



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B61188

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

April 12, 2023

To: The Officials of the Shoals Community School Corporation
Shoals Community School Corporation
11741 Ironton Road
Shoals, IN 47581

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Shoals Community School Corporation. 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 present 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 42. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears on pages 43 through 45.

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 Shoals Community School Corporation 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.

Tammy R. White, CPA
Deputy State Examiner

SHOALS COMMUNITY SCHOOL CORPORATION
Martin County, Indiana

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

SHOALS COMMUNITY SCHOOL CORPORATION
Martin County, Indiana

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

CONTENTS

SCHEDULE OF OFFICIALS (Unaudited)	1
INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENT	
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS	5
NOTES TO FINANCIAL STATEMENT	7
OTHER INFORMATION	
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS (Unaudited)	13
SCHEDULE OF PAYABLES AND RECEIVABLES (Unaudited)	25
SCHEDULE OF LEASES AND DEBT (Unaudited)	26
SCHEDULE OF CAPITAL ASSETS (Unaudited)	27
STATE REPORTING INFORMATION (Unaudited)	28
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	29
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	31
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 <i>GOVERNMENT AUDITING STANDARDS</i>	32
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE	34
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	37

SHOALS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF OFFICIALS (Unaudited)
For the period July 1, 2020 to June 30, 2022

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lisa Elliot Amanda Heckard	07-01-20 to 12-31-21 01-01-22 to 06-30-22
Superintendent of Schools	Dr. Candace Roush	07-01-20 to 06-30-22
President of the School Board	Drexel Turpin	07-01-20 to 06-30-22

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
Shoals Community School Corporation
Martin 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 Shoals Community School Corporation (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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and 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 opinion on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 30, 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 30, 2023

SHOALS COMMUNITY SCHOOL CORPORATION
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	\$ 2,738,017	\$ 4,667,316	\$ 3,765,042	\$ (677,658)	\$ 2,962,633	\$ 5,082,652	\$ 3,859,964	\$ (743,205)	\$ 3,442,116	
Debt Service	152,325	356,268	345,000	-	163,593	304,546	345,000	-	123,139	
Retirement/Severance Bond Debt Service	363	-	-	-	363	-	-	-	363	
Operations	1,718,911	1,634,390	1,907,136	677,658	2,123,823	1,625,866	2,195,942	743,589	2,297,336	
Local Rainy Day	801,203	-	-	-	801,203	-	-	-	801,203	
Retirement/Severance Bond	4,166	-	-	-	4,166	-	-	-	4,166	
School Lunch	18,166	335,570	317,509	-	36,227	397,384	395,907	-	37,704	
Curricular Materials Rental	62,066	63,961	40,200	-	85,827	54,795	6,993	-	133,629	
Educational License Plates	3,488	19	-	-	3,507	19	-	-	3,526	
Donations Gifts And Trusts	25,266	78,860	100,509	-	3,617	82,301	57,994	-	27,924	
Leo Harding Endowment	8,526	1,263	-	-	9,789	1,307	-	-	11,096	
Harding Donation-Eca Activity	2,066	-	-	-	2,066	-	-	-	2,066	
Formative Assessment	-	6,230	5,277	-	953	7,999	7,229	-	1,723	
Early Childhood Intervention (First Step	-	-	-	-	-	-	23,800	-	(23,800)	
Secured Schools Safety Grant	(20,014)	54,303	33,621	-	668	17,420	24,131	-	(6,043)	
Stem Grant I	-	-	2,506	-	(2,506)	26,923	26,494	-	(2,077)	
Stem Grant II	-	-	-	-	-	-	26,923	-	(26,923)	
Early Intervention Grant	-	152	152	-	-	-	-	-	-	
Early Intervention Grant	-	1,851	1,851	-	-	-	-	-	-	
Early Intervention Grant	-	-	-	-	-	3,031	-	-	3,031	
Career And Technical Performance Grant	3,004	-	-	-	3,004	-	-	-	3,004	
Teacher Appreciation Grant	-	-	-	-	-	24,368	24,346	-	22	
High Ability Students	7,280	21,554	24,082	-	4,752	23,781	22,836	-	5,697	
State Connectivity Grant	7,103	7,909	6,000	-	9,012	5,640	4,271	-	10,381	
Positive Behavioral Intervention	24,245	-	2,586	-	21,659	242	2,495	-	19,406	
Hs Title I Sig 2020	(21,347)	28,252	6,905	-	-	-	-	-	-	
Title I Sig	-	-	-	-	-	11,353	11,353	-	-	
Title I 19/20	(22,805)	50,828	28,023	-	-	-	-	-	-	
Title I 20/21	-	-	123,350	-	(123,350)	138,749	15,399	-	-	
Title I	-	-	-	-	-	-	113,896	-	(113,896)	
Sped 611 Grant	-	-	157,520	-	(157,520)	167,400	18,349	-	(8,469)	
Speced 611 Grant	-	-	-	-	-	-	145,711	-	(145,711)	
Sped Prek 619	-	5,888	7,850	-	(1,962)	11,086	654	-	8,470	
Sped Pre K 619	-	-	-	-	-	-	7,850	-	(7,850)	
Student Support Title Iv	(4,311)	4,363	52	-	-	-	-	-	-	
Student Support Title Iv Fy19	(8,634)	10,484	1,850	-	-	-	-	-	-	
Student Support Title Iv Fy20	-	-	10,208	-	(10,208)	10,450	242	-	-	
Student Support Title Iv	-	-	-	-	-	-	6,800	-	(6,800)	
Title II 20-21	-	-	14,792	-	(14,792)	24,584	9,792	-	-	
Title II 21-22	-	-	-	-	-	-	12,675	-	(12,675)	
Title II Part A Supporting Effective I	(21,433)	23,577	2,143	-	-	-	-	-	-	

