus Rental	-	6,467	6,467	-	-	12,753	12,753	-	-
Clearing Hsa Employee Pd Ded	-	281	281	-	-	377	377	-	-
Clearing/Fringe Benefit	-	7,930	7,930	-	-	7,423	7,423	-	-
Totals	\$ 11,469,233	\$ 16,298,587	\$ 17,381,043	\$ 1,517,494	\$ 11,904,271	\$ 17,031,179	\$ 17,475,393	\$ -	\$ 11,460,057

See notes to financial statement.

NORTH DAVIESS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
As of June 30, 2022, and for the period July 1, 2020 to June 30, 2022

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.

Temporary loans. Amounts received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

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.

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
As of June 30, 2022, and for the period July 1, 2020 to June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

Disbursements: Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other Financing Sources and Uses: Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Proceeds of long-term debt. Amounts received in relation to the issuance of bonds or other long-term debt issues.

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

Transfers in. Amounts received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out. Amounts paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting: Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The amounts accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the School Corporation itself.

NOTE 2 - BUDGETS

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

NOTE 3 - PROPERTY TAXES

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by December 31 of the year preceding the budget year or January 15 of the budget year if the School Corporation is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

The School Corporation held cash deposits with financial institutions that maintained FDIC and PDIF coverages, as applicable. The School Corporation did not hold investments for the period under audit.

(Continued)

NOTE 5 - RISK MANAGEMENT

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters. These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks

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

NOTE 6 - CASH BALANCE DEFICITS

The financial statement contain 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, 2021, and 2022.

NOTE 7 - HOLDING CORPORATION

The School Corporation has entered into a capital lease with the North Daviess 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 fiscal years 2021 and 2022 totaled \$1,393,400 and \$1,212,200, respectively.

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.

NOTE 8 - PENSION PLANS (Continued)

Financial Report

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

Members' contributions are set by state statute at 3 percent of compensation for 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.

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.

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
As of June 30, 2022, and for the period July 1, 2020 to June 30, 2022

NOTE 8 - PENSION PLANS (Continued)

Financial Report

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

The School Corporation contributes the employer's share to Teachers' 1996 DB for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. These contributions are determined by the INPRS Board based on actuarial valuation. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995 (Teachers' Pre-1996 DB) is an obligation of, and is paid by, the State of Indiana.

Contributions for the defined contribution component of TRF Hybrid are determined by statute and the INPRS Board at 3 percent of covered payroll. The employer may choose to make these contributions on behalf of the member. Under certain limitations, voluntary contributions up to 10 percent can be made solely by the member.

My Choice plan is funded with employer contributions and member contributions. The employer contributions must equal the contribution rate for monthly employer-funded defined benefit components of TRF Hybrid. The amount deposited into the employer contribution subaccount for the member is the normal cost of participation. The variable rate contribution can be no less than 3 percent. Member contributions are determined by statute and the Board at 3 percent of covered payroll. The employer must make these contributions on behalf of the member. Under certain limitations, voluntary contributions up to 10 percent can be made solely by the member.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

The School Corporation provides to eligible retirees and their spouses the following benefits: medical, dental, and vision benefits. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding these benefits can be obtained by contacting the School Corporation.

SUPPLEMENTARY INFORMATION

NORTH DAVIESS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	Education	Debt Service	Operations	Rainy Day	Post- Retirement/Sever ance Futu	2019-2020 Hs Renovations	2020-2021 Hs Renovations	School Lunch	Textbook	Insurance	Fd Res & Action/Gen Mills
Cash and investments - beginning	\$ 541,729	\$ 443,576	\$ 1,713,026	\$ 4,655,325	\$ 116,458	\$ 1,827,517	\$ -	\$ 269,508	\$ 68,806	\$ 1,831,768	\$ 8,000
Receipts:											
Local sources	612,063	1,293,825	3,026,132	48,473	-	-	-	163,575	76,752	359,874	-
Intermediate sources	162	-	-	-	-	-	-	-	-	-	-
State sources	7,610,412	-	-	-	-	-	-	120,671	40,620	-	-
Federal sources	-	-	-	-	-	-	-	482,910	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	8,222,637	1,293,825	3,026,132	48,473	-	-	-	767,156	117,372	359,874	-
Disbursements:											
Instruction	5,862,246	-	-	-	5,545	-	-	-	-	-	-
Support services	1,088,809	-	2,377,381	-	-	-	-	300	151,100	438,784	1,730
Noninstructional services	234,810	-	-	-	-	-	-	728,958	-	-	-
Facilities acquisition and construction	-	-	704,359	434,370	-	1,400,388	9,142	-	-	-	-
Debt services	-	1,393,050	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	7,185,865	1,393,050	3,081,740	434,370	5,545	1,400,388	9,142	729,258	151,100	438,784	1,730
Excess (deficiency) of receipts over disbursements	1,036,772	(99,225)	(55,608)	(385,897)	(5,545)	(1,400,388)	(9,142)	37,898	(33,728)	(78,910)	(1,730)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	17,494	1,500,000	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	900,000	300,000	-	-	-	-	-	-	-
Transfers out	(900,000)	-	(300,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(900,000)	-	600,000	300,000	-	17,494	1,500,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	136,772	(99,225)	544,392	(85,897)	(5,545)	(1,382,894)	1,490,858	37,898	(33,728)	(78,910)	(1,730)
Cash and investments - ending	\$ 678,501	\$ 344,351	\$ 2,257,418	\$ 4,569,428	\$ 110,913	\$ 444,623	\$ 1,490,858	\$ 307,406	\$ 35,078	\$ 1,752,858	\$ 6,270

