

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

**Paul D. Joyce, CPA
State Examiner**

SUPPLEMENTAL COMPLIANCE REPORT
OF
JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
RIPLEY COUNTY, INDIANA
July 1, 2022 to June 30, 2024



FILED
02/24/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Trina Huff	07-01-22 to 06-30-25
Superintendent of Schools	Ryan Middleton Fred Unsicker (interim) Sam Melton	07-01-22 to 07-15-22 07-16-22 to 12-31-22 01-01-23 to 06-30-25
President of the School Board	Jason Smith Debra Roberts James Gayheart	07-01-22 to 12-31-22 01-01-23 to 12-31-23 01-01-24 to 12-31-25



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TO: THE OFFICIALS OF THE JAC-CEN-DEL COMMUNITY
SCHOOL CORPORATION, RIPLEY COUNTY, INDIANA

This report is supplemental to the audit report of the Jac-Cen-Del Community School Corporation (School Corporation), for the period from July 1, 2022 to June 30, 2024. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with the Financial Statement Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

February 11, 2025

**JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT**

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B60953, entitled *ANNUAL FINANCIAL REPORT*.

Condition and Context

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units (Gateway) financial reporting system. The Treasurer entered the information into Gateway, and a second individual reviewed the information for accuracy and completeness. The internal control was not effective and did not prevent, or detect and correct, errors prior to submission, which resulted in the following errors:

Grant Schedule

The grant information reported in the AFRs included the following errors:

- The Child Nutrition Cluster expenditures for fiscal years 2022-2023 and 2023-2024 were understated by \$123,740 and \$48,089, respectively.
- Other grants had individually immaterial errors that resulted in misstatements of expenditures of \$57,637.

The submitted information is used to generate the Schedule of Expenditures of Federal Awards (SEFA) included in the Federal Compliance Audit Report. Therefore, these errors were also presented in the SEFA. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA and to the grant schedule within the AFR.

Capital Assets

The capital asset information reported in the AFRs for 2022-2023 and 2023-2024 was understated by \$58,338.

The submitted information is used to generate the Schedule of Capital Assets presented as Other Information in the Financial Statement Audit Report of the School Corporation. Adjustments were proposed, accepted by the School Corporation, and made to this schedule and to the capital asset information in the AFRs.

Leases and Debt

- The annual lease payments reported in the AFR for June 30, 2024, were overstated by \$507,389.
- The ending principal balances reported in the AFR for June 30, 2023 and 2024, were overstated by \$150,000 and understated by \$475,000, respectively.
- The principal due within one year totals for June 30, 2023 and 2024, were overstated by \$97,025 and understated by \$146,701, respectively.

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT
(Continued)

The submitted information is used to generate the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report of the School Corporation. Adjustments were proposed, accepted by the School Corporation and made to this schedule and the leases and debt information within the AFRs.

Payables and Receivables

- The accounts payable information reported for June 30, 2023 and 2024, was understated by \$58,224 and \$65,655, respectively.
- The accounts receivables information reported for June 30, 2024, was understated \$103,427.

The submitted information is used to generate the Schedule of Payables and Receivables presented as Other Information in the Financial Statement Audit Report of the School Corporation. Adjustments were proposed, accepted by the School Corporation and made to this schedule and made to the payable and receivable information in the AFRs.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

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. . . ."

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 11, 2025, with Trina Huff, Treasurer; Sam Melton, Superintendent of Schools; and James Gayheart, President of the School Board.