(Continued)

SHOALS COMMUNITY SCHOOL CORPORATION
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 07-01-2020	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-2021	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-2022
Rural Schools And Low Income Program	\$ 1,153	\$ -	\$ 446	\$ -	\$ 707	\$ -	\$ 707	\$ -	\$ -
Unassigned Federal	-	-	-	-	-	-	10,144	-	(10,144)
Unassigned Federal I	-	-	-	-	-	-	1,580	-	(1,580)
ESSER III	-	-	1,765	-	(1,765)	-	88,367	-	(90,132)
ESSER II	-	-	35,700	-	(35,700)	-	226,005	-	(261,705)
ESSER I	(3,220)	93,932	120,892	-	(30,180)	30,180	-	-	-
Other Federal	-	-	-	-	-	15,257	30,642	-	(15,385)
Prepaid School Lunch Accounts	2,591	21,595	16,721	-	7,465	17,028	11,806	-	12,687
Federal Tax Withholdings	-	246,552	246,552	-	-	283,333	283,333	-	-
Social Security Withholdings	-	259,916	259,916	-	-	290,315	290,315	-	-
Payroll State Tax Withholdings	-	110,091	110,091	-	-	123,612	123,612	-	-
Payroll Local Tax Withholdings	-	50,085	50,085	-	-	55,621	55,621	-	-
Teacher Retirement	-	25,131	25,131	-	-	28,887	28,887	-	-
Public Employees' Retirement	-	24,501	24,501	-	-	27,733	27,733	-	-
Insurances	-	74,229	74,229	-	-	87,515	85,149	-	2,366
Payroll Annuities	-	24,860	24,860	-	-	25,485	25,560	-	(75)
American Fidelity Section 125	-	140,259	140,259	-	-	151,199	149,992	-	1,207
American Fidelity	-	7,202	7,202	-	-	7,754	7,754	-	-
Payroll Garnishments	-	12,674	12,674	-	-	6,026	6,026	-	-
Payroll Health Savings Plan	-	46,138	46,138	-	-	40,326	40,326	-	-
Other Clearing	-	5,797	5,797	-	-	6,572	6,572	-	-
Totals	\$ 5,478,175	\$ 8,496,000	\$ 8,107,123	\$ -	\$ 5,867,052	\$ 9,218,739	\$ 8,867,177	\$ 384	\$ 6,218,998

See notes to financial statement.

SHOALS COMMUNITY SCHOOL CORPORATION
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)

SHOALS COMMUNITY SCHOOL CORPORATION
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:

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)

SHOALS COMMUNITY SCHOOL CORPORATION
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)

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 contains some funds with deficits in cash. This is a result of certain funds being set up for reimbursable grants, but for which reimbursement was not yet received by June 30, 2021, and 2022.

NOTE 7 - HOLDING CORPORATION

The School Corporation has entered into capital leases with the Shoals Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the fiscal years 2021 and 2022 totaled \$345,000 and \$345,000, 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.

SHOALS COMMUNITY SCHOOL CORPORATION
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 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)

SHOALS COMMUNITY SCHOOL CORPORATION
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.

SUPPLEMENTARY INFORMATION

SHOALS COMMUNITY SCHOOL CORPORATION
 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	Retirement/Severance Bond Debt Service	Operations	Local Rainy Day	Retirement/Severance Bond	School Lunch	Curricular Materials Rental	Educational License Plates	Donations Gifts And Trusts	Leo Harding Endowment
Cash and investments - beginning	\$ 2,738,017	\$ 152,325	\$ 363	\$ 1,718,911	\$ 801,203	\$ 4,166	\$ 18,166	\$ 62,066	\$ 3,488	\$ 25,266	\$ 8,526
Receipts:											
Local sources	65,884	356,268	-	1,634,390	-	-	6,367	32,396	-	78,860	1,263
Intermediate sources	350	-	-	-	-	-	-	-	19	-	-
State sources	4,554,276	-	-	-	-	-	1,605	31,565	-	-	-
Federal sources	46,806	-	-	-	-	-	327,598	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	4,667,316	356,268	-	1,634,390	-	-	335,570	63,961	19	78,860	1,263
Disbursements:											
Instruction	2,892,896	-	-	-	-	-	-	-	-	14,400	-
Support services	779,580	-	-	1,665,830	-	-	4,110	40,200	-	70,698	-
Noninstructional services	92,566	-	-	2,635	-	-	313,399	-	-	15,411	-
Facilities acquisition and construction	-	-	-	238,671	-	-	-	-	-	-	-
Debt services	-	345,000	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,765,042	345,000	-	1,907,136	-	-	317,509	40,200	-	100,509	-
Excess (deficiency) of receipts over disbursements	902,274	11,268	-	(272,746)	-	-	18,061	23,761	19	(21,649)	1,263
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	2,291	-	-	677,658	-	-	-	-	-	-	-
Transfers out	(679,949)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(677,658)	-	-	677,658	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	224,616	11,268	-	404,912	-	-	18,061	23,761	19	(21,649)	1,263
Cash and investments - ending	\$ 2,962,633	\$ 163,593	\$ 363	\$ 2,123,823	\$ 801,203	\$ 4,166	\$ 36,227	\$ 85,827	\$ 3,507	\$ 3,617	\$ 9,789