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	Covid Relief Stipend	Dollar General Grant 2021	Education License Plates	Donations	Scholarship Harold Lee	Formative Assessment	Drug Free Llc High School	Drug Free Communities	Elem Drug Free Grant 2021	Secured Schools Safety Grant	Stem Grant
Cash and investments - beginning	\$ -	\$ -	\$ 56	\$ 5,966	\$ 5,671	\$ 5,218	\$ 4,986	\$ 600	\$ -	\$ (10,836)	\$ -
Receipts:											
Local sources	-	-	-	3,000	-	-	-	-	-	-	-
Intermediate sources	-	-	56	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	8,923	3,630	-	1,500	20,242	12,896
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	56	3,000	-	8,923	3,630	-	1,500	20,242	12,896
Disbursements:											
Instruction	-	-	-	-	-	-	2,724	600	-	-	-
Support services	-	-	75	368	-	14,141	-	-	-	13,960	17,010
Noninstructional services	-	-	-	-	5,671	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	75	368	5,671	14,141	2,724	600	-	13,960	17,010
Excess (deficiency) of receipts over disbursements	-	-	(19)	2,632	(5,671)	(5,218)	906	(600)	1,500	6,282	(4,114)
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	-	-	(19)	2,632	(5,671)	(5,218)	906	(600)	1,500	6,282	(4,114)
Cash and investments - ending	\$ -	\$ -	\$ 37	\$ 8,598	\$ -	\$ -	\$ 5,892	\$ -	\$ 1,500	\$ (4,554)	\$ (4,114)

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	Stem Pbl Training Grant	Early Intervention Grant	Nesp 2020-2021	Career & Tech Performance Gt	Teacher Appreciation Grant	High Ability Fy 2020/2021	State Connectivity Grant	Project Lead The Way	Title I	20-21 Title I	21-22 Title I
Cash and investments - beginning	\$ -	\$ 68	\$ -	\$ 2,694	\$ -	\$ 2,211	\$ 11,958	\$ -	\$ (55,070)	\$ -	\$ -
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	3,776	9,130	-	42,345	24,101	10,080	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	129,540	169,167	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	3,776	9,130	-	42,345	24,101	10,080	-	129,540	169,167	-
Disbursements:											
Instruction	1,000	-	5,530	1,702	42,345	8,314	-	-	73,368	210,332	-
Support services	-	68	-	-	-	-	13,380	-	730	-	-
Noninstructional services	-	-	-	-	-	-	-	-	372	138	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,000	68	5,530	1,702	42,345	8,314	13,380	-	74,470	210,470	-
Excess (deficiency) of receipts over disbursements	(1,000)	3,708	3,600	(1,702)	-	15,787	(3,300)	-	55,070	(41,303)	-
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,000)	3,708	3,600	(1,702)	-	15,787	(3,300)	-	55,070	(41,303)	-
Cash and investments - ending	\$ (1,000)	\$ 3,776	\$ 3,600	\$ 992	\$ -	\$ 17,998	\$ 8,658	\$ -	\$ -	\$ (41,303)	\$ -

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	Title Iv Part A Social Worker	Title Iv Ffy 20	Title li Part A Supporting Effective I	Title li Pt A Ffy Sy 19-20	Title li Ffy 2020	Title lii Non Eng Speak/Siec	Title lii English Language Acquisition	ESSER III	ESSER II	Governor's Emergency Education Relief (GEER)
Cash and investments - beginning	\$ -	\$ -	\$ (7,266)	\$ (2,317)	\$ -	\$ -	\$ 8,370	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	21,048	3,725	7,266	45,709	-	-	3,215	-	-	39,000
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	21,048	3,725	7,266	45,709	-	-	3,215	-	-	39,000
Disbursements:										
Instruction	6,729	-	-	51,305	-	-	11,585	-	13,287	39,000
Support services	14,319	12,597	-	-	-	-	-	-	19,285	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	21,048	12,597	-	51,305	-	-	11,585	-	32,572	39,000
Excess (deficiency) of receipts over disbursements	-	(8,872)	7,266	(5,596)	-	-	(8,370)	-	(32,572)	-
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	-	(8,872)	7,266	(5,596)	-	-	(8,370)	-	(32,572)	-
Cash and investments - ending	\$ -	\$ (8,872)	\$ -	\$ (7,913)	\$ -	\$ -	\$ -	\$ -	\$ (32,572)	\$ -

