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STATE BOARD OF ACCOUNTS
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April 13, 2023

To: The Officials of the Randolph Southern School Corporation
Randolph Southern School Corporation
1 Rebel Drive
Lynn, IN 47355

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Randolph Southern 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 statements 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 51. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan immediately follows the findings.

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 Randolph Southern 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

RANDOLPH SOUTHERN SCHOOL CORPORATION
Randolph County, Indiana

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

RANDOLPH SOUTHERN SCHOOL CORPORATION
Randolph County, Indiana

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

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RANDOLPH SOUTHERN 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	Melissa Kosisko	07-01-20 to 06-30-22
Superintendent of Schools	Donnie Bowsman	07-01-20 to 06-30-22
President of the School Board	Jan Caudle Don Pruitt	07-01-20 to 12-31-20 01-01-21 to 06-30-22

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

Supplementary Information

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

(Continued)

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

Other Information

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

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

Other Reporting Required by Governmental Auditing Standards

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

RANDOLPH SOUTHERN 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, 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
Education	\$ 512,284	\$ 3,366,178	\$ 2,836,237	\$ (620,728)	\$ 421,497	\$ 3,589,272	\$ 2,911,473	\$ (496,477)	\$ 602,819
Debt Service	148,177	545,989	507,682	-	186,484	540,128	539,000	(9,788)	177,824
Operations	708,771	1,988,860	2,518,924	566,201	744,908	1,796,266	2,388,072	475,494	628,596
Local Rainy Day	835,445	-	-	50,000	885,445	-	-	105,271	990,716
Construction	459,588	-	459,588	-	-	-	-	-	-
Stadium	56,923	-	39,945	-	16,978	-	16,978	-	-
School Lunch	19,144	321,027	287,939	8,541	60,773	370,021	335,288	(16,311)	79,195
Levy Excess	148	-	-	-	148	-	-	-	148
Wind Farm	104,525	130,656	-	-	235,181	156,787	-	-	391,968
United Way Dhrc	-	4,222	-	-	4,222	-	4,222	-	-
Educational License Plates	44	56	75	-	25	56	75	-	6
Early Intervention Grant	165	-	-	-	165	-	-	-	165
John D Wilson Scholarship	-	-	-	600	600	-	600	-	-
Ella Wilson Scholarship	4,483	-	500	-	3,983	-	1,000	-	2,983
Helen Thorn Scholarship	51,503	-	499	-	51,004	-	1,000	-	50,004
Formative Assessment	-	4,957	4,125	-	832	5,962	6,794	-	-
Drug Free Community	101	1,525	-	-	1,626	1,700	1,114	-	2,212
Secured School Safety Grant	(989)	9,774	13,152	-	(4,367)	10,694	15,301	-	(8,974)
Stem 19-20	-	-	2,037	-	(2,037)	2,367	330	-	-
Nesp 2021	-	4,363	4,363	-	-	-	-	-	-
Nesp 21-22	-	-	-	-	-	1,757	1,757	-	-
Tag	-	17,507	17,507	-	-	17,875	17,875	-	-
High Ability Students	2,762	20,953	23,463	-	252	22,907	18,067	-	5,092
State Connectivity Grant	1,211	6,240	1,212	-	6,239	6,240	3,498	-	8,981
Title I 1920	(4,038)	21,723	17,685	-	-	-	-	-	-
Title I 20-21	-	83,919	113,645	-	(29,726)	54,145	23,124	-	1,295
Title I 21-22	-	-	-	-	-	77,634	87,254	-	(9,620)
Special Education 1920	-	45,111	45,111	-	-	-	-	-	-
Special Education 20-21	(22,780)	100,677	91,398	-	(13,501)	33,581	19,828	-	252
Special Education 21-22	-	-	-	-	-	79,661	113,797	-	(34,136)
Title Iv 1920	-	6,580	24,228	17,648	-	-	-	-	-
Title Iv 20-21	(12,590)	-	14,267	20,291	(6,566)	11,516	4,491	-	459
Title Iv 21-22	-	-	-	-	-	-	21,943	9,908	(12,035)
Title Ii Itq	-	600	600	-	-	-	-	-	-
Title Ii 2021	17,648	24,291	21,648	(20,291)	-	-	-	-	-
Title Ii 8/30/18-9/30/21	-	-	-	-	-	15,908	6,000	(9,908)	-
Title Ii 1920	-	-	-	-	-	-	-	-	-
Reap 21-22	-	-	-	-	-	17,601	12,310	-	5,291
Reap 20-21	(915)	17,509	19,896	-	(3,302)	18,356	14,028	-	1,026
ESSER III	-	-	48,445	-	(48,445)	85,271	42,733	-	(5,907)

(Continued)

RANDOLPH SOUTHERN 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, 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
ESSER II	\$ -	\$ -	\$ 32,102	\$ -	\$ (32,102)	\$ 198,315	\$ 146,700	\$ (58,189)	\$ (38,676)
ESSER I	-	102,347	85,832	(22,262)	(5,747)	29,724	23,977	-	-
Prepaid School Lunch Accounts	-	-	-	-	-	1,399	-	-	1,399
Direct Deposit	-	2,110,643	2,108,982	-	1,661	611,026	611,026	-	1,661
Net Payroll	-	41,596	41,596	-	-	16,013	16,013	-	-
Federal Tax	-	148,516	148,012	-	504	158,098	158,098	-	504
Social Security	-	258,662	258,662	-	-	167,819	167,819	-	-
State Tax	-	93,850	93,850	-	-	87,331	87,331	-	-
County Tax	-	58,661	58,661	-	-	59,197	59,197	-	-
Inprs-Trf	-	-	-	-	-	558	558	-	-
Inprs-Perf	-	21,192	20,872	-	320	23,400	23,400	-	320
Group Insurance	-	90,155	89,065	-	1,090	105,916	105,200	-	1,806
Cigna Corp Health Premium	61,427	499,431	506,685	-	54,173	529,231	517,707	-	65,697
Cigna Corp Vision Premium	646	7,085	6,506	-	1,225	7,008	7,611	-	622
Health Savings Account	322	23,231	23,231	-	322	16,622	16,902	-	42
Social Security - Nt	-	174,401	174,057	-	344	106,673	106,673	-	344
Ista Dues	-	14,799	14,799	-	-	530	530	-	-
Term Life	-	485	476	-	9	260	260	-	9
Supplemental Life/Madison	-	3,773	3,767	-	6	4,383	4,383	-	6
Garnish	-	6,205	6,205	-	-	1,051	1,051	-	-
Child Support	-	17,045	17,045	-	-	14,689	14,689	-	-
Vision Insurance	-	2,169	2,162	-	7	1,999	1,992	-	14
Texas Life	21	10,944	10,755	-	210	9,487	9,706	-	(9)
Valic Annuity	-	83,647	83,612	-	35	71,961	71,992	-	4
Health 125	-	4,530	4,408	-	122	4,029	3,509	-	642
Ltd	-	51	51	-	-	46	46	-	-
Af Critical Care	-	4,191	4,191	-	-	2,210	2,236	-	(26)
American Fid. Accident	-	6,262	6,136	-	126	5,522	5,598	-	50
American Fidelity Ins.	-	19,876	19,681	-	195	18,047	18,151	-	91
Af/Short Term Disability	39	4,521	4,495	-	65	4,448	4,466	-	47
American Fidelity Medical	-	1,105	985	-	120	3,018	3,113	-	25
1008 Student Learning Recovery Grant	-	-	12,146	-	(12,146)	2,000	2,000	-	(12,146)
Textbook Rmb. Transfer	-	20,056	20,056	-	-	20,983	20,983	-	-
Reimbursements	-	2,000	14,112	-	(12,112)	28,585	16,667	-	(194)
Misc/Gifts/Bequest	862	193	-	-	1,055	-	316	-	739
Totals	\$ 2,944,927	\$ 10,554,339	\$ 10,987,366	\$ -	\$ 2,511,900	\$ 9,227,283	\$ 8,837,852	\$ -	\$ 2,901,331

See notes to financial statement.

RANDOLPH SOUTHERN 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)

RANDOLPH SOUTHERN 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)

RANDOLPH SOUTHERN 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 3 - 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 4 - 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 5 - 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 6 - 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 7 - CASH BALANCE DEFICITS

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

NOTE 8 - HOLDING CORPORATION

The School Corporation has entered into a capital lease with the Randolph Southern 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 \$306,000 and \$348,000, respectively.

NOTE 9 - 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.

RANDOLPH SOUTHERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2022, and for the period July 1, 2020 to June 30, 2022

NOTE 9 - 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)

RANDOLPH SOUTHERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2022, and for the period July 1, 2020 to June 30, 2022

NOTE 9 - 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

RANDOLPH SOUTHERN 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	Operations	Local Rainy Day	Construction	Stadium	School Lunch	Levy Excess	Wind Farm	United Way Dhrc	Educational License Plates
Cash and investments - beginning	\$ 512,284	\$ 148,177	\$ 708,771	\$ 835,445	\$ 459,588	\$ 56,923	\$ 19,144	\$ 148	\$ 104,525	\$ -	\$ 44
Receipts:											
Local sources	15,455	545,989	1,918,426	-	-	-	22,569	-	130,656	4,222	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	56
State sources	3,350,154	-	202	-	-	-	1,627	-	-	-	-
Federal sources	-	-	-	-	-	-	276,876	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	569	-	70,232	-	-	-	19,955	-	-	-	-
Total receipts	3,366,178	545,989	1,988,860	-	-	-	321,027	-	130,656	4,222	56
Disbursements:											
Instruction	2,052,322	-	-	-	-	-	-	-	-	-	-
Support services	714,297	-	1,843,596	-	-	-	4,465	-	-	-	-
Noninstructional services	69,618	-	-	-	-	-	254,179	-	-	-	-
Facilities acquisition and construction	-	-	451,668	-	459,588	-	29,095	-	-	-	-
Debt services	-	507,682	223,660	-	-	39,945	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	200	-	-	-	75
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	2,836,237	507,682	2,518,924	-	459,588	39,945	287,939	-	-	-	75
Excess (deficiency) of receipts over disbursements	529,941	38,307	(530,064)	-	(459,588)	(39,945)	33,088	-	130,656	4,222	(19)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	5,760	-	-	-	-	-	-	-	-
Transfers in	3,720	-	660,441	50,000	-	-	8,541	-	-	-	-
Transfers out	(624,448)	-	(100,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(620,728)	-	566,201	50,000	-	-	8,541	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(90,787)	38,307	36,137	50,000	(459,588)	(39,945)	41,629	-	130,656	4,222	(19)
Cash and investments - ending	\$ 421,497	\$ 186,484	\$ 744,908	\$ 885,445	\$ -	\$ 16,978	\$ 60,773	\$ 148	\$ 235,181	\$ 4,222	\$ 25

