

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

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

COMPLIANCE EXAMINATION REPORT

OF

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION

FRANKLIN COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

03/31/2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

March 31, 2025

To: The Officials of the Franklin County Community School Corporation
Franklin County Community School Corporation
Franklin County, Indiana

This report is supplemental to the audit report of Franklin County Community School Corporation (School Corporation), for the period July 1, 2022 to June 30, 2024. It has been provided as a separate report so that the reader may easily identify any findings that pertain to the School Corporation. It should be read in conjunction with the financial statement audit report of the School Corporation, which provides an opinion on the School Corporation's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the School Corporation and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The findings contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the supplemental report of Franklin County Community School Corporation prepared by Crowe LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2024. In our opinion, the supplemental report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on pages 3 through 6.

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

Tammy R. White, CPA
Deputy State Examiner

COMPLIANCE EXAMINATION OF
FRANKLIN COUNTY COMMUNITY
SCHOOL CORPORATION
Franklin County, Indiana
July 1, 2022 through June 30, 2024

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION

Franklin County, Indiana
July 1, 2022 through June 30, 2024

CONTENTS

SCHEDULE OF OFFICIALS 1

INDEPENDENT ACCOUNTANT’S REPORT 2

SCHEDULE OF EXAMINATION FINDINGS AND RESULTS:

 2024-001: OVERDRAWN CASH BALANCES 3

 2024-002: SCHEDULES IN ANNUAL FINANCIAL REPORT – OTHER INFORMATION 3

 2024-003: MISSING GATEWAY UPLOADS 4

 2024-004: PREPAID SCHOOL MEAL ACCOUNTS 5

 2024-005: STALE DATED OUTSTANDING CHECKS (WARRANTS) 6

 2024-006: AVERAGE DAILY MEMBERSHIP (ADM) TESTING 6

EXIT CONFERENCE 7

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF OFFICIALS
July 1, 2022 through June 30, 2024

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kendra Franks	07-01-22 to 06-30-24
Superintendent of Schools	Tammy Chavis	07-01-22 to 06-30-24
President of the School Board	Rick Gill Francis Brumback	01-01-22 to 12-31-22 01-01-23 to 12-31-24



INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Franklin County Community School Corporation

We have examined Franklin County Community School Corporation's ("School Corporation") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* during the period of July 1, 2022 through June 30, 2024. Management of the School Corporation is responsible for the School Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the School Corporation's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the School Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the School Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the School Corporation's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* applicable to the School Corporation during the period of July 1, 2022 through June 30, 2024, as described in items 2024-001 through 2024-006 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the aforementioned requirements during the period of July 1, 2022 through June 30, 2024.

A handwritten signature in black ink that reads "Crowe LLP".
Crowe LLP

Indianapolis, Indiana
March 19, 2025

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
 July 1, 2022 through June 30, 2024

FINDING 2024-001: OVERDRAWN CASH BALANCES

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations states in part, “The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit.”

Condition: During testing of cash fund balances, we noted the following fund that was not cost-reimbursement based with a cash balance below zero as of June 30, 2023 or June 30, 2024:

Fund	Amount Overdrawn June 30, 2023	Amount Overdrawn June 30, 2024
Federal Tax	1,142	-
Social Security Teaching	879	-
State Tax	-	8,141
Health Deductions	29,394	-
P.E.R.F.	-	1,529
Bank Transfers	10,153	10,153
Fringe Benefit Clearing	4,578	4,578

FINDING 2024-002: SCHEDULES IN ANNUAL FINANCIAL REPORT – OTHER INFORMATION

Criteria: Indiana Code 5-11-1-4(a) states, *“The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. 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.”*

Condition: Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The information entered into Gateway contained the following errors:

Capital Assets

The School Corporation reported \$130,597,591 in total capital assets on the Schedule of Capital Assets which did not agree to the capital asset listing as of June 30, 2024, which had a balance of \$128,511,450.

Accounts Payable

The School Corporation reported \$1,885,072 in Accounts Payable on the Schedule of Payables and Receivables as of June 30, 2024. It was noted \$1,186,118 in disbursements were approved at the July 2024 School Board meeting, which included invoices for purchases incurred prior to June 30, 2024. An adjustment was posted to the Schedule of Payables and Receivables to report \$1,186,118 in Accounts Payable.

(Continued)

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 through June 30, 2024

FINDING 2024-002: SCHEDULES IN ANNUAL FINANCIAL REPORT – OTHER INFORMATION
(Continued)

Accounts Receivable

The School Corporation reported \$2,514,859 in Accounts Receivables on the Schedule of Payables and Receivables at June 30, 2024. At June 30, 2024, the School Corporation had a total negative fund balance of \$661,349 related to grant reimbursement funds which represents total outstanding accounts receivable balance. An adjustment was posted to the Schedule of Payables and Receivables to report \$661,349 in Accounts Receivable.