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	ESSER I	Fema Covid Reimbursement	Clearing/Pre Paid Food/Lunch	Clearing-Federal Tax	Clearing- Social Security	Clearing - State Tax	Clearing - County Tax	Clearing/Insurance	Clearing /Annuities	Roth Annuity Aul Taxable
Cash and investments - beginning	\$ -	\$ -	\$ 21,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	149,283	68,492	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	50,759	419,245	409,984	166,812	79,663	371,582	157,969	3,510
Total receipts	149,283	68,492	50,759	419,245	409,984	166,812	79,663	371,582	157,969	3,510
Disbursements:										
Instruction	208,295	-	-	-	-	-	-	-	-	-
Support services	-	68,492	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	57,114	419,245	409,984	166,812	79,663	371,582	157,969	3,510
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	208,295	68,492	57,114	419,245	409,984	166,812	79,663	371,582	157,969	3,510
Excess (deficiency) of receipts over disbursements	(59,012)	-	(6,355)	-	-	-	-	-	-	-
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	(59,012)	-	(6,355)	-	-	-	-	-	-	-
Cash and investments - ending	\$ (59,012)	\$ -	\$ 14,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	Clearing/Dues	Clearing Perf Deductions	Clearing/Eca Payroll	Clearing Garnishment	Clearing School Bus Rental	Clearing Hsa Employee Pd Ded	Clearing/Fringe Benefit	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,469,233
Receipts:								
Local sources	-	-	-	-	-	-	-	5,583,694
Intermediate sources	-	-	-	-	-	-	-	218
State sources	-	-	-	-	-	-	-	7,908,326
Federal sources	-	-	-	-	-	-	-	1,119,355
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	3,517	4,920	2,018	2,337	6,467	281	7,930	1,686,994
Total receipts	3,517	4,920	2,018	2,337	6,467	281	7,930	16,298,587
Disbursements:								
Instruction	-	-	-	-	-	-	-	6,543,907
Support services	-	-	-	-	-	-	-	4,232,529
Noninstructional services	-	-	-	-	-	-	-	969,949
Facilities acquisition and construction	-	-	-	-	-	-	-	2,548,259
Debt services	-	-	-	-	-	-	-	1,393,050
Nonprogrammed charges	3,517	4,920	2,018	2,337	6,467	281	7,930	1,693,349
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	3,517	4,920	2,018	2,337	6,467	281	7,930	17,381,043
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	(1,082,456)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,517,494
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	1,200,000
Transfers out	-	-	-	-	-	-	-	(1,200,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	1,517,494
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	-	435,038
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,904,271

NORTH DAVIESS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2021 through June 30, 2022

	Education	Debt Service	Operations	Rainy Day	Post- Retirement/Sever ance Futu	2019-2020 Hs Renovations	2020-2021 Hs Renovations	School Lunch	Textbook	Insurance	Fd Res & Action/Gen Mills
Cash and investments - beginning	\$ 678,501	\$ 344,351	\$ 2,257,418	\$ 4,569,428	\$ 110,913	\$ 444,623	\$ 1,490,858	\$ 307,406	\$ 35,078	\$ 1,752,858	\$ 6,270
Receipts:											
Local sources	227,016	1,271,655	3,012,585	-	20,000	-	-	104,041	85,311	106,175	-
Intermediate sources	153	-	-	-	-	-	-	-	-	-	-
State sources	7,868,544	-	-	-	-	-	-	4,070	43,383	-	-
Federal sources	-	-	-	-	-	-	-	763,831	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	8,095,713	1,271,655	3,012,585	-	20,000	-	-	871,942	128,694	106,175	-
Disbursements:											
Instruction	5,770,986	-	-	192,055	-	-	-	-	-	-	-
Support services	979,069	-	2,795,337	-	-	-	-	-	147,003	429,387	-
Noninstructional services	236,605	-	-	-	-	-	-	404,909	-	-	-
Facilities acquisition and construction	-	-	406,070	298,910	-	301,160	56,782	17,281	-	-	-
Debt services	-	1,212,200	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	506,806	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	6,986,660	1,212,200	3,201,407	490,965	-	301,160	56,782	928,996	147,003	429,387	-
Excess (deficiency) of receipts over disbursements	1,109,053	59,455	(188,822)	(490,965)	20,000	(301,160)	(56,782)	(57,054)	(18,309)	(323,212)	-
Other financing sources (uses)											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	420,000	-	-	-	-	-	-	-	-
Transfers out	(420,000)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(420,000)	-	420,000	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	689,053	59,455	231,178	(490,965)	20,000	(301,160)	(56,782)	(57,054)	(18,309)	(323,212)	-
Cash and investments - ending	\$ 1,367,554	\$ 403,806	\$ 2,488,596	\$ 4,078,463	\$ 130,913	\$ 143,463	\$ 1,434,076	\$ 250,352	\$ 16,769	\$ 1,429,646	\$ 6,270