(Continued)

RANDOLPH SOUTHERN 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

	Early Intervention Grant	John D Wilson Scholarship	Ella Wilson Scholarship	Helen Thorn Scholarship	Formative Assessment	Drug Free Community	Secured School Safety Grant	Stem 19-20	Nesp 2021	Tag	High Ability Students
Cash and investments - beginning	\$ 165	\$ -	\$ 4,483	\$ 51,503	\$ -	\$ 101	\$ (989)	\$ -	\$ -	\$ -	\$ 2,762
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	4,957	1,525	9,774	-	4,363	17,507	20,953
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	4,957	1,525	9,774	-	4,363	17,507	20,953
Disbursements:											
Instruction	-	-	-	-	4,125	-	-	-	4,363	17,507	23,463
Support services	-	-	-	-	-	-	13,152	2,037	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	500	499	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	500	499	4,125	-	13,152	2,037	4,363	17,507	23,463
Excess (deficiency) of receipts over disbursements	-	-	(500)	(499)	832	1,525	(3,378)	(2,037)	-	-	(2,510)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	600	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	600	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	600	(500)	(499)	832	1,525	(3,378)	(2,037)	-	-	(2,510)
Cash and investments - ending	\$ 165	\$ 600	\$ 3,983	\$ 51,004	\$ 832	\$ 1,626	\$ (4,367)	\$ (2,037)	\$ -	\$ -	\$ 252

(Continued)

RANDOLPH SOUTHERN 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

	State Connectivity Grant	Title I 1920	Title I 20-21	Special Education 1920	Special Education 20-21	Title Iv 1920	Title Iv 20-21	Title li ltq	Title li 2021	Reap 20-21	ESSER III
Cash and investments - beginning	\$ 1,211	\$ (4,038)	\$ -	\$ -	\$ (22,780)	\$ -	\$ (12,590)	\$ -	\$ 17,648	\$ (915)	\$ -
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	6,240	-	-	-	-	-	-	-	-	-	-
Federal sources	-	21,723	83,919	45,111	100,677	6,580	-	600	24,291	17,509	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	6,240	21,723	83,919	45,111	100,677	6,580	-	600	24,291	17,509	-
Disbursements:											
Instruction	-	15,520	84,290	45,111	91,398	24,228	14,267	600	21,648	19,896	45,215
Support services	1,212	2,165	29,355	-	-	-	-	-	-	-	3,230
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,212	17,685	113,645	45,111	91,398	24,228	14,267	600	21,648	19,896	48,445
Excess (deficiency) of receipts over disbursements	5,028	4,038	(29,726)	-	9,279	(17,648)	(14,267)	-	2,643	(2,387)	(48,445)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	17,648	20,291	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(20,291)	-	-
Total other financing sources (uses)	-	-	-	-	-	17,648	20,291	-	(20,291)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,028	4,038	(29,726)	-	9,279	-	6,024	-	(17,648)	(2,387)	(48,445)
Cash and investments - ending	\$ 6,239	\$ -	\$ (29,726)	\$ -	\$ (13,501)	\$ -	\$ (6,566)	\$ -	\$ -	\$ (3,302)	\$ (48,445)

(Continued)

RANDOLPH SOUTHERN 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 II	ESSER I	Prepaid School Lunch Accounts	Direct Deposit	Net Payroll	Federal Tax	Social Security	State Tax	County Tax	Inprs-Perf	Group Insurance	Cigna Corp Health Premium
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,427
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	102,347	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	2,110,643	41,596	148,516	258,662	93,850	58,661	21,192	90,155	499,431
Total receipts	-	102,347	-	2,110,643	41,596	148,516	258,662	93,850	58,661	21,192	90,155	499,431
Disbursements:												
Instruction	6,158	78,032	-	-	-	-	-	-	-	-	-	-
Support services	25,944	7,800	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	2,108,982	41,596	148,012	258,662	93,850	58,661	20,872	89,065	506,685
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	32,102	85,832	-	2,108,982	41,596	148,012	258,662	93,850	58,661	20,872	89,065	506,685
Excess (deficiency) of receipts over disbursements	(32,102)	16,515	-	1,661	-	504	-	-	-	320	1,090	(7,254)
Other financing sources (uses):												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(22,262)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(22,262)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(32,102)	(5,747)	-	1,661	-	504	-	-	-	320	1,090	(7,254)
Cash and investments - ending	\$ (32,102)	\$ (5,747)	\$ -	\$ 1,661	\$ -	\$ 504	\$ -	\$ -	\$ -	\$ 320	\$ 1,090	\$ 54,173

(Continued)

RANDOLPH SOUTHERN 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

	Cigna Corp Vision Premium	Health Savings Account	Social Security - Nt	Ista Dues	Term Life	Supplemental Life/Madison	Garnish	Child Support	Vision Insurance	Texas Life	Valic Annuity	Health 125
Cash and investments - beginning	\$ 646	\$ 322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21	\$ -	\$ -
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	7,085	23,231	174,401	14,799	485	3,773	6,205	17,045	2,169	10,944	83,647	4,530
Total receipts	7,085	23,231	174,401	14,799	485	3,773	6,205	17,045	2,169	10,944	83,647	4,530
Disbursements:												
Instruction	-	-	-	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	6,506	23,231	174,057	14,799	476	3,767	6,205	17,045	2,162	10,755	83,612	4,408
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	6,506	23,231	174,057	14,799	476	3,767	6,205	17,045	2,162	10,755	83,612	4,408
Excess (deficiency) of receipts over disbursements	579	-	344	-	9	6	-	-	7	189	35	122
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	579	-	344	-	9	6	-	-	7	189	35	122
Cash and investments - ending	\$ 1,225	\$ 322	\$ 344	\$ -	\$ 9	\$ 6	\$ -	\$ -	\$ 7	\$ 210	\$ 35	\$ 122

(Continued)

RANDOLPH SOUTHERN 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

	Ltd	Af Critical Care	American Fid. Accident	American Fidelity Ins.	Af/Short Term Disability	American Fidelity Medical	1008 Student Learning Recovery Grant	Textbook Rmb. Transfer	Reimbursements	Misc/Gifts/Bequest	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 39	\$ -	\$ -	\$ -	\$ -	\$ 862	\$ 2,944,927
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	2,637,317
Intermediate sources	-	-	-	-	-	-	-	-	-	-	56
State sources	-	-	-	-	-	-	-	-	-	-	3,417,302
Federal sources	-	-	-	-	-	-	-	-	-	-	679,633
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	51	4,191	6,262	19,876	4,521	1,105	-	20,056	2,000	193	3,820,031
Total receipts	51	4,191	6,262	19,876	4,521	1,105	-	20,056	2,000	193	10,554,339
Disbursements:											
Instruction	-	-	-	-	-	-	-	-	-	-	2,548,143
Support services	-	-	-	-	-	-	-	-	-	-	2,647,253
Noninstructional services	-	-	-	-	-	-	-	-	-	-	323,797
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	940,351
Debt services	-	-	-	-	-	-	-	-	-	-	771,287
Nonprogrammed charges	51	4,191	6,136	19,681	4,495	985	12,146	20,056	14,112	-	3,756,535
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	51	4,191	6,136	19,681	4,495	985	12,146	20,056	14,112	-	10,987,366
Excess (deficiency) of receipts over disbursements	-	-	126	195	26	120	(12,146)	-	(12,112)	193	(433,027)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	6,360
Transfers in	-	-	-	-	-	-	-	-	-	-	760,641
Transfers out	-	-	-	-	-	-	-	-	-	-	(767,001)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	126	195	26	120	(12,146)	-	(12,112)	193	(433,027)
Cash and investments - ending	\$ -	\$ -	\$ 126	\$ 195	\$ 65	\$ 120	\$ (12,146)	\$ -	\$ (12,112)	\$ 1,055	\$ 2,511,900

RANDOLPH SOUTHERN 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	Operations	Local Rainy Day	Stadium	School Lunch	Levy Excess	Wind Farm	United Way Dhrc	Educational License Plates	Early Intervention Grant
Cash and investments - beginning	\$ 421,497	\$ 186,484	\$ 744,908	\$ 885,445	\$ 16,978	\$ 60,773	\$ 148	\$ 235,181	\$ 4,222	\$ 25	\$ 165
Receipts:											
Local sources	15,986	540,128	1,740,138	-	-	17,319	-	156,787	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	56	-
State sources	3,573,285	-	-	-	-	2,700	-	-	-	-	-
Federal sources	-	-	-	-	-	347,502	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	1	-	56,128	-	-	2,500	-	-	-	-	-
Total receipts	3,589,272	540,128	1,796,266	-	-	370,021	-	156,787	-	56	-
Disbursements:											
Instruction	2,065,853	-	-	-	-	-	-	-	-	-	-
Support services	774,381	-	1,844,362	-	-	2,260	-	-	4,222	-	-
Noninstructional services	71,239	-	-	-	-	276,416	-	-	-	-	-
Facilities acquisition and construction	-	-	543,710	-	16,978	56,612	-	-	-	-	-
Debt services	-	539,000	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	75	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	2,911,473	539,000	2,388,072	-	16,978	335,288	-	-	4,222	75	-
Excess (deficiency) of receipts over disbursements	677,799	1,128	(591,806)	-	(16,978)	34,733	-	156,787	(4,222)	(19)	-
Other financing sources (uses)											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	475,494	105,271	-	58,189	-	-	-	-	-
Transfers out	(496,477)	(9,788)	-	-	-	(74,500)	-	-	-	-	-
Total other financing sources (uses)	(496,477)	(9,788)	475,494	105,271	-	(16,311)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	181,322	(8,660)	(116,312)	105,271	(16,978)	18,422	-	156,787	(4,222)	(19)	-
Cash and investments - ending	\$ 602,819	\$ 177,824	\$ 628,596	\$ 990,716	\$ -	\$ 79,195	\$ 148	\$ 391,968	\$ -	\$ 6	\$ 165