(Continued)

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

	Harding Donation-Eca Activity	Formative Assessment	Early Childhood Intervention (First Step	Secured Schools Safety Grant	Stem Grant I	Stem Grant li	Early Intervention Grant	Early Intervention Grant	Early Intervention Grant	Career And Technical Performance Grant	Teacher Appreciation Grant
Cash and investments - beginning	\$ 2,066	\$ -	\$ -	\$ (20,014)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,004	\$ -
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	6,230	-	54,303	-	-	152	1,851	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	6,230	-	54,303	-	-	152	1,851	-	-	-
Disbursements:											
Instruction	-	-	-	-	2,506	-	152	1,851	-	-	-
Support services	-	5,277	-	33,621	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	5,277	-	33,621	2,506	-	152	1,851	-	-	-
Excess (deficiency) of receipts over disbursements	-	953	-	20,682	(2,506)	-	-	-	-	-	-
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	-	953	-	20,682	(2,506)	-	-	-	-	-	-
Cash and investments - ending	\$ 2,066	\$ 953	\$ -	\$ 668	\$ (2,506)	\$ -	\$ -	\$ -	\$ -	\$ 3,004	\$ -

(Continued)

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

	High Ability Students	State Connectivity Grant	Positive Behavioral Intervention	Hs Title I Sig 2020	Title I Sig	Title I 19/20	Title I 20/21	Title I	Sped 611 Grant	Sped 611 Grant	Sped Prek 619
Cash and investments - beginning	\$ 7,280	\$ 7,103	\$ 24,245	\$ (21,347)	\$ -	\$ (22,805)	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	21,554	7,909	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	28,252	-	50,828	-	-	-	-	5,888
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	21,554	7,909	-	28,252	-	50,828	-	-	-	-	5,888
Disbursements:											
Instruction	20,077	-	2,586	-	-	12,869	91,354	-	131,358	-	-
Support services	4,005	6,000	-	6,905	-	14,829	31,376	-	26,162	-	7,850
Noninstructional services	-	-	-	-	-	325	620	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	24,082	6,000	2,586	6,905	-	28,023	123,350	-	157,520	-	7,850
Excess (deficiency) of receipts over disbursements	(2,528)	1,909	(2,586)	21,347	-	22,805	(123,350)	-	(157,520)	-	(1,962)
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	(2,528)	1,909	(2,586)	21,347	-	22,805	(123,350)	-	(157,520)	-	(1,962)
Cash and investments - ending	\$ 4,752	\$ 9,012	\$ 21,659	\$ -	\$ -	\$ -	\$ (123,350)	\$ -	\$ (157,520)	\$ -	\$ (1,962)

(Continued)

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

	Sped Pre K 619	Student Support Title Iv	Student Support Title Iv Fy19	Student Support Title Iv Fy20	Student Support Title Iv	Title li 20-21	Title li 21-22	Title li Part A Supporting Effective I	Rural Schools And Low Income Program	Unassigned Federal	Unassigned Federal I
Cash and investments - beginning	\$ -	\$ (4,311)	\$ (8,634)	\$ -	\$ -	\$ -	\$ -	\$ (21,433)	\$ 1,153	\$ -	\$ -
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	4,363	10,484	-	-	-	-	23,577	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	4,363	10,484	-	-	-	-	23,577	-	-	-
Disbursements:											
Instruction	-	52	1,850	5,113	-	14,792	-	2,143	446	-	-
Support services	-	-	-	5,095	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	52	1,850	10,208	-	14,792	-	2,143	446	-	-
Excess (deficiency) of receipts over disbursements	-	4,311	8,634	(10,208)	-	(14,792)	-	21,434	(446)	-	-
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	-	4,311	8,634	(10,208)	-	(14,792)	-	21,434	(446)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (10,208)	\$ -	\$ (14,792)	\$ -	\$ 1	\$ 707	\$ -	\$ -

(Continued)

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

	ESSER III	ESSER II	ESSER I	Other Federal	Prepaid School Lunch Accounts	Federal Tax Withholdings	Social Security Withholdings	Payroll State Tax Withholdings	Payroll Local Tax Withholdings	Teacher Retirement	Public Employees' Retirement
Cash and investments - beginning	\$ -	\$ -	\$ (3,220)	\$ -	\$ 2,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:											
Local sources	-	-	-	-	21,595	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	93,932	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	246,552	259,916	110,091	50,085	25,131	24,501
Total receipts	-	-	93,932	-	21,595	246,552	259,916	110,091	50,085	25,131	24,501
Disbursements:											
Instruction	-	16,671	107,300	-	-	-	-	-	-	-	-
Support services	1,497	4,775	13,592	-	364	-	-	-	-	-	-
Noninstructional services	268	-	-	-	16,357	-	-	-	-	-	-
Facilities acquisition and construction	-	14,254	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	246,552	259,916	110,091	50,085	25,131	24,501
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,765	35,700	120,892	-	16,721	246,552	259,916	110,091	50,085	25,131	24,501
Excess (deficiency) of receipts over disbursements	(1,765)	(35,700)	(26,960)	-	4,874	-	-	-	-	-	-
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	(1,765)	(35,700)	(26,960)	-	4,874	-	-	-	-	-	-
Cash and investments - ending	\$ (1,765)	\$ (35,700)	\$ (30,180)	\$ -	\$ 7,465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