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2021 through June 30, 2022

	Covid Relief Stipend	Dollar General Grant 2021	Education License Plates	Donations	Scholarship Harold Lee	Formative Assessment	Drug Free Llc High School	Drug Free Communities	Elem Drug Free Grant 2021	Secured Schools Safety Grant	Stem Grant
Cash and investments - beginning	\$ -	\$ -	\$ 37	\$ 8,598	\$ -	\$ -	\$ 5,892	\$ -	\$ 1,500	\$ (4,554)	\$ (4,114)
Receipts:											
Local sources	172,055	-	-	-	27,267	-	-	-	-	-	-
Intermediate sources	-	-	75	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	10,576	-	-	-	12,564	7,515
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	4,000	-	5	-	-	370	-	650	-	-
Total receipts	172,055	4,000	75	5	27,267	10,576	370	-	650	12,564	7,515
Disbursements:											
Instruction	172,055	-	-	-	-	-	355	-	-	-	-
Support services	-	-	-	-	-	9,280	1,820	-	1,248	13,960	3,401
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	12,650	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	172,055	-	-	-	12,650	9,280	2,175	-	1,248	13,960	3,401
Excess (deficiency) of receipts over disbursements	-	4,000	75	5	14,617	1,296	(1,805)	-	(598)	(1,396)	4,114
Other financing sources (uses)											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	4,000	75	5	14,617	1,296	(1,805)	-	(598)	(1,396)	4,114
Cash and investments - ending	\$ -	\$ 4,000	\$ 112	\$ 8,603	\$ 14,617	\$ 1,296	\$ 4,087	\$ -	\$ 902	\$ (5,950)	\$ -

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2021 through June 30, 2022

	Stem Pbl Training Grant	Early Intervention Grant	Nesp 2020-2021	Career & Tech Performance Gt	Teacher Appreciation Grant	High Ability Fy 2020/2021	State Connectivity Grant	Project Lead The Way	Title I	20-21 Title I	21-22 Title I
Cash and investments - beginning	\$ (1,000)	\$ 3,776	\$ 3,600	\$ 992	\$ -	\$ 17,998	\$ 8,658	\$ -	\$ -	\$ (41,303)	\$ -
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	1,000	4,191	11,113	-	41,160	26,554	79,110	4,800	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	152,048	121,545
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	1,000	4,191	11,113	-	41,160	26,554	79,110	4,800	-	152,048	121,545
Disbursements:											
Instruction	-	-	14,713	-	41,160	41,568	-	-	-	105,745	169,787
Support services	-	7,967	-	-	-	-	89,230	7,300	-	5,000	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	113
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	7,967	14,713	-	41,160	41,568	89,230	7,300	-	110,745	169,900
Excess (deficiency) of receipts over disbursements	1,000	(3,776)	(3,600)	-	-	(15,014)	(10,120)	(2,500)	-	41,303	(48,355)
Other financing sources (uses)											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,000	(3,776)	(3,600)	-	-	(15,014)	(10,120)	(2,500)	-	41,303	(48,355)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 992	\$ -	\$ 2,984	\$ (1,462)	\$ (2,500)	\$ -	\$ -	\$ (48,355)

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2021 through June 30, 2022

	Title Iv Part A Social Worker	Title Iv Ffy 20	Title li Part A Supporting Effective I	Title li Pt A Ffy Sy 19-20	Title li Ffy 2020	Title lii Non Eng Speak/Siec	Title lii English Language Acquisition	ESSER III	ESSER II	Governor's Emergency Education Relief (GEER)
Cash and investments - beginning	\$ -	\$ (8,872)	\$ -	\$ (7,913)	\$ -	\$ -	\$ -	\$ -	\$ (32,572)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	21,369	-	16,433	35,602	3,524	-	426,945	398,401	29,152
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	21,369	-	16,433	35,602	3,524	-	426,945	398,401	29,152
Disbursements:										
Instruction	-	-	-	8,520	46,218	1,524	-	209,568	131,477	29,914
Support services	-	19,783	-	-	-	-	-	291,457	389,004	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	57	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	19,783	-	8,520	46,218	1,524	-	501,082	520,481	29,914
Excess (deficiency) of receipts over disbursements	-	1,586	-	7,913	(10,616)	2,000	-	(74,137)	(122,080)	(762)
Other financing sources (uses)										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,586	-	7,913	(10,616)	2,000	-	(74,137)	(122,080)	(762)
Cash and investments - ending	\$ -	\$ (7,286)	\$ -	\$ -	\$ (10,616)	\$ 2,000	\$ -	\$ (74,137)	\$ (154,652)	\$ (762)