(Continued)

RANDOLPH SOUTHERN 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

	John D Wilson Scholarship	Ella Wilson Scholarship	Helen Thorn Scholarship	Formative Assessment	Drug Free Community	Secured School Safety Grant	Stem 19-20	Nesp 2021	Nesp 21-22	Tag	High Ability Students
Cash and investments - beginning	\$ 600	\$ 3,983	\$ 51,004	\$ 832	\$ 1,626	\$ (4,367)	\$ (2,037)	\$ -	\$ -	\$ -	\$ 252
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	5,962	1,700	10,694	2,367	-	1,757	17,875	22,907
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	5,962	1,700	10,694	2,367	-	1,757	17,875	22,907
Disbursements:											
Instruction	-	-	-	6,794	-	-	-	-	1,757	17,875	18,067
Support services	-	-	-	-	1,114	15,301	330	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	600	1,000	1,000	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	600	1,000	1,000	6,794	1,114	15,301	330	-	1,757	17,875	18,067
Excess (deficiency) of receipts over disbursements	(600)	(1,000)	(1,000)	(832)	586	(4,607)	2,037	-	-	-	4,840
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	(600)	(1,000)	(1,000)	(832)	586	(4,607)	2,037	-	-	-	4,840
Cash and investments - ending	\$ -	\$ 2,983	\$ 50,004	\$ -	\$ 2,212	\$ (8,974)	\$ -	\$ -	\$ -	\$ -	\$ 5,092

(Continued)

RANDOLPH SOUTHERN 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

	State Connectivity Grant	Title I 20-21	Title I 21-22	Special Education 20-21	Special Education 21-22	Title Iv 20-21	Title Iv 21-22	Title II 8/30/18- 9/30/21	Reap 21-22	Reap 20-21	ESSER III
Cash and investments - beginning	\$ 6,239	\$ (29,726)	\$ -	\$ (13,501)	\$ -	\$ (6,566)	\$ -	\$ -	\$ -	\$ (3,302)	\$ (48,445)
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	6,240	-	-	-	-	-	-	-	-	-	-
Federal sources	-	54,145	77,634	33,581	79,661	11,516	-	15,908	17,601	18,356	85,271
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	6,240	54,145	77,634	33,581	79,661	11,516	-	15,908	17,601	18,356	85,271
Disbursements:											
Instruction	-	17,974	61,043	19,828	113,797	4,491	21,943	6,000	12,310	14,028	-
Support services	3,498	5,150	26,211	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	42,733
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,498	23,124	87,254	19,828	113,797	4,491	21,943	6,000	12,310	14,028	42,733
Excess (deficiency) of receipts over disbursements	2,742	31,021	(9,620)	13,753	(34,136)	7,025	(21,943)	9,908	5,291	4,328	42,538
Other financing sources (uses)											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	9,908	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(9,908)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	9,908	(9,908)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,742	31,021	(9,620)	13,753	(34,136)	7,025	(12,035)	-	5,291	4,328	42,538
Cash and investments - ending	\$ 8,981	\$ 1,295	\$ (9,620)	\$ 252	\$ (34,136)	\$ 459	\$ (12,035)	\$ -	\$ 5,291	\$ 1,026	\$ (5,907)

(Continued)

RANDOLPH SOUTHERN 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 II	ESSER I	Prepaid School Lunch Accounts	Direct Deposit	Net Payroll	Federal Tax	Social Security	State Tax	County Tax	Inprs-Trf	Inprs-Perf	Group Insurance
Cash and investments - beginning	\$ (32,102)	\$ (5,747)	\$ -	\$ 1,661	\$ -	\$ 504	\$ -	\$ (5,863)	\$ (3,514)	\$ -	\$ 320	\$ 1,090
Receipts:												
Local sources	-	-	1,399	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-	-
Federal sources	198,315	29,724	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	611,026	16,013	158,098	167,819	87,331	59,197	558	23,400	105,916
Total receipts	198,315	29,724	1,399	611,026	16,013	158,098	167,819	87,331	59,197	558	23,400	105,916
Disbursements:												
Instruction	118,438	23,977	-	-	-	-	-	-	-	-	-	-
Support services	15,374	-	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	12,888	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	611,026	16,013	158,098	167,819	87,331	59,197	558	23,400	105,200
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	146,700	23,977	-	611,026	16,013	158,098	167,819	87,331	59,197	558	23,400	105,200
Excess (deficiency) of receipts over disbursements	51,615	5,747	1,399	-	-	-	-	-	-	-	-	716
Other financing sources (uses)												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(58,189)	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(58,189)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,574)	5,747	1,399	-	-	-	-	-	-	-	-	716
Cash and investments - ending	\$ (38,676)	\$ -	\$ 1,399	\$ 1,661	\$ -	\$ 504	\$ -	\$ (5,863)	\$ (3,514)	\$ -	\$ 320	\$ 1,806

(Continued)

RANDOLPH SOUTHERN 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

	Cigna Corp Health Premium	Cigna Corp Vision Premium	Health Savings Account	Social Security - Nt	Ista Dues	Term Life	Supplemental Life/Madison	Garnish	Child Support	Vision Insurance	Texas Life	Valic Annuity
Cash and investments - beginning	\$ 63,550	\$ 1,225	\$ 322	\$ 344	\$ -	\$ 9	\$ 6	\$ -	\$ -	\$ 7	\$ 210	\$ 35
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	529,231	7,008	16,622	106,673	530	260	4,383	1,051	14,689	1,999	9,487	71,961
Total receipts	529,231	7,008	16,622	106,673	530	260	4,383	1,051	14,689	1,999	9,487	71,961
Disbursements:												
Instruction	-	-	-	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	517,707	7,611	16,902	106,673	530	260	4,383	1,051	14,689	1,992	9,706	71,992
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	517,707	7,611	16,902	106,673	530	260	4,383	1,051	14,689	1,992	9,706	71,992
Excess (deficiency) of receipts over disbursements	11,524	(603)	(280)	-	-	-	-	-	-	7	(219)	(31)
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	11,524	(603)	(280)	-	-	-	-	-	-	7	(219)	(31)
Cash and investments - ending	\$ 75,074	\$ 622	\$ 42	\$ 344	\$ -	\$ 9	\$ 6	\$ -	\$ -	\$ 14	\$ (9)	\$ 4

(Continued)

RANDOLPH SOUTHERN 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

	Health 125	Ltd	Af Critical Care	American Fid. Accident	American Fidelity Ins.	Af/Short Term Disability	American Fidelity Medical	1008 Student Learning Recovery Grant	Textbook Rmb. Transfer	Reimbursements	Misc/Gifts/Bequest	Totals
Cash and investments - beginning	\$ 122	\$ -	\$ -	\$ 126	\$ 195	\$ 65	\$ 120	\$ (12,146)	\$ -	\$ -	\$ (11,057)	\$ 2,511,900
Receipts:												
Local sources	-	-	-	-	-	-	-	2,000	20,983	28,585	-	2,523,325
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	56
State sources	-	-	-	-	-	-	-	-	-	-	-	3,645,487
Federal sources	-	-	-	-	-	-	-	-	-	-	-	969,214
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	4,029	46	2,210	5,522	18,047	4,448	3,018	-	-	-	-	2,089,201
Total receipts	4,029	46	2,210	5,522	18,047	4,448	3,018	2,000	20,983	28,585	-	9,227,283
Disbursements:												
Instruction	-	-	-	-	-	-	-	2,000	-	-	-	2,526,175
Support services	-	-	-	-	-	-	-	-	-	-	-	2,692,203
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	347,655
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	672,921
Debt services	-	-	-	-	-	-	-	-	-	-	-	539,000
Nonprogrammed charges	3,509	46	2,236	5,598	18,151	4,466	3,113	-	20,983	16,667	316	2,059,898
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,509	46	2,236	5,598	18,151	4,466	3,113	2,000	20,983	16,667	316	8,837,852
Excess (deficiency) of receipts over disbursements	520	-	(26)	(76)	(104)	(18)	(95)	-	-	11,918	(316)	389,431
Other financing sources (uses)												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	648,862
Transfers out	-	-	-	-	-	-	-	-	-	-	-	(648,862)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	520	-	(26)	(76)	(104)	(18)	(95)	-	-	11,918	(316)	389,431
Cash and investments - ending	\$ 642	\$ -	\$ (26)	\$ 50	\$ 91	\$ 47	\$ 25	\$ (12,146)	\$ -	\$ 11,918	\$ (11,373)	\$ 2,901,331

RANDOLPH SOUTHERN 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	\$ 102,065	\$ 119,503

RANDOLPH SOUTHERN 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:				
Crossroads	Bus Lease	\$ 66,822	4/2/2020	4/1/2023
Wells Fargo	High School Office & Elementary Office Copiers	6,468	7/1/2018	6/30/2023
Wells Fargo	CENTRAL OFFICE COPIER	<u>2,316</u>	7/1/2018	6/30/2023
Total governmental activities		<u>75,606</u>		
Total of annual lease payments		<u>\$ 75,606</u>		

<u>Description of Debt</u>		<u>Ending Principal Balance</u>	<u>Principal and Interest Due Within One Year</u>
<u>Type</u>	<u>Purpose</u>		
Governmental activities:			
General Obligation Bonds	Energy Savings/Renovation 2013	\$ 187,000	\$ 187,000
General Obligation Bonds	PE Reno/Roof/Chiller	1,220,000	260,000
Tax Anticipation Warrants	Revenue for Operations Fund	<u>-</u>	<u>-</u>
Total governmental activities		<u>1,407,000</u>	<u>447,000</u>
Totals		<u>\$ 1,407,000</u>	<u>\$ 447,000</u>