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

	Insurances	Payroll Annuities	American Fidelity Section 125	American Fidelity	Payroll Garnishments	Payroll Health Savings Plan	Other Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,478,175
Receipts:								
Local sources	-	-	-	-	-	-	-	2,197,023
Intermediate sources	-	-	-	-	-	-	-	369
State sources	-	-	-	-	-	-	-	4,679,445
Federal sources	-	-	-	-	-	-	-	591,728
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	74,229	24,860	140,259	7,202	12,674	46,138	5,797	1,027,435
Total receipts	74,229	24,860	140,259	7,202	12,674	46,138	5,797	8,496,000
Disbursements:								
Instruction	-	-	-	-	-	-	-	3,318,416
Support services	-	-	-	-	-	-	-	2,721,766
Noninstructional services	-	-	-	-	-	-	-	441,581
Facilities acquisition and construction	-	-	-	-	-	-	-	252,925
Debt services	-	-	-	-	-	-	-	345,000
Nonprogrammed charges	74,229	24,860	140,259	7,202	12,674	46,138	5,797	1,027,435
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	74,229	24,860	140,259	7,202	12,674	46,138	5,797	8,107,123
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	388,877
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	679,949
Transfers out	-	-	-	-	-	-	-	(679,949)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	-	388,877
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,867,052

SHOALS COMMUNITY SCHOOL CORPORATION
 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	Retirement/Severance Bond Debt Service	Operations	Local Rainy Day	Retirement/Severance Bond	School Lunch	Curricular Materials Rental	Educational License Plates	Donations Gifts And Trusts	Leo Harding Endowment
Cash and investments - beginning	\$ 2,962,633	\$ 163,593	\$ 363	\$ 2,123,823	\$ 801,203	\$ 4,166	\$ 36,227	\$ 85,827	\$ 3,507	\$ 3,617	\$ 9,789
Receipts:											
Local sources	122,014	304,546	-	1,625,866	-	-	17,672	20,354	-	82,301	1,307
Intermediate sources	-	-	-	-	-	-	-	-	19	-	-
State sources	4,960,638	-	-	-	-	-	3,375	34,441	-	-	-
Federal sources	-	-	-	-	-	-	376,337	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	5,082,652	304,546	-	1,625,866	-	-	397,384	54,795	19	82,301	1,307
Disbursements:											
Instruction	3,034,060	-	-	1,375	-	-	-	-	-	32,719	-
Support services	739,683	-	-	1,925,405	-	-	1,956	6,993	-	24,186	-
Noninstructional services	86,221	-	-	1,596	-	-	387,554	-	-	1,089	-
Facilities acquisition and construction	-	-	-	267,566	-	-	6,397	-	-	-	-
Debt services	-	345,000	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,859,964	345,000	-	2,195,942	-	-	395,907	6,993	-	57,994	-
Excess (deficiency) of receipts over disbursements	1,222,688	(40,454)	-	(570,076)	-	-	1,477	47,802	19	24,307	1,307
Other financing sources (uses)											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	384	-	-	-	-	-	-	-
Transfers in	-	-	-	743,205	-	-	-	-	-	-	-
Transfers out	(743,205)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(743,205)	-	-	743,589	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	479,483	(40,454)	-	173,513	-	-	1,477	47,802	19	24,307	1,307
Cash and investments - ending	\$ 3,442,116	\$ 123,139	\$ 363	\$ 2,297,336	\$ 801,203	\$ 4,166	\$ 37,704	\$ 133,629	\$ 3,526	\$ 27,924	\$ 11,096

(Continued)

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

	Harding Donation-Eca Activity	Formative Assessment	Early Childhood Intervention (First Step	Secured Schools Safety Grant	Stem Grant I	Stem Grant li	Early Intervention Grant	Early Intervention Grant	Early Intervention Grant	Career And Technical Performance Grant	Teacher Appreciation Grant
Cash and investments - beginning	\$ 2,066	\$ 953	\$ -	\$ 668	\$ (2,506)	\$ -	\$ -	\$ -	\$ -	\$ 3,004	\$ -
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	7,999	-	17,420	26,923	-	-	-	3,031	-	24,368
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	7,999	-	17,420	26,923	-	-	-	3,031	-	24,368
Disbursements:											
Instruction	-	-	-	-	26,494	26,923	-	-	-	-	24,346
Support services	-	7,229	23,800	24,131	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	7,229	23,800	24,131	26,494	26,923	-	-	-	-	24,346
Excess (deficiency) of receipts over disbursements	-	770	(23,800)	(6,711)	429	(26,923)	-	-	3,031	-	22
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	-	770	(23,800)	(6,711)	429	(26,923)	-	-	3,031	-	22
Cash and investments - ending	\$ 2,066	\$ 1,723	\$ (23,800)	\$ (6,043)	\$ (2,077)	\$ (26,923)	\$ -	\$ -	\$ 3,031	\$ 3,004	\$ 22