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2021 through June 30, 2022

	ESSER I	Fema Covid Reimbursement	Clearing/Pre Paid Food/Lunch	Clearing-Federal Tax	Clearing- Social Security	Clearing - State Tax	Clearing - County Tax	Clearing/Insurance	Clearing /Annuities	Roth Annuity Aul Taxable
Cash and investments - beginning	\$ (59,012)	\$ -	\$ 14,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	143,354	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	78,648	425,639	431,914	176,341	86,236	382,509	146,540	10,775
Total receipts	143,354	-	78,648	425,639	431,914	176,341	86,236	382,509	146,540	10,775
Disbursements:										
Instruction	118,326	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	83,253	425,639	431,914	176,341	86,236	382,509	146,540	10,775
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	118,326	-	83,253	425,639	431,914	176,341	86,236	382,509	146,540	10,775
Excess (deficiency) of receipts over disbursements	25,028	-	(4,605)	-	-	-	-	-	-	-
Other financing sources (uses)										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	25,028	-	(4,605)	-	-	-	-	-	-	-
Cash and investments - ending	\$ (33,984)	\$ -	\$ 10,251	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2021 through June 30, 2022

	Clearing/Dues	Clearing Perf Deductions	Clearing/Eca Payroll	Clearing Garnishment	Clearing School Bus Rental	Clearing Hsa Employee Pd Ded	Clearing/Fringe Benefit	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,904,271
Receipts:								
Local sources	-	-	-	-	-	-	-	5,026,105
Intermediate sources	-	-	-	-	-	-	-	228
State sources	-	-	-	-	-	-	-	8,114,580
Federal sources	-	-	-	-	-	-	-	2,112,204
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	929	4,586	6,309	2,058	12,753	377	7,423	1,778,062
Total receipts	929	4,586	6,309	2,058	12,753	377	7,423	17,031,179
Disbursements:								
Instruction	-	-	-	-	-	-	-	7,053,971
Support services	-	-	-	-	-	-	-	5,190,246
Noninstructional services	-	-	-	-	-	-	-	641,627
Facilities acquisition and construction	-	-	-	-	-	-	-	1,080,260
Debt services	-	-	-	-	-	-	-	1,212,200
Nonprogrammed charges	929	4,586	6,300	2,058	12,753	377	7,423	2,297,089
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	929	4,586	6,300	2,058	12,753	377	7,423	17,475,393
Excess (deficiency) of receipts over disbursements	-	-	9	-	-	-	-	(444,214)
Other financing sources (uses)								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	420,000
Transfers out	-	-	-	-	-	-	-	(420,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	9	-	-	-	-	(444,214)
Cash and investments - ending	\$ -	\$ -	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ 11,460,057

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2022

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ -	\$ -

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2022

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities:				
North Daviess Jr/Sr High School	2019 Renovations	\$ 737,300	7/15/2020	1/15/2025
North Daviess Jr/Sr High Schools	2020 Renovations	<u>511,250</u>	7/15/2021	1/15/2034
Total governmental activities		<u>1,248,550</u>		
Total of annual lease payments		<u>\$ 1,248,550</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	GO Bond HS Renovations	\$ 2,900,000	\$ 650,000
General Obligation Bonds	Lease Rental HS Construction/ Renovation	<u>8,935,000</u>	<u>210,000</u>
Total governmental activities		<u>11,835,000</u>	<u>860,000</u>
Totals		<u>\$ 11,835,000</u>	<u>\$ 860,000</u>

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2022

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	\$ 72,250
Buildings	22,297,239
Improvements other than buildings	2,839,434
Machinery, equipment, and vehicles	2,281,293
Books and other	<u>10</u>
Total governmental activities	<u>27,490,226</u>
Total capital assets	<u>\$ 27,490,226</u>

NORTH DAVIESS COMMUNITY SCHOOLS
STATE REPORTING INFORMATION
July 1, 2020 - June 30, 2022

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.

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period July 1, 2020 through June 30, 2022

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 06-30-21	Total Federal Awards Expended 06-30-22	Total Federal Awards Expended 7-01-2020 to 6-30-22
<u>Department of Agriculture</u>						
Child Nutrition Cluster						
Food & Nutrition Service/ School Breakfast Program	Indiana Department of Education					
School Breakfast Program		10.553	FY2021, FY2022	\$ 201,148	237,087	438,235
National School Lunch Program		10.555	FY2021, FY2022	459,657	527,318	986,975
Commodities		10.555	FY2021, FY2022	57,065	83,927	140,992
Total - Child Nutrition Cluster				<u>717,870</u>	<u>848,332</u>	<u>1,566,202</u>
Total - Department of Agriculture				<u>717,870</u>	<u>848,332</u>	<u>1,566,202</u>
<u>Department of Education</u>						
Special Education Cluster(IDEA)						
Special Education Grants to States						
IDEA, Part B	Indiana Department of Education	84.027	19611-007-PN01	108,282	-	108,282
IDEA, Part B		84.027	20611-007-PN01	160,913	-	160,913
IDEA, Part B		84.027	21611-007-PN01	151,345	207,377	358,722
IDEA, Part B		84.027	22611-07 PN01	-	184,264	184,264
Total - Special Education Grants to States				<u>420,540</u>	<u>391,641</u>	<u>812,181</u>
Special Education Preschool Grants						
IDEA, Preschool	Indiana Department of Education	84.173	20619-007-PN01	611	-	611
IDEA, Preschool		84.173	22619-07 PN01	-	7,815	7,815
Total - Special Education Preschool Grants				<u>611</u>	<u>7,815</u>	<u>8,426</u>
Total - Special Education Cluster(IDEA)				<u>421,151</u>	<u>399,456</u>	<u>820,607</u>
Title I Grants to Local Education Agencies						
Title I, Part A	Indiana Department of Education	84.010	S010A200014	129,540	-	129,540
Title I, Part A		84.010	S010A210014	169,167	152,048	321,215
Title I, Part A		84.010	S010A220014	-	121,545	121,545
Total - Title I Grants to Local Educational Agencies				<u>298,707</u>	<u>273,593</u>	<u>572,300</u>