RANDOLPH SOUTHERN 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	\$ 336,900
Buildings	33,929,986
Improvements other than buildings	265,137
Machinery, equipment, and vehicles	4,848,937
Construction in progress	<u>1,497,639</u>
 Total governmental activities	 <u>40,878,599</u>
 Total capital assets	 <u>\$ 40,878,599</u>

RANDOLPH SOUTHERN 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.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 06-30-22	Total Federal Awards Expended 07-01-2020 to 06-30-22
<u>Department of Agriculture</u>						
Child Nutrition Cluster						
Food & Nutrition Service/ School Breakfast Program	Indiana Department of Education					
National School Lunch Program		10.555	FY2021, FY2022	\$ 264,731	\$ 348,825	\$ 613,556
Commodities		10.555	FY2021, FY2022	25,152	34,851	60,003
Total - Child Nutrition Cluster				<u>289,883</u>	<u>383,676</u>	<u>673,559</u>
Total - Department of Agriculture				<u>289,883</u>	<u>383,676</u>	<u>673,559</u>
<u>Department of Education</u>						
Special Education Cluster(IDEA)						
Special Education Grants to States						
Special Ed-Part B	Indiana Department of Education	84.027	20611-062-PN01	45,111	33,581	78,692
Special Ed-Part B		84.027	21611-062-PN01	100,677	79,661	180,338
Total - Special Education Grants to States				<u>145,788</u>	<u>113,242</u>	<u>259,030</u>
Special Education Preschool Grants						
Special Ed Preschool	Indiana Department of Education	84.173	21619-062-PN01	8,562	8,756	17,318
Total - Special Education Preschool Grants				<u>8,562</u>	<u>8,756</u>	<u>17,318</u>
Total - Special Education Cluster(IDEA)				<u>154,350</u>	<u>121,998</u>	<u>276,348</u>
Title I Grants to Local Education Agencies						
Title I, Part A	Indiana Department of Education	84.010	S010A190014	21,723	77,634	99,357
Title I, Part A		84.010	S010A200014	83,919	54,145	138,064
Total - Title I Grants to Local Educational Agencies				<u>105,642</u>	<u>131,779</u>	<u>237,421</u>
Rural Education						
REAP	Direct Award	84.358	S358A190439	-	17,601	17,601
REAP		84.358	S358A201763	17,509	18,356	35,865
Total - Rural Education				<u>17,509</u>	<u>35,957</u>	<u>53,466</u>

(Continued)

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 06-30-22	Total Federal Awards Expended 07-01-2020 to 06-30-22
Title II Supporting Effective Instruction State Grants	Indiana Department of Education					
Title II, Part A		84.367	S367A180013	\$ -	\$ 15,908	\$ 15,908
Title II, Part A		84.367	S367A200013	24,891	-	24,891
Total - English Language Acquisition State Grants				24,891	15,908	40,799
Title IV Student Support and Academic Enrichment Program	Indiana Department of Education					
Title IV Part A		84.424	S424A190015	6,580	-	6,580
Title IV Part A		84.424	S424A200015	-	11,516	11,516
Total - Title IV Student Support and Academic Enrichment Program				6,580	11,516	18,096
COVID-19 Education Stabilization Fund	Indiana Department of Education					
Elementary and Secondary School Emergency Relief (ESSER I) Fund		84.425D	S425D200013	102,347	29,724	132,071
Elementary and Secondary School Emergency Relief (ESSER II) Fund		84.425D	S425D200013	-	198,315	198,315
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund		84.425U	S425U210013	-	85,271	85,271
Total - COVID-19 Education Stabilization Fund				102,347	313,310	415,657
Total - Department of Education				411,319	630,468	1,041,787
Department of Homeland Services						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)						
FEMA	Indiana Department of Homeland Security	97.036	385PA4515000000	-	8,267	8,267
Total - Department of Homeland Services				-	8,267	8,267
Total federal awards expended				\$ 701,202	\$ 1,022,411	\$ 1,723,613

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

RANDOLPH SOUTHERN 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 - OTHER INFORMATION

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

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

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

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

Those Charged with Governance
Randolph Southern School Corporation
Randolph 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 Randolph Southern 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 certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

(Continued)

Report on Compliance and Other Matters

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

School Corporation's Responses to Findings

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

Purpose of this Report

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

Crowe LLP
Crowe LLP

Indianapolis, Indiana
March 30, 2023

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

Those Charged with Governance
Randolph Southern School Corporation
Randolph County, Indiana

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

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

Qualified Opinion on the Child Nutrition Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2020 to June 30, 2022.

Unmodified Opinion on the Education Stabilization Fund

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund program for the period of July 1, 2020 to June 30, 2022.

Basis for Qualified and Unmodified Opinions

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

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

Matters Giving Rise to Qualified Opinion on the Child Nutrition Cluster

As described in the accompanying schedule of findings and questioned costs, the School Corporation did not comply with requirements regarding Assistance Listing No. 10.555, the Child Nutrition Cluster, as described in finding number 2022-003 for Allowable Activities and Allowable Costs/Cost Principles. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

(Continued)

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the noncompliance 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.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-003 through 2022-007 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-008 to be a significant deficiency.

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

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

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

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

Crowe LLP
Crowe LLP

Indianapolis, Indiana
March 30, 2023

RANDOLPH SOUTHERN SCHOOL CORPORATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Period of July 1, 2020 to June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statement

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

Federal Awards

Internal control over major programs				
Material weakness(es) identified?	<u> X </u>	Yes	_____	No
Significant deficiencies identified not considered to be material weaknesses?	<u> X </u>	Yes	_____	None Reported
Type of auditor’s report issued on compliance for major programs	Qualified for the Child Nutrition Cluster Unmodified for the Education Stabilization Fund			
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>
10.555	Child Nutrition Cluster
84.425C, 84.425D, 84.425U	COVID-19 - Education Stabilization Fund

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

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

RANDOLPH SOUTHERN SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Period of July 1, 2020 to June 30, 2022

Section II – Financial Statement Findings

FINDING 2021-001

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)

RANDOLPH SOUTHERN SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Period of July 1, 2020 to June 30, 2022

Section II – Financial Statement Findings (Continued)

FINDING 2021-001 (Continued)

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

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 an effective system of internal control that would have ensured proper reporting of the SEFA, including segregation of duties for preparation, review and approval of the SEFA reporting.

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 formally reviewed prior to submission, contributing to gross overstatements of \$114,752, gross understatements of \$105,272, and a net overstatement of the total federal awards expended on the SEFA by \$9,470 for the period July 1, 2020, through June 30, 2022:

- The Child Nutrition Cluster (10.553, 10.555, 10.559) expenditures were overstated by \$66,895
- Special Education (84.027, 84.173) expenditures were understated by \$8,756
- Rural Education (84.358) expenditures were understated by \$2,377
- Title II Improving Teacher Quality State Grants (84.367) expenditures were understated by \$600
- Title IV (84.424) expenditures were overstated by \$47,847
- ESSER I (84.425D) expenditures were understated by \$85,272
- Disaster Grants - Public Assistance (Presidentially Declared Disasters, 97.036) expenditures were understated \$8,267

Additionally, the School Corporation improperly included \$68,118 of state grant expenditures on the SEFA. Audit adjustments were proposed and accepted by the School Corporation, to correct the SEFA reporting issues noted above.

Effect: Without a proper system of internal control in place that operated effectively, material misstatements on the SEFA may remain 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. The School Corporation should establish a documented, secondary review to ensure the amounts reported on the SEFA agree to the supporting federal receipt and fund ledger detail for each grant award.

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

(Continued)

RANDOLPH SOUTHERN SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Period of July 1, 2020 to June 30, 2022

Section II – Financial Statement Findings (Continued)

FINDING 2022-002

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

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

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes. An integral part of the control activity component is segregation of duties. . . . There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

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

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

2 CFR 200.508 states in part:

"The auditee must: . . . (b) Prepare appropriate financial statements, ..."

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

Cause: Management had not established a system of internal control that would have ensured proper reporting of the AFR, including segregation of duties for preparation, review and approval of the AFR from fund ledger detail.

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

- 1) The beginning July 1, 2020 balance was understated by \$620,888 from prior financial statements.
- 2) For the period of July 1, 2020 to June 30, 2021, receipts, disbursements, and other financing (sources) amounts were understated (overstated) by \$3,144,912, \$2,699,789 and \$(570,520) respectively, with an impact of negative \$125,397.
- 3) The net impact on the ending June 30, 2021 cash balance was an understatement of \$495,491.
- 4) The beginning July 1, 2021 balance was understated by \$495,491 due to the FY21 errors noted above

(Continued)

RANDOLPH SOUTHERN SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Period of July 1, 2020 to June 30, 2022

Section II – Financial Statement Findings (Continued)

FINDING 2021-002 (Continued)

- 5) For the period of July 1, 2021 to June 30, 2022, receipts, disbursements, and other financing (sources) amounts were overstated by \$803,312, \$1,371,851 and \$546,570 respectively, with an impact of negative \$1,085,999.
- 6) The net impact on the ending June 30, 2021 cash balance was an understatement of \$546,570.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement to correct the errors which primarily related to double counting of fund activity and missing clearing fund activity.

Effect: Without a proper system of internal control in place that operated effectively, material misstatements of the financial statement may remain undetected.

Identification as a repeat finding, if applicable: No.

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

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

(Continued)

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2022-003

Information on the federal program:

Subject: Child Nutrition Cluster- Allowable Activities, Allowable Costs/Cost Principles
Federal Agency: Department of Agriculture
Federal Programs: School Lunch Program
Assistance Listing Number: 10.555
Federal Award Number(s) and Year(s)(or Other Identifying Numbers):
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Allowable Activities, Allowable Costs/Cost Principles
Audit Finding: Material Weakness, Qualified Opinion

Criteria: 2 CFR 200.303 states in part: "The non-Federal entity must:

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

USDA Indirect Cost Guidance Memo SP 60-2016

"It is unallowable to bill the nonprofit school food service account (NSFSA) for indirect costs that were previously paid from the general fund unless an agreement exists to show that the district had been "loaning" the NSFSA funds to cover the indirect costs in one or more prior years."