(Continued)

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

	High Ability Students	State Connectivity Grant	Positive Behavioral Intervention	Hs Title I Sig 2020	Title I Sig	Title I 19/20	Title I 20/21	Title I	Sped 611 Grant	Sped 611 Grant	Sped Prek 619
Cash and investments - beginning	\$ 4,752	\$ 9,012	\$ 21,659	\$ -	\$ -	\$ -	\$ (123,350)	\$ -	\$ (157,520)	\$ -	\$ (1,962)
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	23,781	5,640	242	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	11,353	-	138,749	-	167,400	-	11,086
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	23,781	5,640	242	-	11,353	-	138,749	-	167,400	-	11,086
Disbursements:											
Instruction	19,936	-	2,495	-	11,353	-	3,515	77,389	8,673	120,875	-
Support services	2,900	4,271	-	-	-	-	11,884	36,217	9,676	24,836	654
Noninstructional services	-	-	-	-	-	-	-	290	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	22,836	4,271	2,495	-	11,353	-	15,399	113,896	18,349	145,711	654
Excess (deficiency) of receipts over disbursements	945	1,369	(2,253)	-	-	-	123,350	(113,896)	149,051	(145,711)	10,432
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	945	1,369	(2,253)	-	-	-	123,350	(113,896)	149,051	(145,711)	10,432
Cash and investments - ending	\$ 5,697	\$ 10,381	\$ 19,406	\$ -	\$ -	\$ -	\$ -	\$ (113,896)	\$ (8,469)	\$ (145,711)	\$ 8,470

(Continued)

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

	Sped Pre K 619	Student Support Title Iv	Student Support Title Iv Fy19	Student Support Title Iv Fy20	Student Support Title Iv	Title li 20-21	Title li 21-22	Title li Part A Supporting Effective I	Rural Schools And Low Income Program	Unassigned Federal	Unassigned Federal I
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (10,208)	\$ -	\$ (14,792)	\$ -	\$ 1	\$ 707	\$ -	\$ -
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	10,450	-	24,584	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	10,450	-	24,584	-	-	-	-	-
Disbursements:											
Instruction	-	-	-	337	2,000	9,792	12,675	-	707	10,144	1,580
Support services	7,850	-	-	(95)	4,800	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	7,850	-	-	242	6,800	9,792	12,675	-	707	10,144	1,580
Excess (deficiency) of receipts over disbursements	(7,850)	-	-	10,208	(6,800)	14,792	(12,675)	-	(707)	(10,144)	(1,580)
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	(7,850)	-	-	10,208	(6,800)	14,792	(12,675)	-	(707)	(10,144)	(1,580)
Cash and investments - ending	\$ (7,850)	\$ -	\$ -	\$ -	\$ (6,800)	\$ -	\$ (12,675)	\$ 1	\$ -	\$ (10,144)	\$ (1,580)

(Continued)

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

	ESSER III	ESSER II	ESSER I	Other Federal	Prepaid School Lunch Accounts	Federal Tax Withholdings	Social Security Withholdings	Payroll State Tax Withholdings	Payroll Local Tax Withholdings	Teacher Retirement	Public Employees' Retirement
Cash and investments - beginning	\$ (1,765)	\$ (35,700)	\$ (30,180)	\$ -	\$ 7,465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:											
Local sources	-	-	-	-	17,028	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	30,180	15,257	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	283,333	290,315	123,612	55,621	28,887	27,733
Total receipts	-	-	30,180	15,257	17,028	283,333	290,315	123,612	55,621	28,887	27,733
Disbursements:											
Instruction	34,741	178,724	-	22,266	-	-	-	-	-	-	-
Support services	53,894	51,535	-	7,720	161	-	-	-	-	-	-
Noninstructional services	(268)	10,000	-	656	11,645	-	-	-	-	-	-
Facilities acquisition and construction	-	(14,254)	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	283,333	290,315	123,612	55,621	28,887	27,733
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	88,367	226,005	-	30,642	11,806	283,333	290,315	123,612	55,621	28,887	27,733
Excess (deficiency) of receipts over disbursements	(88,367)	(226,005)	30,180	(15,385)	5,222	-	-	-	-	-	-
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	(88,367)	(226,005)	30,180	(15,385)	5,222	-	-	-	-	-	-
Cash and investments - ending	\$ (90,132)	\$ (261,705)	\$ -	\$ (15,385)	\$ 12,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

