

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

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

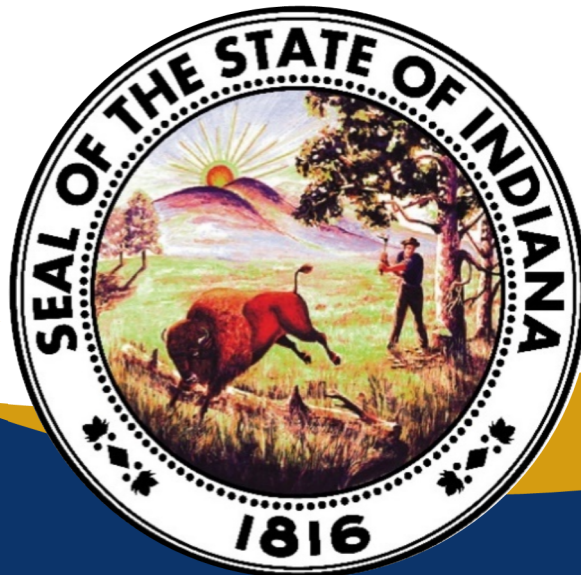
COMPLIANCE EXAMINATION REPORT

OF

SOUTH MADISON COMMUNITY SCHOOL CORPORATION

MADISON COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

03/31/2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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March 31, 2025

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

This report is supplemental to the audit report of the South Madison 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 the South Madison 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 and 4.

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
SOUTH MADISON COMMUNITY SCHOOL CORPORATION
Madison County, Indiana
July 1, 2022 through June 30, 2024

SOUTH MADISON COMMUNITY SCHOOL CORPORATION

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

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SOUTH MADISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF OFFICIALS
July 1, 2022 through June 30, 2024

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-------------------------------|-----------------|----------------------|
| Treasurer | Penny Myers | 07-01-22 to 06-30-24 |
| Superintendent of Schools | Dr. Mark Hall | 07-01-22 to 06-30-24 |
| President of the School Board | Joel Sandefur | 01-01-22 to 12-31-22 |
| | Mike Hanna | 01-01-23 to 12-31-23 |
| | William Hutton | 01-01-24 to 12-31-24 |

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of South Madison Community School Corporation

We have examined South Madison 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, 2024-002, and 2024-003 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.


Crowe LLP

Indianapolis, Indiana
March 6, 2025

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

FINDING 2024-001: 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

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 or 2024 annual documents. Additionally, we note the School Corporation did not upload the December 2022, December 2023, and June 2024 bank reconcilements and bank statements.

This is a repeat finding from report B61031.

FINDING 2024-002: CURRICULAR MATERIALS – EXTRACURRICULAR ACCOUNTS

Criteria: Indiana Code 20-40-22-0 states, "Each public school shall establish a separate curricular materials account for the purpose of receiving distributions under this chapter, amounts received from the rental of curricular materials to nonpublic schools, and fees collected under IC 20-26-12-1(b) for lost or significantly damaged curricular materials. A public school that receives a distribution of money from the curricular materials fund under this chapter shall deposit the distributed amount in the public school's curricular materials account. Money in the account may be used only for the costs of curricular materials.

Condition: During testing, we noted the School Corporation was still partially accounting for the Curricular Materials Rental fund activity at the ECA level for January 1, 2024 through June 30, 2024.

(Continued)

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

FINDING 2024-003: SCHEDULES IN ANNUAL FINANCIAL REPORT

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:

Debt and Leases

- The School Corporation understated the debt ending principal balance by \$4,477,523 compared to the underlying amortization schedules. Additionally, the School Corporation overstated the principal due within one year by \$3,263,621 compared to the underlying amortization schedules.

Capital Assets

- The School Corporation did not update the capital assets balances in the current audit period from the June 30, 2022 balances presented in the prior audit.

Adjustments were posted to the Schedule of Leases and Debt in the financial statement to correct these items.

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE
July 1, 2022 through June 30, 2024

The contents of this report were discussed on March 6, 2025, with Penny Myers, Treasurer, Dr. Mark Hall, Superintendent, Business Manager, Ken McCarty, and John Lord, Board President.