7 CFR 210.21(f)(1) states in part:

". . . (ii)

(A) The contractor must separately identify for each cost submitted for payment to the school food authority the amount of that cost that is allowable (can be paid from the nonprofit school food service account) and the amount that is unallowable (cannot be paid from the nonprofit school food service account); or

(B) The contractor must exclude all unallowable costs from its billing documents and certify that only allowable costs are submitted for payment and records have been established that maintain the visibility of unallowable costs, including directly associated costs in a manner suitable for contract cost determination and verification;

(iii) The contractor's determination of its allowable costs must be made in compliance with the applicable Departmental and Program regulations and Office of Management and Budget cost circulars; . . .

(vi) The contractor must maintain documentation of costs and discounts, rebates and other applicable credits, and must furnish such documentation upon request to the school food authority, the State agency, or the Department."

(Continued)

RANDOLPH SOUTHERN 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 2021-003 (Continued)

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:

- (i) Maintain a nonprofit school food service;
- (ii) . . . use all revenues received by such food service only for the operation or improvement of that food service . . ."

7 CFR 210.14(a) states in part:

"Nonprofit school food service. School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, except that, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. . . ."

7 CFR 225.15(a)(1) states:

"Sponsors shall operate the food service in accordance with: the provisions of this part; any instructions and handbooks issued by FNS under this part; and any instructions and handbooks issued by the State agency which are not inconsistent with the provisions of this part."

2 CFR 200.403 states in part:

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

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .

(g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

"Standards for documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

(ii) Be incorporated into the official records of the non-Federal entity;

(iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);

(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

(Continued)

RANDOLPH SOUTHERN 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 2021-003 (Continued)

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 Allowable Activities and Allowable Costs/Cost Principles compliance requirements.

The School Corporation did not have a documented internal control over payroll claims allocation reports in place relating to the Allowable Activities and Allowable Costs/Cost Principles compliance requirements.

The School Corporation did not have internal controls over indirect costs that would ensure they were properly paid.

Cause: Management had not developed an effective system of internal controls that would have ensured compliance with the grant agreement and the Activities Allowed and Allowable Costs/Cost Principles compliance requirement.

Effect: The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could result in the loss of future federal funds to the School Corporation.

Questioned Costs: Known questioned costs of \$74,500 were identified.

Context: The School Corporation was approved for an indirect cost rate for fiscal years 2019-2020 and 2020-2021 in order to allocate indirect costs to the School Corporation's Cafeteria fund. However, the School Corporation did not charge these indirect costs in the appropriate time frame. On June 30, 2022 the School Corporation applied the indirect costs retroactively for the child nutrition cluster fiscal year's 2019-2020 and 2020-2021 in the amounts of approximately \$33,150 and \$41,350, respectively from the Cafeteria Fund to the Operations Fund. For after the fact transfers, the School Corporation is required to enter into an inter-fund loan agreement and to document the Operation fund support of the School Lunch fund.

The School Corporation did not have a documented internal control over payroll claims in place relating to the Allowable Activities and Allowable Costs compliance requirements. There was no documented, formal review over the supporting payroll distribution report to support the amount charged and allocated for each employee. The lack of internal controls was a systemic issue throughout the audit period.

Identification as a repeat finding, if applicable: No.

Recommendation: We recommended that the School Corporation's management establish a system of internal controls for the timing of indirect costs claims and transfers.

Views of Responsible Officials and Planned Corrective Actions: Management understands the finding, has prepared an initial corrective action plan and will discuss resolution with Indiana Department of Education.

(Continued)

RANDOLPH SOUTHERN 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 2022-004

Information on the federal program:

Subject: Child Nutrition Cluster – Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: National School Lunch Program
Assistance Listing Number: 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 20-21, FY 21-22
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Procurement and Suspension and Debarment
Audit Findings: Material Weakness

Criteria: 2 CFR 200.303 states in part: "The non-Federal entity must:

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

2 CFR 200.214 States in part:

"Non-federal entities and contractors are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities."

2CFR 200.318 (a) states in part:

"The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327."

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

2 CFR 200.320 (Revised Uniform Guidance) states in part:

"The non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319 for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

(Continued)

RANDOLPH SOUTHERN 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 2021-004 (Continued)

(a) Informal procurement methods. When the value of the procurement for property or services under a Federal award does not exceed the simplified acquisition threshold (SAT), as defined in § 200.1, or a lower threshold established by a non-Federal entity, formal procurement methods are not required. The non-Federal entity may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include: . . .

(2) Small purchases—

(i) Small purchase procedures. The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity. . . ."

Indiana Code 5-22-8-3 states in part:

"(a) . . . if the purchasing agent expects the purchase to be:

- (1) at least fifty thousand dollars (\$50,000); and
- (2) not more than one hundred fifty thousand dollars (\$150,000). . . .

(d) . . . the purchasing agent shall award a contract to the lowest responsible and responsive offeror for each line or class of supplies required. . . ."

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 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 grant agreement and the Procurement and Suspension and Debarment compliance requirement. There was no documented control over procurements made under the small purchase threshold.

Cause: Management had not developed a system of internal control that would have ensured compliance with the grant agreement and the Reporting compliance requirement.

Effect: The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Reporting compliance requirement could result in the loss of future federal funds to the School Corporation.

Questioned Costs: There were no questioned costs identified.

Context: The School Corporation did not provide audit evidence that it verified that vendors which were paid \$25,000 or more per school year were not excluded or disqualified from participation in federal award programs.

(Continued)

RANDOLPH SOUTHERN 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 2021-004 (Continued)

Identification as a repeat finding: No.

Recommendation: We recommended that the School Corporation's management establish internal controls to ensure compliance and comply with the grant agreement and the Reporting compliance requirement. Views of Responsible Officials For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

Finding 2022-005

Information on the federal program:

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Agriculture
Federal Programs: National School Lunch Program
Assistance Listing Number: 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 20-21, FY 21-22
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Reporting
Audit Findings: Material Weakness

Criteria: 2 CFR 200.303 states in part: "The non-Federal entity must:

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

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following . . .
(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329. . . ."

34 CFR 76.722 states:

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

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 Child Nutrition Cluster - Reporting compliance requirements.

(Continued)

RANDOLPH SOUTHERN 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 2021-005 (Continued)

Cause: Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Reporting compliance requirement.

Effect: The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting compliance requirement.

Questioned Costs: There were no questioned costs identified.

Context: There was no documented control in place over the preparation/submission of monthly CNC reimbursement claims. The Food Service Director prepares the monthly reimbursement claims, however, there was no documentation that the reimbursement claims had been reviewed anyone other than the preparer. This was a systemic issue through the audit period.

Identification as a repeat finding: No.

Recommendation: We recommended that the School Corporation's management establish a documented system of internal control for review and approval related to the grant's reporting compliance requirements

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

Finding 2022-006

Information on the federal program:

Subject: Child Nutrition Cluster - School Food Accounts
Federal Agency: Department of Agriculture
Federal Programs: National School Lunch Program
Assistance Listing Number: 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 20-21, FY 21-22
Pass-Through Entity: Indiana Department of Education
Compliance Requirement(s): Special Tests and Provisions -School Food Accounts
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 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 Special Tests and Provisions School Food Accounts compliance requirement.

(Continued)

RANDOLPH SOUTHERN 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 2021-006 (Continued)

Cause: Management had not developed a system of internal control that would have ensured compliance with the grant agreement and the Special Test and Provision School Food Accounts compliance requirement.

Effect: The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Special Tests and Provisions -School Food Accounts compliance requirement.

Questioned Costs: There were no questioned costs identified.

Context: There was no documented secondary, formal review over the receipting of monies received/deposited from the IDOE for monthly Child Nutrition Cluster reimbursement claims to make sure the receipts are properly posted to the school lunch food.

Identification as a repeat finding: No.

Recommendation: We recommended that the School Corporation's management establish a system of internal control related to the grant agreement and the and the Special Tests and Provisions -School Food Accounts compliance requirements.

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

(Continued)

RANDOLPH SOUTHERN 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 2022-007

Information on the federal program:

Subject: COVID-19 – Education Stabilization Fund – Allowable Activities, Allowable Costs/Costs Principles
Federal Agency: Department of Education
Federal Program: Education Stabilization Fund
Assistance Listing Number: 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425U200013, S425D200013
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Allowable Activities, Allowable Costs/Costs Principles
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 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 Allowable Activities, Allowable Costs/Costs Principles compliance requirement.

Cause: Management had not developed and a system of internal control that would have ensured compliance with the grant agreement and the Reporting compliance requirement.

Effect: The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting compliance requirement.

Questioned Costs: There were no questioned costs identified.

Context: The School Corporation did not have a documented internal control over payroll claims in place relating to the Allowable Activities and Allowable Costs compliance requirements. There was no documented, formal review over the supporting payroll distribution report to support the amount charged and allocated for each employee to the ESSER funds. The lack of internal controls was a systemic issue throughout the audit period.

Identification as a repeat finding: No.

Recommendation: We recommended that the School Corporation's management establish internal controls to ensure compliance and comply with the grant agreement and the Allowable Activities, Allowable Costs/Costs Principles compliance requirement.

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

(Continued)

RANDOLPH SOUTHERN 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 2022-008

Information on the federal program:

Subject: COVID -19 - Education Stabilization Fund – Reporting
Federal Agency: Department of Education
Federal Program: Education Stabilization Fund
Assistance Listing Number: 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425U200013, S425D200013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Significant Deficiency

Criteria: 2 CFR 200.303 states in part: "The non-Federal entity must:

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

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

Cause: Management had not developed a system of internal control that would have ensured compliance with the grant agreement and the Reporting compliance requirement.

Effect: The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting compliance requirement.

Questioned Costs: There were no questioned costs identified.

Context: The School Corporation was required to submit two Annual Data Reports to the Indiana Department of Education (IDOE) to meet federal reporting requirements for ESSER and GEER grant awards. The first report was for the period of March 13, 2020 to September 30, 2020 and was due by January 21, 2021. The second report was for the period of October 1, 2020 to June 30, 2021 and was due by May 13, 2022. We noted the for both reports that were submitted, there was no documented review by someone other than the preparer of the report to ensure the information submitted was complete and accurate. Management stated that there was a review of the report submissions, however it was not documented in writing.