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

	Insurances	Payroll Annuities	American Fidelity Section 125	American Fidelity	Payroll Garnishments	Payroll Health Savings Plan	Other Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,867,052
Receipts:								
Local sources	-	-	-	-	-	-	-	2,191,088
Intermediate sources	-	-	-	-	-	-	-	19
State sources	-	-	-	-	-	-	-	5,107,858
Federal sources	-	-	-	-	-	-	-	785,396
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	87,515	25,485	151,199	7,754	6,026	40,326	6,572	1,134,378
Total receipts	87,515	25,485	151,199	7,754	6,026	40,326	6,572	9,218,739
Disbursements:								
Instruction	-	-	-	-	-	-	-	3,663,119
Support services	-	-	-	-	-	-	-	2,969,686
Noninstructional services	-	-	-	-	-	-	-	498,783
Facilities acquisition and construction	-	-	-	-	-	-	-	259,709
Debt services	-	-	-	-	-	-	-	345,000
Nonprogrammed charges	85,149	25,560	149,992	7,754	6,026	40,326	6,572	1,130,880
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	85,149	25,560	149,992	7,754	6,026	40,326	6,572	8,867,177
Excess (deficiency) of receipts over disbursements	2,366	(75)	1,207	-	-	-	-	351,562
Other financing sources (uses)								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	384
Transfers in	-	-	-	-	-	-	-	743,205
Transfers out	-	-	-	-	-	-	-	(743,205)
Total other financing sources (uses)	-	-	-	-	-	-	-	384
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,366	(75)	1,207	-	-	-	-	351,946
Cash and investments - ending	\$ 2,366	\$ (75)	\$ 1,207	\$ -	\$ -	\$ -	\$ -	\$ 6,218,998

SHOALS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2022

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 133,762	\$ -

SHOALS COMMUNITY SCHOOL CORPORATION
 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:				
American Capital Financial Services	Technology Equipment	\$ 41,014	8/15/2020	5/15/2023
Shoals Comm. School Building Corporation	2015 Refunding and Improvement Bonds	<u>345,000</u>	1/15/2006	1/15/2026
Total governmental activities		<u>386,014</u>		
Total of annual lease payments		<u>\$ 386,014</u>		

SHOALS COMMUNITY SCHOOL CORPORATION
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	\$ 90,948
Infrastructure	636,401
Buildings	5,201,960
Improvements other than buildings	1,632,301
Machinery, equipment, and vehicles	471,117
Books and other	<u>129,224</u>
 Total governmental activities	 <u>8,161,951</u>
 Total capital assets	 <u>\$ 8,161,951</u>

SHOALS COMMUNITY SCHOOL CORPORATION
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.

SHOALS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period July 1, 2020 through June 30, 2022

Federal Grantor Agency <u>Cluster Title/Program Title/Project Title</u>	<u>Pass-Through Entity or Direct Grant</u>	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 06-30-22	Total Federal Awards Expended 07-01-2020 to 06-30-22
<u>Department of Agriculture</u>						
Child Nutrition Cluster	Indiana Department of Education					
Commodities		10.559	FY2021, FY2022	\$ 26,365	\$ 33,442	\$ 59,807
Summer Food Service Program for Children		10.559	FY2021, FY2022	<u>327,598</u>	<u>375,724</u>	<u>703,322</u>
Total - Child Nutrition Cluster				<u>353,963</u>	<u>409,166</u>	<u>763,129</u>
Total - Department of Agriculture				<u>353,963</u>	<u>409,166</u>	<u>763,129</u>
<u>Department of Education</u>						
Special Education Cluster (IDEA)						
Special Education Grants to States	Indiana Department of Education					
IDEA, Part B		84.027	19611-047-PN01	14,777	-	14,777
IDEA, Part B		84.027	20611-045-PN01	75,100	-	75,100
IDEA, Part B		84.027	21611-162-PN01	<u>-</u>	<u>167,400</u>	<u>167,400</u>
Total - Special Education Grants to States				<u>89,877</u>	<u>167,400</u>	<u>257,277</u>
Special Education Preschool Grants	Indiana Department of Education					
IDEA, Preschool		84.173	19619-047-PN01	547	-	547
IDEA, Preschool		84.173	20619-045-PN01	4,916	-	4,916
IDEA, Preschool		84.173	21619-162-PN01	<u>5,883</u>	<u>11,086</u>	<u>16,969</u>
Total - Special Education Preschool Grants				<u>11,346</u>	<u>11,086</u>	<u>22,432</u>
Total - Special Education Cluster (IDEA)				<u>101,223</u>	<u>178,486</u>	<u>279,709</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education					
Title I, Part A		84.010	FY2021	28,252	-	28,252
Title I, Part A		84.010	FY2022	-	11,353	11,353
Title I, Part A		84.010	S010A190014	50,827	-	50,827
Title I, Part A		84.010	S010A200014	<u>-</u>	<u>138,749</u>	<u>138,749</u>
Total - Title I Grants to Local Educational Agencies				<u>79,079</u>	<u>150,102</u>	<u>229,181</u>
Supporting Effective Instruction State Grants	Indiana Department of Education					
Title II, Part A		84.367	7000-S367A190013	23,577	-	23,577
Title II, Part A		84.367	7000-S367A200013	<u>-</u>	<u>24,584</u>	<u>24,584</u>
Total - Supporting Effective Instruction State Grants				<u>23,577</u>	<u>24,584</u>	<u>48,161</u>

(Continued)

SHOALS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period July 1, 2020 through June 30, 2022

