

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

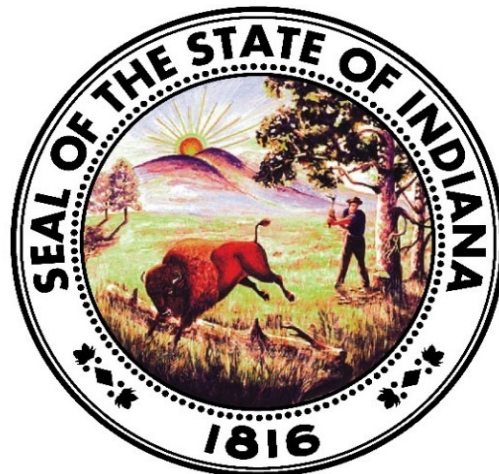
SUPPLEMENTAL COMPLIANCE REPORT

OF

EAST ALLEN COUNTY SCHOOLS

ALLEN COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/21/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Audit Result and Comment: Annual Financial Report	4-5
Exit Conference.....	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Miranda Wilkins (Vacant) Nancy Vandell Jeremiah Hruschak	07-01-21 to 10-15-21 10-16-21 to 11-09-21 11-10-21 to 01-30-22 01-31-22 to 06-30-24
Superintendent of Schools	Marilyn S. Hissong	07-01-21 to 06-30-24
President of the School Board	Todd Buckmaster Timothy Hines	07-01-21 to 06-30-22 07-01-22 to 06-30-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE EAST ALLEN COUNTY SCHOOLS, ALLEN COUNTY, INDIANA

This report is supplemental to the audit report of the East Allen County Schools (School Corporation), for the period from July 1, 2021 to June 30, 2023. 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

March 13, 2024

EAST ALLEN COUNTY SCHOOLS
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT

Condition and Context

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:

Grants

- The Child Nutrition Cluster - School Breakfast Program expenditures were understated by \$957,462 and \$1,209,179 for fiscal years 2021-2022 and 2022-2023, respectively.
- The Child Nutrition Cluster - National School Lunch Program expenditures were overstated by \$1,326,080 and \$2,482,445 for 2021-2022 and 2022-2023, respectively. In addition, commodities were understated by \$424,023 for 2021-2022.
- The Child Nutrition Cluster - Fresh Fruit and Vegetable Program expenditures were understated by \$25,349 for 2021-2022.
- Other errors included incorrect pass-through entities and identifying numbers.

Adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Expenditures of Federal Awards presented in the Federal Compliance Audit Report for the School Corporation.

Leases and Debt

- Lease payments to the East Allen Multi School Building Corporation for East Allen Heritage, Series 2012A, in the amount of \$1,278,000 and East Allen Woodlan, Series 2012B, in the amount of \$984,000 were incorrectly reported as the bonds were refinanced in December of 2022.
- Lease payments to the East Allen Multi School Building Corporation for First Mortgage Refunding Bonds, Series 2022, of \$2,266,000 were omitted.
- Debt from the 2023 GO Bond B - Building Renovations in the amount of \$6,020,000 was omitted.
- The principal due within one year in the amount of \$1,125,000 was overstated for the 2023 GO Bond A - Building Renovations as the repayment does not begin until July of 2024.

Adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report for the School Corporation.

EAST ALLEN COUNTY SCHOOLS
AUDIT RESULT AND COMMENT
(Continued)

Capital Assets

- Construction costs of \$55,284,422 associated with building projects completed through the East Allen Multi School Building Corporation in 2017 should not have been reported as construction in progress.
- Construction costs incurred by the School Corporation during the current audit period in the amount of \$9,684,084 were not included as construction in progress.
- Costs of \$3,198,795 included under the category of "Books and other" should not be reported as these items were below the School Corporation's threshold for capital asset reporting.

Adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Capital Assets presented as Other Information in the Financial Statement Audit Report for the School Corporation.

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 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](#)."

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. . . ."

EAST ALLEN COUNTY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on March 13, 2024, with Marilyn S. Hissong, Superintendent of Schools; Patrick McCann, Chief Financial Officer; Jeremiah Hruschak, Treasurer; and Timothy Hines, President of the School Board.