Identification as a repeat finding: No.

Recommendation: We recommended that the School Corporation's management establish internal controls for review and approval documentation to ensure compliance and comply with the grant agreement and the Reporting compliance requirement.

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

Randolph Southern

Melissa Kosisko
Treasurer

**Dr. Donnie
Bowsman**
Superintendent

Cindee Cowen
Deputy Treasurer

Amanda Bragg
*Administrative
Assistant*

SCHOOL CORPORATION STRIVES FOR EDUCATIONAL EXCELLENCE

TO: Indiana State Board of Accounts
FROM: Dr. Donnie Bowsman, Superintendent
Mrs. Melissa Kosisko, Treasurer
DATE: March 30, 2023
SUBJECT: Official Response to Audit from July 1, 2020 to June 30, 2022

This letter is a response to Audit Results and Comments made for the audit conducted on Randolph Southern School Corporation for the period of July 1, 2020 to June 30, 2022, including procedural concerns on the audit, and a corrective action plan.

Several procedural concerns arose during this school corporation audit. First, the Indiana State Board of Accounts (SBOA) notified Randolph Southern School Corporation (RSSC) that Crowe LLP had been contracted to perform our upcoming audit

1. RSSC received an initial notification from Jennifer Marshall, Director of Procured Audits with the SBOA, on December, 22, 2022 indicating the SBOA has subcontracted with Crowe LLP to conduct the audit for Randolph Southern. The email stated that Crowe LLP would be contacting us in the near future providing us with an engagement letter and would be arranging an entrance conference. The email also stated that the engagement letter would need to be signed prior to the start of the audit.
 - a. The entrance conference with the Superintendent, Treasurer, and Board President never occurred.
 - b. The entrance conference is a requirement per the audit process. It provides the school corporation with an expectation of records that will be examined by the auditors and a timeline of dates the auditors will be onsite. Further the entrance conference allows the school corporation to ask questions and allot a reasonable amount of time for office personnel to provide requested documentation.
 - c. The school corporation did not receive any communication until January 9, 2023 when Thomas Jacobs, CPA with Crowe LLP requested the names and emails of the Superintendent, Treasurer, and Board President. The Treasurer sent the information immediately.
 - d. Thomas Jacobs sent an email communication to the Treasurer on January 10, 2023 indicating that Anna Hutcheson, CPA with Crowe LLP, would be onsite on February 27, 2023 to review receipts, disbursements, and average daily membership.
2. The audit began and the engagement letter had not yet been sent to the Superintendent for signature, which was contrary to SBOA's December e-mail indicating that the engagement letter would need to be signed prior to the start of the audit. This communication was 8-weeks after the initial email was sent from the SBOA. Crowe LLP sent an engagement letter to the Superintendent on February 28, 2022 requesting signature. The engagement letter was dated January 18, 2022. The Superintendent did not sign the engagement letter because it was five (5) weeks after the actual date received.

3. The Superintendent and Treasurer spoke to Jennifer Marshall on March 6, 2022 to voice concerns with the date of the engagement letter, lack of communication, lack of entrance conference, and time constraints placed on the RSSC Central Office staff.
 - a. Mrs. Marshall reported on March 6, 2023 that the SBOA had subcontracted with Crowe LLP to complete the audit and it must be completed by March 31, 2023.
 - b. Mrs. Marshall further reported that Crowe LLP was unable to complete the full audit with the federal portion to meet the deadline. Thus, the SBOA was stepping back into the audit to complete the federal portion to meet the deadline. Once this portion was completed, the summary would be sent to Crowe LLP for review. Crowe LLP would prepare a summary to send to the SBOA, whereby the SBOA would prepare a final summary of the documents that were already audited.
4. The Superintendent received an email from Mr. Scott Nickerson, CPA and Partner with Crowe LLP, on March 6 requesting a Zoom meeting. A Zoom meeting was held on March 7th. At this meeting, it was reported that discussions had been held for over a month on whether Crowe LLP or the SBOA would be conducting the federal portion of the audit. The school corporation was not privy to this discussion or have any knowledge of or responsibility for the delay in the audit being conducted.
5. The school corporation communicated with Crowe LLP on March 7, 2023 that the school corporation would be on Spring Break from March 17 through March 24 and the office would be shut down. Next, four (4) SBOA auditors showed up at the RSSC Central Office from March 7 through March 17 to complete the federal food service and ESSER funds portion of the audit. Central Office was informed that this portion of the audit would be completed by March 17. Two auditors from Crowe LLP were also online requesting information of our Treasurer and Deputy Treasurer during this time period. The Treasurer had to log overtime to meet requests and conduct normal operations.
6. The number of auditors' onsite and online requesting documentation was overwhelming, interfered with school corporation operations much more than substantially than a typical audit, and put unrealistic expectations on school corporation staff. A reasonable amount of time must be provided for a school corporation to gather information and answer questions posed during an audit.

AUDIT FINDINGS & CORRECTIVE ACTION PLAN

CROWE, LLP

FINDING 2021-001

Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Corrective Action Plan:

For fiscal year 2022-2023, the School Corporation's management has established a formal process to prepare and submit the SEFA. Management has established a process to gather and retain documentation which demonstrates how the SEFA agrees to financial and nonfinancial information such as the grant award document, the underlying fund ledger activity supporting grant receipts and disbursements, and to the IDOE federal distribution records. The School Corporation has established a process for documenting who will prepare and who will review the SEFA and the underlying support documentation. The reviewer/approver will examine the SEFA for accuracy and completeness, as well as verify the Assistance Listing Number, Federal Agency, Federal Program/Cluster, and Pass-through Agencies. Management will maintain a file that includes the SEFA filing on the State of Indiana Gateway and the source documents used to prepare the SEFA, as well as a cover sheet with signatures of the preparer, the approver, and the dates of the review and, as applicable, any other notes on key decisions considered when preparing the SEFA. Planned implementation dates: Fiscal year 2022-2023 filing deadline – August 2023

FINDING 2022-002

Preparation of the Annual Financial Report

Corrective Action Plan:

For fiscal year 2022-2023, the School Corporation's management has established a formal process to prepare and submit the Annual Financial Report (AFR). Management has established a process to gather and retain documentation which demonstrates how the AFR agrees to the fund ledger balances and to reconciled cash and investment balances. The School Corporation has established a process for documenting who will prepare and who will review the AFR and the underlying support documentation. The reviewer/approver will examine the AFR for accuracy and completeness, as well as verify that the individual fund activity including the recording cash balances, receipts and disbursement detail, and fund transfers agrees to the fund ledger. The review will include verifying that transactions during the year were recorded in the appropriate funds. Management will maintain a file that includes the AFR filing on the State of Indiana Gateway and the source documents used to prepare the AFR, as well as a cover sheet with signatures of the preparer, the approver, and the dates of the review and, as applicable, any other notes on key decisions considered when preparing the AFR. Planned implementation dates: Fiscal year 2022-2023 filing deadline – August 2023

CAFETERIA/ESSER AUDIT FINDINGS: SBOA

FINDING 2022-003

Subject: Child Nutrition Cluster- Allowable Activities, Allowable Costs/Cost Principles

Federal Agency(s): Department of Agriculture

Federal Program(s): School Breakfast Program, School Lunch Program, and Summer Food Service Program

CFDA Number(s): 10.553, 10.555, and 10.559

Federal Award Number(s) and Year(s)(or Other Identifying Numbers):

Pass-Through Entity: Indiana Department of Education

Compliance Requirement(s): Allowable Activities, Allowable Costs/Cost Principles

Audit Finding: Material Weakness, Other Matters

Condition and Context

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Allowable Activities and Allowable Costs/Cost Principles

The School Corporation did not have a documented internal control over payroll claims in place relating to the Allowable Activities and Allowable Costs compliance requirements.

The School Corporation was approved for an indirect cost rate for fiscal years 2018-2019 and 2019-2020 in order to allocate indirect costs to the School Corporation's Cafeteria fund. However, the School Corporation did not charge these indirect costs in the appropriate time frame. The School Corporation applied the indirect costs retroactively for the child nutrition cluster fiscal year's 2020 and 2021 (FY 20 Indirect Cost Amount- \$33,150.46 and FY 21 Indirect Cost Amount \$41,349.04) on June 30, 2022. The School Corporation did not have an inter-fund loan agreement in place.

This was a systematic issue.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

"It is unallowable to bill the nonprofit school food service account (NSFSA) for indirect costs that were previously paid from the general fund unless an agreement exists to show that the district had been "loaning" the NSFSA funds to cover the indirect costs in one or more prior years."

7 CFR 210.21(f)(1) states in part:

". . . (ii)

(A) The contractor must separately identify for each cost submitted for payment to the school food authority the amount of that cost that is allowable (can be paid from the nonprofit school food service account) and the amount that is unallowable (cannot be paid from the nonprofit school food service account); or

(B) The contractor must exclude all unallowable costs from its billing documents and certify that only allowable costs are submitted for payment and records have been established that maintain the visibility of unallowable costs, including directly associated costs in a manner suitable for contract cost determination and verification;

(iii) The contractor's determination of its allowable costs must be made in compliance with the applicable Departmental and Program regulations and Office of Management and Budget cost circulars; . . .

(vi) The contractor must maintain documentation of costs and discounts, rebates and other applicable credits, and must furnish such documentation upon request to the school food authority, the State agency, or the Department."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:

(1)

(i) Maintain a nonprofit school food service;

(ii) . . . use all revenues received by such food service only for the operation or improvement of that food service . . ."

7 CFR 210.14(a) states in part:

"Nonprofit school food service. School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, except that, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. . . ."

7 CFR 225.15(a)(1) states:

"Sponsors shall operate the food service in accordance with: the provisions of this part; any instructions and handbooks issued by FNS under this part; and any instructions and handbooks issued by the State agency which are not inconsistent with the provisions of this part."

2 CFR 200.403 states in part:

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

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

"Standards for documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;

(iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);

(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management did not develop a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system places the (unit type) at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the (Unit Type)'s management establish a system of internal controls, including segregation of duties, related to the grant agreement and compliance requirements listed above. An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

Views of Responsible Officials

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

(Auditor's Response) (Use this element only when the auditee's comments are inconsistent or in conflict with the report's findings or when the planned corrective actions do not adequately address the auditor's recommendations.)