Federal Grantor Agency <u>Cluster Title/Program Title/Project Title</u>	<u>Pass-Through Entity or Direct Grant</u>	Assistance Listing <u>Number</u>	Pass-Through Entity (or Other) Identifying <u>Number</u>	Total Federal Awards Expended <u>06-30-21</u>	Total Federal Awards Expended <u>06-30-22</u>	Total Federal Awards Expended 07-01-2020 to <u>06-30-22</u>
Student Support and Academic Enrichment Program	Indiana Department of Education					
Title IV, Part A		84.424	S367A180013	\$ 4,363	\$ -	\$ 4,363
Title IV, Part A		84.424	S367A190013	10,484	-	10,484
Title IV, Part A		84.424	S367A200013	<u>-</u>	<u>10,450</u>	<u>10,450</u>
Total - Student Support and Academic Enrichment Program				<u>14,847</u>	<u>10,450</u>	<u>25,297</u>
COVID-19 - Education Stabilization Fund	Indiana Department of Education					
Elementary and Secondary School Emergency Relief (ESSER I) Fund		84.425D	S425D200013	<u>93,932</u>	<u>30,180</u>	<u>124,112</u>
Total - Department of Education				<u>312,658</u>	<u>393,802</u>	<u>706,460</u>
Total federal awards expended				<u>\$ 666,621</u>	<u>\$ 802,968</u>	<u>\$ 1,469,589</u>

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

SHOALS COMMUNITY SCHOOL CORPORATION
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 - SPECIAL EDUCATION COOPERATIVE

The School Corporation was a member of the Orange-Lawrence-Jackson-Martin-Greene Joint Services Special Education Cooperative (Cooperative), which operated 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. The Cooperative was dissolved as of June 30, 2021.

NOTE 4 - OTHER INFORMATION

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

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
Shoals Community School Corporation
Martin 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 Shoals Community School Corporation ("School Corporation"), which comprise the statement of receipts, disbursements, other financing sources (uses), and cash and investment balances of the School Corporation as of June 30, 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 30, 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 a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

(Continued)

Report on Compliance and Other Matters

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

School Corporation's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned 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

Indianapolis, Indiana
March 30, 2023

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

Those Charged with Governance
Shoals Community School Corporation
Martin County, Indiana

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

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

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 its major federal program for the period of July 1, 2020 to June 30, 2022.

Basis for Opinion on 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 program. 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003 to be material weaknesses.

(Continued)

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Crowe LLP
Crowe LLP

Indianapolis, Indiana
March 30, 2023

SHOALS COMMUNITY SCHOOL CORPORATION
 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?	_____	Yes	<u> X </u> 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>
10.559	Child Nutrition 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)

SHOALS COMMUNITY SCHOOL CORPORATION
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.

(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.

(Continued)

SHOALS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 to June 30, 2022

Section II – Financial Statement Findings (Continued)

FINDING 2022-001 (Continued)

(3) Provide total Federal awards expended for each individual Federal program and the ALN number or other identifying number when the ALN 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.

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. The SEFA was not reviewed prior to submission. As a result, the following errors were not detected and corrected, which resulted in the net overstatement of the total federal awards expended on the SEFA by \$188,222 for the period of July 1, 2020, through June 30, 2022:

1. The Child Nutrition Cluster expenditures were overstated by \$39,633.
2. The Title I, Part A expenditures were overstated by \$138,749.
3. Several additional grants had individually immaterial errors that resulted in a net overstatement of the total federal awards expended on the SEFA by \$9,840.

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.

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. This review should include a detailed tie out to federal receipts recorded within the funds ledger and non-financial information reported on the SEFA including Assistance Listing Numbers, Pass-Through Entity, and Pass-Through Numbers.

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

(Continued)

SHOALS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 to June 30, 2022

Section III – Federal Award Findings and Questioned Costs

FINDING 2022-002

Subject: Child Nutrition Cluster – Internal Controls
Federal Agency: Department of Agriculture
Federal Program: Summer Food Service Program for Children
Assistance Listing Number: 10.559
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Finding: Material Weakness

Criteria: 2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 180.300 states:

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

You do this by:

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

Condition: An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the Child Nutrition Program and Procurement and Suspension and Debarment compliance requirements.

Cause: The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect: The failure to establish internal controls enabled noncompliance to go undetected. The failure to comply with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs: There were no questioned costs identified.

(Continued)

SHOALS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 to June 30, 2022

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

FINDING 2022-002 (Continued)

Context: During the audit period, there were four vendors from which the School made purchases between \$10,000 and \$150,000, which fell under the small purchase method for federal and state procurement regulations. For the one vendor selected for testing, documentation was not presented to verify methods or rationale used to satisfy the procurement requirements, which require three quotes to be obtained prior to entering into a transaction.

Additionally, the School Corporation was not able to provide verification that the vendor is not suspended or debarred.

Identification as a repeat finding, if applicable: No

Recommendation: We recommend that the School Corporation's management establish and implement control procedures to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement. This should include obtaining at least three quotes for any disbursements charged to a federal fund and ensuring suspension and debarment checks are performed and documented prior to entering into the transaction.

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

FINDING 2022-003

Subject: Child Nutrition Cluster – Reporting
Federal Agency: Department of Agriculture
Federal Program: Summer Food Service Program for Children
Assistance Listing Number: 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY2021, FY2022
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness

Criteria: 2 CFR section 200.303 states in part:

"The non-Federal entity must:

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

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

Cause: The School Corporation's management had not developed a system of internal controls to ensure accurate information was presented in order to be in compliance with the reporting requirements.