Leases and Debt

The School Corporation reported a capital lease with the Franklin County Middle School Building within the Schedule of Debt rather than the Schedule of Leases. The Schedule of Leases and Debt, presented as other information in the financial statement, was adjusted to reflect this transaction as a lease with \$106,000 in Annual Lease Payments due next fiscal year. Additionally, the School Corporation understated 2024-2025 future lease payments on their Schedule of Leases and Debt by \$60,500. An adjustment was posted to the Schedule of Leases and Debt to reflect future lease payments as reported within Debt Management portal in Gateway.

The School Corporation incorrectly reported the 2023 General Obligation (GO) Bonds on the Schedule of Leases of Debt as a 2022 GO Bond transaction. Upon review of the bond amortization schedule, an adjustment was posted to reflect \$1,970,000 as the Ending Principal Balance on this obligation with \$1,010,000 in Principal Due Within One Year for the 2023 GO Bonds. Additionally, the School Corporation understated Ending Bond Principal by \$660,000 and overstated Principal Due Within One Year by \$195,000. An adjustment was posted to the Schedule of Leases and Debt to reflect ending principal and current principal due as reported within Debt Management portal in Gateway.

This is a repeat finding from report B61060.

FINDING 2024-003: MISSING GATEWAY UPLOADS

Criteria: The Indiana State Board of Accounts (SBOA) Directive 2018-1 states in part, " Beginning with July 2018 files, which will be due September 15, 2018, all cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. The Directive was amended with additional required uploads effective December 2023.

The following files and governmental unit information are required to be uploaded monthly by all units:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund

(Continued)

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 through June 30, 2024

FINDING 2024-003: MISSING GATEWAY UPLOADS (Continued)

The following files and governmental unit information are required to be uploaded annually by all units:

- Year-end investment statements and register of investments
- Excel Data Capture/ Data Dump
- Detail of Receipts by fund and account
- Detail of Disbursements by fund and account
- Current year Salary Ordinance (or Schedule) and Amendments (except Schools)
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund
- Accounts Payable/ Accounts Receivable Schedule support
- Direct Federal Grant Agreements/Award Letters and Amendments initiated during the year
- Agreements for Subawards made to Subrecipients for all Federal Grants initiated during the year
- Personnel Policy (to be uploaded in 2023 and in future years if updated)

Condition: During testing, we noted the School Corporation did not upload any of the required 2023 and 2024 annual documents.

FINDING 2024-004: PREPAID SCHOOL MEAL ACCOUNTS

Criteria: Prepaid school meals should not be considered income to the child nutrition program until students are charged a meal to their account. When a student deposits money into their school account the balance of their individual account it should not be included in Fund 800 School Lunch. The school should have a clearing account with the fund number 8400 Prepaid School Lunch Accounts, which is included in Chapter 5 of the State Board of Accounts Uniform Compliance Guidelines for Indiana Public School Corporations. The student deposits for school meals into their account should be recorded to fund 8400 using receipt account 1630 Special Functions. Once the student is charged meals, disburse that amount using expenditure account 31900 Other Food Services from fund 8400 and receipt this into fund 800 using the Food and Serviced receipt accounts 1611-1623 at the time established in a written policy to ensure accurate monthly reporting. The receipt at this point is considered program income and should be reported as such.

It is also a requirement that the balance of fund 8400 to be reconciled on a monthly basis to the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019).

Condition: A monthly reconciliation between Fund 8400, Prepaid Meals fund, and the detailed records by student was not presented for the audit. The School could not provide detailed listings of individual meal account balances to reconcile with the Fund 8400 balances of \$18,356 as of June 30, 2023 and \$4,860 as of June 30, 2024.

This is a repeat finding from report B61060.

(Continued)

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 through June 30, 2024

FINDING 2024-005: STALE DATED OUTSTANDING CHECKS (WARRANTS)

Criteria: Indiana Code 5-11-10.5-2 states in part: *"All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."*

Condition: During testing of cash, we noted 8 checks as of June 30, 2023 and 13 checks as of June 30, 2024 totaling \$834.22 and \$41,548.07, respectively, that were outstanding for a period of two or more years.

FINDING 2024-006: AVERAGE DAILY MEMBERSHIP (ADM) TESTING

Criteria: The School Corporation is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public Schools, Part 9).

Indiana Code 20-33-2-24 states, *"The superintendent or an attendance officer having jurisdiction shall report a child who is habitually absent from school in violation of this chapter to an intake officer of the juvenile court or the department of child services. The intake officer or the department of child services shall proceed in accord with IC 31-30 through IC 31-40."*

Condition: During our testing of 60 brick-and-mortar and 28 virtual students to verify the students were eligible pupils, we noted the following exceptions:

- 1) The September 2022 count date included one virtual student that was not regularly participating in the assigned online curriculum. The student was reported as absent, unexcused for the September 16, 2022 ADM count.
- 2) The February 2024 count dated included one brick-and-mortar student and one virtual student that were not regularly attending or participating in the assigned online curriculum. The students were reported as absent, unexcused for the February 1, 2024 ADM count.
- 3) Management failed to provide supporting documentation to verify proof of Indiana residency for all students selected.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE
July 1, 2022 through June 30, 2024

The contents of this report were discussed on March 19, 2025, with Kendra Franks, Business Manager, Dustin Gehring, Superintendent, Gregg Burris, Board Member, and Beth Foster, Board Member.