FINDING 2022-004

Subject: Child Nutrition Cluster - School Food Accounts

Federal Agency(s): Department of Agriculture

Federal Program(s): School Breakfast Program, National School Lunch Program, Summer Food Service Program, Summer Seamless Option Program

CFDA Number(s): 10.553, 10.555, 10.559

Federal Award Number(s) and Year(s)(or Other Identifying Numbers): FY 20-21, FY 21-22

Pass-Through Entity: Indiana Department of Education

Compliance Requirement(s): School Food Accounts

Audit Finding(s): Material Weakness

Condition and Context

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Child Nutrition Cluster - School Food Accounts

There was no documented control in place over the receipting of monies received/deposited from the IDOE for monthly Child Nutrition Cluster reimbursement claims. This was a systematic issue.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management did not develop a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to the grant agreement and compliance requirements listed above. An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

Views of Responsible Officials

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

FINDING 2022-005

Subject: Child Nutrition Cluster - Reporting

Federal Agency(s): Department of Agriculture

Federal Program(s): School Breakfast Program, National School Lunch Program, Summer Food Service Program, Summer Seamless Option Program

CFDA Number(s): 10.553, 10.555, 10.559

Federal Award Number(s) and Year(s)(or Other Identifying Numbers): FY 20-21, FY 21-22

Pass-Through Entity: Indiana Department of Education

Compliance Requirement(s): Reporting

Audit Finding(s): Material Weakness, Other Matters

Condition and Context

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Child Nutrition Cluster - Reporting

There was no documented control in place over the preparation/submission of monthly CNC reimbursement claims. The Food Service Director prepares the monthly reimbursement claims, however, there was no documentation that the reimbursement claims had been reviewed by an additional individual. This resulted in a trivial error to remain undetected/uncorrected. This was a systematic issue.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for

Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)...."

Cause

Management did not develop a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to the grant agreement and compliance requirements listed above. An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

Views of Responsible Officials

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

FINDING 2022-006

Subject: Child Nutrition Cluster - Procurement, Suspension, & Debarment

Federal Agency(s): Department of Agriculture

Federal Program(s): School Breakfast Program, National School Lunch Program, Summer Food Service Program, Summer Seamless Option Program

CFDA Number(s): 10.553, 10.555, 10.559

Federal Award Number(s) and Year(s)(or Other Identifying Numbers): FY 20-21, FY 21-22

Pass-Through Entity: Indiana Department of Education

Compliance Requirement(s): Procurement, Suspension, & Debarment

Audit Finding(s): Material Weakness, Modified Opinion

Condition and Context

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Child Nutrition Cluster - Procurement, Suspension, & Debarment

There was no documented control over procurements made under the small purchase threshold. Additionally, the School Corporation did not provide audit evidence that it had entered into a contract with the vendor Stafford Smith, for which it had expended in excess of \$50,000 in Fiscal Year 2022. The School Corporation did not provide audit evidence that suggested that vendors which were paid \$25,000 or more per school year were verified not to be suspended and debarred via the SAM.gov website during the audit period.

The lack of internal controls over and resulting noncompliance were a systematic issue which occurred throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.214 States in part:

"Non-federal entities and contractors are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, sub awards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities."

2CFR 200.318 (a) states in part:

"The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or sub award. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327."

2 CFR 200.320 states in part:

"The non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319 for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

(a) Informal procurement methods. When the value of the procurement for property or services under a Federal award does not exceed the simplified acquisition threshold (SAT), as defined in § 200.1, or a lower threshold established by a non-Federal entity, formal procurement methods are not required. The non-Federal entity may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include: . . .

(2) Small purchases— (i) Small purchase procedures. The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity. . . ."

Indiana Code 5-22-8-3 states in part:

"(a) . . . if the purchasing agent expects the purchase to be:

(1) at least fifty thousand dollars (\$50,000); and

(2) not more than one hundred fifty thousand dollars (\$150,000). . . .

(d) . . . the purchasing agent shall award a contract to the lowest responsible and responsive offer or for each line or class of supplies required. . . ."

FINDING 2022-007

Subject: ESSER (Education Stabilization Fund) – Reporting

Federal Program(s): Education Stabilization Fund

CFDA Number(s): 84.425C, 84.425D, 84.425U

Federal Award Number(s) and Year(s)(or Other Identifying Numbers): S425D200013, S425U200013, S425D200013

Pass-Through Entity: Indiana Department of Education

Compliance Requirement(s): Reporting

Audit Finding(s): Material Weakness

Condition and Context

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Reporting.

The School Corporation did not have a documented internal control over submission of reports in place relating to the Reporting compliance requirement.

This was systematic issue.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management did not develop a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to the grant agreement and compliance requirements listed above. An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

Views of Responsible Officials

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

FINDING 2022-008

Subject: ESSER (Education Stabilization Fund) – Allowable Activities, Allowable Costs/Costs Principles

– Payroll

Federal Program(s): Education Stabilization Fund

CFDA Number(s): 84.425C, 84.425D, 84.425U

Federal Award Number(s) and Year(s)(or Other Identifying Numbers): S425D200013, S425U200013, S425D200013

Pass-Through Entity: Indiana Department of Education

Compliance Requirement(s): Allowable Activities, Allowable Costs/Costs Principles

Audit Finding(s): Material Weakness

Condition and Context

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Allowable Activities, Allowable Costs/Costs Principles.

The School Corporation did not have a documented internal control over payroll claims in place relating to the Allowable Activities and Allowable Costs compliance requirements.

This was systematic issue.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management did not develop a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to the grant agreement and compliance requirements listed above. An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

Views of Responsible Officials

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

RSSC RESPONSE & CORRECTIVE ACTION PLANS: SBOA

FINDING 2022-003: CAFETERIA ALLOWABLE COSTS & ACTIVITIES

AND

FINDING 2022-004: CAFETERIA SCHOOL FOOD ACCOUNTS

Respectfully, the school corporation does not agree with several of the findings in regards to segregation of duties and purchases.

First, the SBOA auditors' told the school corporation during the 2019 audit that operating the school lunch program through the extracurricular account was not legal. The school corporation was informed that this account must be transferred to Central Office and a Corrective Action Plan must be in place. This directive was incorrect and pointed out in the official response from November 5, 2019 under IC 20-26-5-4(a)(11).

Second, segregation of duties, oversight, and approval of functions existed in 2019 and are presently occurring daily, weekly, and monthly within the cafeteria program under the corporation accounts and supervision of Central Office. Cafeteria workers record and submit timesheets of duties performed during each payroll period. The Cafeteria Director verifies and signs timesheets to be submitted to the Treasurer and Deputy Treasurer for review and payment from the Cafeteria account. A payroll docket report is sent to the Superintendent prior to payment from the bank. Prior to the 2019 audit, the High School Treasurer spent approximately two hours per day counting cash received each day from school lunches purchased. She also receipted those funds into the

software system, made deposits to the bank, paid invoices for food expenses, and processed part of payroll. Tasks conducted by the High School Treasurer were segregated by a timesheet and supervised by the High School Principal. All those tasks were shifted to Central Office in 2020 and are now segregated to the Treasurer and Deputy Treasurer. The Treasurer documents hours spent on Cafeteria accounts on a timesheet for review and signature by the Superintendent. Financial reports of expenditures and revenues are provided for review and oversight to the Superintendent and School Board at monthly board meetings.

Third, RSSC has a small Central Office consisting of a Superintendent, Treasurer, Deputy Treasurer, and Secretary. It has no Assistant Superintendents, Human Resources Director, or Business Manager. Each person in Central Office wears multiple hats and performs multiple duties each day. It was noted in the Audit Report filed from July 1, 2008 to June 30, 2010 that *"...Randolph Southern School Corporation is unable, due to financial limitations, to employ additional personnel to segregate duties in our receipts and cash and investment balances. This statement would apply to all of our internal controls."* The circumstances for RSSC have not changed in the audit periods from July 1, 2010 through June 30, 2022.

Corrective Action Plan:

The School Board had chosen not to add additional staffing due to costs. RSSC is still unable to segregate duties for financial transactions and reporting.

Fourth, the Cafeteria Program only has one full-time staff member, the Cafeteria Director. Eight part-time cafeteria workers prepare and feed up to 300 students each day. This food service program is one of the best run programs in the State of Indiana. It has not had one food preparation or sanitation violation from IDOE or Department of Health in the last 12 years.

Fifth, the Cafeteria Program is economically efficient and fiscally responsible. The account carries at least a 3-month cash balance at all times. This success is a direct result of oversight by the combination of the Superintendent, Treasurer, and Cafeteria Director.

RSSC adopted board policy 6114 Cost Principles-Spending Federal Funds on May 9, 2016. RSSC has had an Indirect Cost Rate in place since 2013. The adopted policy allows the school corporation to apply Indirect Costs to all federal funds including the Cafeteria account. On December 5, 2019, email communications between the Dr. Donnie Bowsman, Superintendent and Tina Herzog, IDOE Assistant Director of Operations and Food Distributions clearly state the school corporation can apply the Indirect Cost Rate to the Cafeteria account. The email communication clearly states that the high cash balance was a result of not applying the Indirect Cost Rate to the Cafeteria account (See Exhibit 1 Emails). The Indirect Rate was approved by the IDOE Office of School Finance and existed prior to the audit years being referenced in the finding. Technically, the *prospective portion (going forward for the next school year)* as referenced on pages 24-25 of USDA Indirect Cost Guidance Manual pertains to the 2013 Fiscal Year. Moreover, the fact was reiterated by the IDOE School Nutrition Office with email communications on December 5, 2019, not 2021 or 2022 as referenced in the finding.

RSSC has not charged or recouped the Cafeteria Account the Indirect Cost rate for many years and has subsidized this account which should be independent and self-sufficient. The School Corporation did not apply the Indirect Cost Rate in 2020 or 2021 because we were not sure how many students would be eating and how fiscally sound the account would be due to students not attending school because of COVID.