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period July 1, 2020 through June 30, 2022

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 06-30-21	Total Federal Awards Expended 06-30-22	Total Federal Awards Expended 7-01-2020 to 6-30-22
Title II Supporting Effective Instruction State Grants	Indiana Department of Education					
Title II, Part A		84.367	S367190013	\$ 7,266	\$ -	\$ 7,266
Title II, Part A		84.367	S367200013	45,709	16,433	62,142
Title II, Part A		84.367	S367210013	-	36,602	36,602
Total - Title II Supporting Effective Instruction State Grants				<u>52,975</u>	<u>53,035</u>	<u>106,010</u>
Title IV Student Support and Academic Enrichment Program	Indiana Department of Education					
Title IV, Part A		84.424	S424A200015	21,048	-	21,048
Title IV, Part A		84.424	S424A210015	3,726	21,369	25,095
Total - Title IV Student Support and Academic Enrichment Program				<u>24,774</u>	<u>21,369</u>	<u>46,143</u>
COVID-19 Education Stabilization Fund	Indiana Department of Education via Governor's Office					
Governor's Emergency Education Relief (GEER) Fund		84.425C	S425C200018	39,000	29,152	68,152
Elementary and Secondary School Emergency Relief (ESSER I) Fund		84.425D	S425D200013	149,283	143,354	292,637
Elementary and Secondary School Emergency Relief (ESSER II) Fund		84.425D	S425D210013	-	398,401	398,401
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund		84.425U	S425U210013	-	426,698	426,698
Total - COVID-19 Education Stabilization Fund				<u>188,283</u>	<u>997,605</u>	<u>1,185,888</u>
Total - Department of Education				<u>985,890</u>	<u>1,745,058</u>	<u>2,730,948</u>
<u>Department of Homeland Security</u>						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security					
COVID-19 - FEMA COVID Reimbursement		97.036	FEMA 4515-DR-IN	68,492	-	68,492
Total - Department of Homeland Security				<u>68,492</u>	<u>-</u>	<u>68,492</u>
Total federal awards expended				<u>\$ 1,772,252</u>	<u>\$ 2,593,390</u>	<u>\$ 4,365,642</u>

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

NORTH DAVIESS COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period of July 1, 2020 to June 30, 2022

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, 2020 to June 30, 2022. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

B. Other Significant Accounting Policies

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

NOTE 2 - INDIRECT COST RATE

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

NOTE 3 - OTHER INFORMATION

The School Corporation did not have any subrecipient activity for the period July 1, 2020 to June 30, 2022.

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

The School Corporation is a member of the Daviess-Martin 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.

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
North Daviess Community Schools
Daviess 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 North Daviess Community Schools ("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, 2022 and for the period July 1, 2020 to June 30, 2022 and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement, and have issued our report thereon dated March 22, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

(Continued)

Report on Compliance and Other Matters

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

School Corporation's Responses to Findings

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

Purpose of this Report

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

Crowe LLP
Crowe LLP

Indianapolis, Indiana
March 22, 2023

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

Those Charged with Governance
North Daviess Community Schools
Daviess County, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited North Daviess Community Schools (School Corporation) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the School Corporation's major federal programs for the period of July 1, 2020 to June 30, 2022. Each of the School Corporation's major federal programs is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2020 to June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

(Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a material weakness.

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(Continued)

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A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-004 to be a significant deficiency.

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

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

The School Corporation is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The School Corporation's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

Crowe LLP
Crowe LLP

Indianapolis, Indiana
March 22, 2023

NORTH DAVIESS COMMUNITY SCHOOLS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 July 1, 2020 to June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statement

Type of auditor’s report issued	Adverse as to GAAP, Unmodified as to regulatory basis		
Internal control over financial reporting			
Material weakness(es) identified?	<u> X </u>	Yes	_____ No
Significant deficiencies identified not considered to be material weaknesses?	_____	Yes	<u> X </u> None Reported
Noncompliance material to financial statement noted?	_____	Yes	<u> X </u> No

Federal Awards

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

Identification of major programs

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

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	_____ Yes <u> X </u> No

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 to June 30, 2022

Section II – Financial Statement Findings

FINDING 2022-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness

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

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

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

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

(1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 to June 30, 2022

Section II – Financial Statement Findings (Continued)

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

(3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.