(Continued)

SHOALS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 to June 30, 2022

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

FINDING 2022-003 (Continued)

Effect: The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of effective reviews could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by the review process not ensuring there was accurate reporting of the activities of the programs.

Questioned Costs: There were no questioned costs identified.

Context: For all four monthly claims selected for testing, there was no formal evidence of the sponsor claim reimbursement summary being reviewed by someone independent of who prepared the sponsor claim reimbursement summary prior to submission.

Identification as a repeat finding, if applicable: No.

Recommendation: We recommend that the School Corporation establish a review control to verify the sponsor claim reimbursement summaries are correct and agree to the underlying detail. This review should be performed by someone other than the individual submitting the claims and we recommend this review be formally documented.

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

Shoals Community School Corporation

Kindra Hovis
Superintendent

Kendra Wright
Treasurer

Darla Holt
Corporation Secretary
Deputy Treasurer

11741 Ironton Road
Shoals, Indiana 47581
Telephone (812)247-2060
Fax (812)247-2278
<http://shoals.k12.in.us>

Drexel Turpin
President

Eva George
Vice President

Jerry Braun
Secretary

Jenell Hoffman
Member

Annette Taylor
Member

CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS

June 30, 2022

FINDING 2021-001

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 net overstatement of the total federal awards expended on the SEFA by \$188,222 for the period of July 1, 2020, through June 30, 2022:

1. The Child Nutrition Cluster expenditures were overstated by \$39,633.
2. The Title I, Part A expenditures were overstated by \$138,749.
3. Several additional grants had individually immaterial errors that resulted in a net overstatement of the total federal awards expended on the SEFA by \$9,840.

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: We concur with the finding.

Description of Corrective Action Plan:

Shoals Community School Corporation will implement a secondary review of the SEFA prior to submission in Gateway to help identify any errors. Kendra Wright, Treasurer, will prepare the SEFA report and Kindra Hovis, Superintendent, will review and sign off prior to submission in Gateway.

Responsible Party and Timeline for Completion:

Kendra Wright, Treasurer and Kindra Hovis, Superintendent – this will be implemented for the review of the FY2023 SEFA.

Shoals Community School Corporation

Kindra Hovis
Superintendent

Kendra Wright
Treasurer

Darla Holt
Corporation Secretary
Deputy Treasurer

11741 Ironton Road
Shoals, Indiana 47581
Telephone (812)247-2060
Fax (812)247-2278
<http://shoals.k12.in.us>

Drexel Turpin
President

Eva George
Vice President

Jerry Braun
Secretary

Jenell Hoffman
Member

Annette Taylor
Member

FINDING 2022-002

Subject: Child Nutrition Cluster – Internal Controls
Federal Agency: Department of Agriculture
Federal Program: Summer Food Service Program for Children
Assistance Listing Number: 10.559
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Finding: Material Weakness

Condition: An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the Child Nutrition Program and Procurement and Suspension and Debarment compliance requirements.

Context: During the audit period, there were four vendors from which the School made purchases between \$10,000 and \$150,000, which fell under the small purchase method for federal and state procurement regulations. For the one vendor selected for testing, documentation was not presented to verify methods or rationale used to satisfy the procurement requirements, which require three quotes to be obtained prior to entering into a transaction.

Additionally, the School Corporation was not able to provide verification that the vendor is not suspended or debarred.

Views of Responsible Officials and Planned Corrective Actions: We concur with the finding.

Description of Corrective Action Plan:

Shoals Community School Corporation's Director of School Nutrition, Tamara Florio, will obtain the required three quotes for any vendor with purchases over \$10,000. The school board will approve all food service vendors selected. Tamara will also obtain a letter of good standing from each vendor and verify that all vendors are not suspended or debarred. She will retain all material and documentation and will place it in a file for that school year.

Responsible Party and Timeline for Completion:

Tamara Florio, Director of School Nutrition – this will be implemented at the start of the 2023-2024 school year.

Shoals Community School Corporation

Kindra Hovis
Superintendent

Kendra Wright
Treasurer

Darla Holt
Corporation Secretary
Deputy Treasurer

11741 Ironton Road
Shoals, Indiana 47581
Telephone (812)247-2060
Fax (812)247-2278
<http://shoals.k12.in.us>

Drexel Turpin
President

Eva George
Vice President

Jerry Braun
Secretary

Jenell Hoffman
Member

Annette Taylor
Member

FINDING 2022-003

Subject: Child Nutrition Cluster – Reporting
Federal Agency: Department of Agriculture
Federal Program: Summer Food Service Program for Children
Assistance Listing Number: 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY2021, FY2022
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness

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

Context: For all four monthly claims selected for testing, there was no formal evidence of the sponsor claim reimbursement summary being reviewed by someone independent of who prepared the sponsor claim reimbursement summary prior to submission.

Views of Responsible Officials and Planned Corrective Actions: We concur with the finding.

Description of Corrective Action Plan:

Tamara Florio, Director of School Nutrition, will prepare and submit the claims after they have been signed and reviewed by Kendra Wright, Treasurer. Kendra Wright, Treasurer, will also compare claims with reimbursements and will sign prepared monthly reimbursement claim reports.

Responsible Party and Timeline for Completion:

Tamara Florio, Director of School Nutrition, and Kendra Wright, Treasurer – these changes will be implemented effective immediately.