

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

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

COMPLIANCE EXAMINATION REPORT

OF

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY

HANCOCK COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

02/18/2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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February 18, 2025

To: The Officials of Community School Corporation of Eastern Hancock County
Community School Corporation of Eastern Hancock County
Hancock County, Indiana

This report is supplemental to the audit report of Community School Corporation of Eastern Hancock County (the 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 Examination 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 Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the supplemental report of Community School Corporation of Eastern Hancock County 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

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY

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

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

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Adam Kinder	07-01-22 to 06-30-24
Superintendent of Schools	George Philhower	07-01-22 to 06-30-24
President of the School Board	James R Jackson Jr.	01-01-22 to 06-30-24

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined Community School Corporation of Eastern Hancock County'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
Crowe LLP

Indianapolis, Indiana
January 14, 2025

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 to 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 funds that were not cost-reimbursement based with a cash balance below zero as of June 30, 2024:

<u>Fund</u>	<u>Amount Overdrawn June 30, 2024</u>
Community Donor Projects	\$ 9,706
Payroll Liability	7,927

FINDING 2024-002: SCHEDULES IN ANNUAL FINANCIAL REPORT – CAPITAL ASSETS

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 error:

Capital Assets

The School Corporation reported \$34,783,788 in capital assets which did not agree to the underlying capital asset ledger amount of \$34,635,704.

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 to June 30, 2024

FINDING 2024-003: INTERNAL CONTROLS – ENGAGEMENT POLICY

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. . . ."

Condition: There were deficiencies in the internal control system of the School Corporation related to Average Daily Membership (ADM). During testing, we noted the School Corporation did not have an engagement policy for virtual students.

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
EXIT CONFERENCE
July 1, 2022 through June 30, 2024

The contents of this report were discussed on January 14, 2025 with Adam Kinder, Business Manager, George Philhower, Superintendent, and James Jackson Jr., Board President.