(4) Include the total amount provided to subrecipients from each Federal program.

(5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.

(6) Include notes that describe that significant accounting policies used in preparing the schedule and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs."

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

Cause: Management had not established a system of internal control that would have ensured proper reporting of the SEFA and reconciliation of federal cash receipts.

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. The SEFA was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following errors that resulted in the overstatement of the total federal awards expended on the SEFA by approximately \$320,000 for the period July 1, 2020, through June 30, 2022:

1. The Special Education Cluster expenditures were overstated by approximately \$216,000.
2. The Child Nutrition Cluster expenditures were overstated by approximately \$92,000.
3. Title III expenditures were overstated by approximately \$12,000.

Additionally, the ALN was incorrectly listed for one of the grants on the SEFA. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA to correct the issues noted above.

Effect: Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Identification as a repeat finding, if applicable: No.

Recommendation: We recommended that the School Corporation's management establish a formal review over the SEFA to ensure amounts reported are accurate. The School Corporation should establish a documented, secondary review to ensure the amounts reported on the SEFA agree to the supporting federal receipt fund ledger detail.

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

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 to June 30, 2022

Section II – Financial Statement Findings (Continued)

FINDING 2022-002

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

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

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

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

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

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

Cause: Management had not established a system of internal control that would have ensured proper reporting of the AFR. Additionally, 2021 was the first year the School Corporation was required to report clearing funds on the AFR and the first year that School Corporations had to upload their financial statements to the Indiana Gateway instead of from the semiannual reports to the IDOE.

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

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 to June 30, 2022

Section II – Financial Statement Findings (Continued)

- 1) For the period of July 1, 2021 to June 30, 2022, receipts and disbursements were understated by approximately by \$50,000 and \$734,000, respectively. Other financing sources (uses) were overstated by approximately \$784,000. There was no net impact on cash.

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

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

Identification as a repeat finding, if applicable: No.

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

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2022-003

Information on the federal program:

Subject: Education Stabilization Fund – Annual Data Report
Federal Agency: Department of Education
Federal Program: COVID-19 – Education Stabilization Fund
Assistance Listing Number: 84.425C, 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425C200018, S425D200013, S425D210013, S425U210013
Pass-Through Entity: Indiana Department of Education Compliance Requirement: Reporting
Audit Finding: Material Weakness

Criteria: 2 CFR 200.302(b) states in part:

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

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

34 CFR 76.722 states:

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

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 to June 30, 2022

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

Condition: The School Corporation did not have a documented review control in place to ensure the annual data report was reviewed by someone other than the preparer.

Cause: There were not sufficient internal controls in place to ensure the Annual Data Report was submitted by the Indiana Department of Education's deadline.

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 compliance requirements.

Questioned Costs: There were no questioned costs identified.

Context: There was no documented review by someone other than the preparer of the Annual Data Report to ensure the information submitted was complete and accurate.

Identification as a repeat finding: No.

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

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

Finding 2022-004

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 Number: 84.027, 84.173
Federal Award Numbers and Years (or Other Identifying Numbers): 19611-007-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Finding: Significant Deficiency

Criteria: 2 CFR 200.303 states in part:

"The non-Federal entity must:

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

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 to June 30, 2022

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

2 CFR 200.403 states in part:

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

(g) Be adequately documented.... "

2 CFR 200.208(b) states in part:

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

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

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

Condition and Context: The School Corporation is a member of the Daviess-Martin 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 member schools. 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 19611-007-PN01 grant award could not be verified for the individual member schools. Total grant expenditures were posted as expended. The non-public proportionate share expenditures were then determined by applying the budgeted percentage for non-public school expenditures to the total expenditures. These were the amounts reported to IDOE. As such, we were unable to identify if the minimum amount per the grant awards was expended and properly reported to IDOE as required.

The lack of internal controls and noncompliance was isolated to the 19611-007-PN01 grant award.

Questioned Costs: There were no questioned costs identified.

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

(Continued)

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 to June 30, 2022

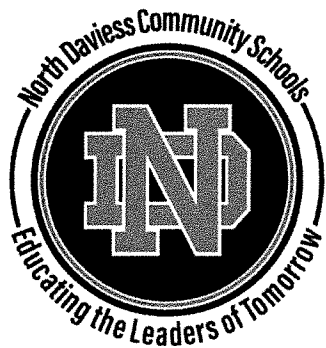
Section III – Federal Award Findings and Questioned Costs (Continued)

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.

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.