Corrective Action Plan:

The Indirect Cost Rate will be applied and collected in the future prior to June 30 of each current fiscal year.

It should also be noted that in 2021, RSSC purchased a new cafeteria dishwasher utilizing ESSER II funds. This unit was 20+ years old and needed to be replaced in order to continue feeding children and to run the food service program. This expense could have been and should have been a direct cost of \$58,189 to the Cafeteria account. However, due to the unknown circumstances of COVID, the RSSC could not take a chance. The ESSER II grant is still open and we are now questioning whether this expense could be charged directly to the Cafeteria account. Those ESSER II fund could be utilized for staffing to support student learning loss and remediation.

Sixth, COVID caused this financial account to increase exponentially from 2020 to 2021. ESSER funds were provided by the federal government to provide free lunches to every child which paid the food operations expenses for two school years. Student participation of eating school lunches increased during these time periods. Additionally, staff members were receiving hazard pay incentives on top of their regular hourly rate. Further, the School Corporation and Cafeteria Program took on the enormous task of feeding children over the summers of 2020 and 2021 when COVID cases were at its peak. The cafeteria personnel fed 5286 and 5740 students respectfully during those summers. The number of meals served during the summer almost equaled the total amount of meals served during the entire school year for each respective academic year. These additional meals created additional unexpected revenues for the fiscal year. The school corporation did not charge mileage for satellite lunches being delivered or indirect costs.

FINDING 2022-005: CAFETERIA NUTRITION CLUSTER REPORTING

The Deputy Treasurer prints, verifies, initials the Employee Trial Balance Report (Payroll Report) every pay period. The Treasurer reviews these reports, but has not initialed them.

Corrective Action Plan:

The Treasurer will begin reviewing and initialing these reports for FY 2023. The Cafeteria Director will submit the child reimbursement form to Central Office for review and verification prior to submission for payment to the Indiana School Lunch Program for FY 2023.

FINDING 2022-006: ESSER PROCUREMENT

Central Office was instructed by the IDOE to purchase the new cafeteria dishwasher from the Cafeteria Account and then file for reimbursement from the ESSER II grant. Five vendors were contacted by the Director of Operations to provide quotes to replace the cafeteria dishwasher. Two vendors, Stafford & Smith and C & T Design, provided quotes. Hobart Corporation and Commercial Parts declined to provide quotes. Best Kitchen did not respond to the email or phone call request. The school corporation did sign the quote provided by Stafford-Smith which was considered the contract between the two organizations. We have the contract on file.

Corrective Action Plan:

The school corporation will request certification from vendors regarding debarment, suspension, ineligibility of federal grants in excess of \$50,000.000.

FINDING 2022-007: ESSER REPORTING

The ESSER Data Collection Report was submitted to the IDOE in 2022 within the compliance period. Three people, Superintendent, Treasurer, and Deputy Treasurer all worked on this report. There were no other employees in Central Office to review or cross check this report for internal control prior to submission.

Corrective Action Plan:

Central Office staff will print off the report, list the person that prepared the report, and sign the report for FY2023.

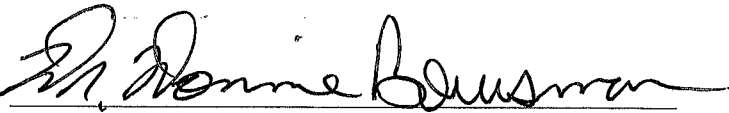
FINDING 2022-008: ESSER PAYROLL

The School Corporation did not have a documented internal control over payroll claims in place relating to the Allowable Activities and Allowable Costs compliance requirements.

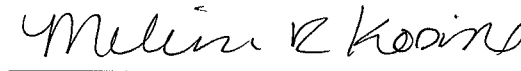
Corrective Action Plan:

Central Office staff will verify and sign reports for FY2023.

Dr. Donnie Bowsman, Superintendent:



Mrs. Melissa Kosisko, Treasurer:





Donnie Bowsman <bowsmand@rssc.k12.in.us>

Re: Financial Management of the Nonprofit School Food Service Account

1 message

Donnie Bowsman <bowsmand@rssc.k12.in.us>
To: "Herzog, Christina" <cherzog@doe.in.gov>

Thu, Dec 5, 2019 at 1:00 PM

thank you

On Thu, Dec 5, 2019 at 12:47 PM Herzog, Christina <cherzog@doe.in.gov> wrote:

Please see my responses below in green. As always, please let me know if you have additional questions.

Tina Herzog, MBA

Assistant Director – Operations & Food Distribution

Indiana Department of Education

(317) 232-0872

cherzog@doe.in.gov | Feedback: [How are we doing?](#)

EXHIBIT 1

From: Donnie Bowsman [mailto:bowsmand@rssc.k12.in.us]
Sent: Thursday, December 5, 2019 11:57 AM
To: Herzog, Christina <cherzog@doe.in.gov>; Donnie Bowsman <bowsmand@rssc.k12.in.us>
Subject: Re: Financial Management of the Nonprofit School Food Service Account

**** This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email. ****

Tina,

Thank you for the information. I do have some questions.

Our cafeteria accounts have been managed (daily deposits, intake of paid lunches, paying vendors through APV's, balancing accounts, submitting Form 9) by the high school treasurer. The State Board of Accounts told us in our most recent audit that this task must be overseen and completed by our corporation treasurer. We have paid a portion of this person's salary from cafeteria account because it is a direct daily service. Can we continue this practice within reason? Yes, you can pay for the food service portion of an employee's salary from the food service account. You must keep a PARS report or timesheet supporting the actual time spent working on foodservice-related duties.

Are paraprofessionals that work in the cafeteria during lunch time a direct expense of operating the school lunch program? Do other schools employee people just for this task? Yes, you can pay paraprofessionals or others for the time they work in the cafeteria, as long as they are assisting with the meal service (helping students with their trays, helping clean tables, etc.) and not strictly there to supervise. Other schools do often pay cafeteria assitants that help with the meals during breakfast and lunch.

It appears that we can not proportionally charge for utilities? However, this is a large expense that the Operational account of the school corporation incurs each month. Daily water/sewage usage, freezers, electricity for ovens, and heat drop tremendously when school is not in session (Fall Break, Summer Break, Spring Break). Is this expense recoverable via the Indirect Cost Rate? You

cannot proportionally charge for utilities as a direct expense. You can recover some of the expenses using the indirect cost calculation.

We are providing school lunches to remote sites at least 10 miles from our school one way. Is this an expense that we can claim for mileage and utilization of a corporation owned vehicle? Yes, vehicle usage for the purposes of transporting food is allowable.

I want to calculate our Indirect Cost Rate. The Office of School Finance provided our Unrestricted Rate as 18.77%. Our expenses for the school lunch program including salaries, food, and equipment was \$241,075.96. Is the following an accurate number to utilize and claim: $\$241,075.96 \times 18.72\% = \$45,129.41$. The calculation must not include food and equipment, so basically it would be labor expenses x the approved Indirect Cost Rate.

We have a healthy cash balance in the cafeteria account. The reason is that we have not been charging an Indirect Cost and paying for expenses that should be taken from the cafeteria account. I want to make sure that when the corporation takes over the account we are following the regulations.

Thank you,

Donnie Bowsman, Superintendent

Randolph Southern School Corporation

765-874-1181

On Thu, Dec 5, 2019 at 9:49 AM Herzog, Christina <cherzog@doe.in.gov> wrote:

Unfortunately no. We have a pre-approved equipment list that is attached showing equipment that is allowable. The only other guidance is that anything paid using school food service funds needs to be solely for the operation and support of the school nutrition programs and all expenses must be reasonable, necessary and allocable. You can always send me an email if you have a questionable item. Any salaries paid using food service funds must have timesheet documentation to support the time charged to food service. Also, direct costs must be able to be identified specifically for food service directly, for instance, you cannot charge a percentage of trash, electric, water, etc. You could only recover those costs using the funds recovered from the indirect cost calculation we discussed. I also attached our Indirect Cost and Non-profit School Food Service account fact sheets which may be helpful.

Please let me know if you need anything else.

Tina Herzog, MBA

Assistant Director – Operations & Food Distribution

Indiana Department of Education

(317) 232-0872

cherzog@doe.in.gov | Feedback: [How are we doing?](#)

From: Donnie Bowsman [mailto:bowsmand@rssc.k12.in.us]
Sent: Wednesday, December 4, 2019 4:41 PM
To: Herzog, Christina <cherzog@doe.in.gov>
Subject: Re: Financial Management of the Nonprofit School Food Service Account

**** This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email. ****

Can you provide a list of allowable expenses?

On Wed, Dec 4, 2019, 4:32 PM Herzog, Christina <cherzog@doe.in.gov> wrote:

Below are a couple of regulatory citations regarding the balance in the nonprofit school food service account not exceeding an average 3 months operating expenses. Please let me know if you have additional questions.

7 CFR 210.9 (b)

- (1) Maintain a nonprofit school food service and observe the requirements for and limitations on the use of nonprofit school food service revenues set forth in §210.14 and the limitations on any competitive school food service as set forth in §210.11;
- (2) Limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved in accordance with §210.19(a);
- (3) Maintain a financial management system as prescribed under §210.14(c);
- (4) Comply with the requirements of the Department's regulations regarding financial management (2 CFR part 200, subpart D and USDA implementing regulations 2 CFR part 400 and part 415);

Also...

7 CFR 210.14

(a) Nonprofit school food service. School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, except that, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. Expenditures of nonprofit school food service revenues shall be in accordance with the financial management system established by the State agency under §210.19(a) of this part. School food authorities may use facilities, equipment, and personnel supported with nonprofit school food revenues to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.).

(b) Net cash resources. The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with §210.19(a).

(c) Financial assurances. The school food authority shall meet the requirements of the State agency for compliance with §210.19(a) including any separation of records of nonprofit school food service from records of any other food service which

may be operated by the school food authority as provided in paragraph (a) of this section.

Tina Herzog, MBA

Assistant Director – Operations & Food Distribution

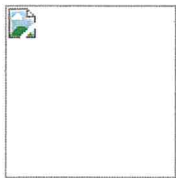
Indiana Department of Education

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www.doe.in.gov Feedback: How are we doing?

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