North Daviess Community Schools

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Elnora, Indiana 47529

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www.ndaviess.k12.in.us

Jodi G. Berry, Superintendent • Barry Stone, Director of Instruction & Technology

Glenda O'Connor, Treasurer • Elizabeth Knepp, Administrative Assistant

CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS

June 30, 2022

FINDING 2022-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards

Audit Findings: Material Weakness

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

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. The SEFA was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following errors that resulted in the overstatement of the total federal awards expended on the SEFA by approximately \$319,000 for the period July 1, 2020, through June 30, 2022:

1. The Special Education Cluster expenditures were overstated by approximately \$216,000.
2. The Child Nutrition Cluster expenditures were overstated by approximately \$92,000.
3. Title III expenditures were overstated by approximately \$12,000.

Additionally, the ALN was incorrectly listed for one of the grants on the SEFA. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA to correct the issues noted above

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and will take the following corrective action. The School Corporation will now have the Treasurer complete the SEFA and the Superintendent or Designee will review and sign off on the SEFA before submitting on Gateway.

Responsible party and timeline for completion: Federal regulation requires name and title of person overseeing corrective action plan and anticipated completion date. Glenda O'Connor, Treasurer will complete the report and Mrs. Berry, Superintendent, will oversee the corrective action plan each year when the SEFA is due.

FINDING 2022-002

Subject: Preparation of the Annual Financial Report

Audit Findings: Material Weakness

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

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

- 1) For the period of July 1, 2021 to June 30, 2022, receipts and disbursements were understated by approximately by \$50,000 and \$734,000, respectively. Other financing sources (uses) were overstated by approximately \$784,000. There was no net impact on cash.

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

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and will take the following corrective action. The Superintendent will review the AFR financial statement to ensure amounts reported are accurate and agree to the fund ledgers. The School Corporation will have the Treasurer compile the report and have the Superintendent review and sign off on the report. Clearing accounts will now be included on the SEFA.

Responsible party and timeline for completion: Federal regulation requires name and title of person overseeing corrective action plan and anticipated completion date. **Glenda O'Connor, Treasurer will compile the report and Jodi Berry, Superintendent will review and sign off.**

FINDING 2022-003

Information on the federal program:

Subject: Education Stabilization Fund – Annual Data Report
Federal Agency: Department of Education
Federal Program: COVID-19 – Education Stabilization Fund
Assistance Listing Number: 84.425C, 84.425D, 84.425U
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Condition: The School Corporation did not have a documented review control in place to ensure the annual data report was reviewed by someone other than the preparer and that the report was submitted timely.

Context: The Annual Data Report for the period of October 1, 2020 to June 30, 2021 was due to the Indiana Department of Education (IDOE) by May 13, 2022. The School Corporation submitted the report on May 16, 2022. In addition, there was no documented review by someone other than the preparer of the report to ensure the information submitted was complete and accurate.

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

Dr. Barry Stone, Director of Curriculum will prepare the Annual Data Report in a timely matter and the reports will be reviewed by Mrs. Berry, Superintendent and then signed off before submitting the report.

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

Dr. Barry Stone, Director of Curriculum will compile the report and Mrs. Berry, Superintendent will approve and sign off when the report is due.

FINDING 2022-004

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 Number: 84.027, 84.173
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Finding: Significant Deficiency

Condition and Context: The School Corporation is a member of the Daviess-Martin 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 member schools. 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 19611-007-PN01 and 19619-007-PN01 grant awards could not be verified for the individual member schools. Total grant expenditures were posted as expended. The non-public proportionate share expenditures were then determined by applying the budgeted percentage for non-public school expenditures to the total expenditures. These were the amounts reported to IDOE. As such, we were unable to identify if the minimum amount per the grant awards was expended and properly reported to IDOE as required.

The lack of internal controls and noncompliance was isolated to the 19611-007-PN01 and 19619-007-PN01 grant awards.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and will take the following corrective action. The School Corporation will set internal controls in place to ensure that the required level of expenditures for non-public school students with disabilities was met for our school corporation. Earmarking requirements for the Matching, Level of Effort will be reviewed and reported. We have consulted with Daviess-Martin Special Education Co-Op and they have assured us additional Komputrol training has been completed on their part to ensure that we are all monitoring internal controls.

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

Mrs. Berry, Superintendent will work with the Daviess-Martin Special Education Co-Op to ensure our School Corporation is in compliance each school year.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-001

Subject: Child Nutrition Cluster - Program Income, Special Tests and Provisions -
Verification of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National
School Lunch Program, COVID-19 - National School Lunch Program

ALN: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 18-19, FY 19-20, FY 18-19/19-20

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Program Income, Special Tests and Provisions - Verification
of Free and Reduced Price Applications (NSLP)

Audit Finding: Material Weakness

Condition and Context

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

Program Income

The Treasurer transferred program income periodically; however, no audit documentation was provided to show evidence of oversight, review, or approval to ensure the accuracy of the transfers.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

The School Corporation had not designed or implemented adequate internal controls to ensure verification of free and reduced price applications were properly verified and accurate. There was no evidence of oversight, review, or approval process to ensure the accuracy of the verifications. The lack of internal controls was a systemic problem throughout the audit period.

Status: Resolved.