

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

COMPLIANCE EXAMINATION REPORT

OF

CENTER GROVE COMMUNITY SCHOOL CORPORATION

JOHNSON COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/26/2024



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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March 26, 2024

To: The Officials of Center Grove Community School Corporation
Center Grove Community School Corporation
Johnson County, Indiana

This report is supplemental to the audit report of Center Grove Community School Corporation (School Corporation), for the period July 1, 2021 to June 30, 2023. 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 Audit Report for Center Grove Community School Corporation prepared by Crowe LLP, Independent Public Accountants, for the period July 1, 2021 to June 30, 2023. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report on page 3.

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

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

COMPLIANCE EXAMINATION OF
CENTER GROVE COMMUNITY SCHOOL CORPORATION
Johnson County, Indiana
July 1, 2021 to June 30, 2023

CENTER GROVE COMMUNITY SCHOOL CORPORATION

Johnson County, Indiana
July 1, 2021 to June 30, 2023

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CENTER GROVE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF OFFICIALS
July 1, 2021 to June 30, 2023

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Catherine Statzer	07-01-21 to 06-30-23
Superintendent of Schools	Richard Arkanoff	07-01-21 to 06-30-23
President of the School Board	Jack Russell	07-01-21 to 06-30-23

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the Center Grove Community School Corporation

We have examined the Center Grove Community School Corporation ("School Corporation") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* during the period July 1, 2021 to June 30, 2023. 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 July 1, 2021 to June 30, 2023, as described in items 2023-001 and 2023-002 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 July 1, 2021 to June 30, 2023.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
March 22, 2024

CENTER GROVE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
 July 1, 2021 to June 30, 2023

FINDING 2023-001: 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 balances, we noted the following funds, which are not grant related funds, with a cash balance below zero as of June 30, 2022 or 2023:

Fund	Amount Overdrawn June 30, 2022	Amount Overdrawn June 30, 2023
2019 High School Project	\$ 53,141	\$ 164,999
2020 Ban Sges	4,877	-
Eoc Project	4,108	75,562
2013A/2023 Multipurpose Bonds	-	3,750
Hs/Sg Projects 2023	-	259,290
Wellness Center	-	749,203
Hitting Facility	-	323,013
Clearing Account	388,984	369,191

FINDING 2023-002: PREPARATION OF THE SCHOOL EXTRA-CURRICULAR ACCOUNT (ECA) REPORT

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations states in part, “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. . . .

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: During testing of the high school and middle school ECA funds, we noted various FY23 transactions that were correcting entries that inflated receipts and disbursements on the ECA report. The entries were errors related to the School Corporation getting used to a new accounting system. The correcting entries overstated receipts and disbursements instead of properly reversing out the errors.

Of the Receipt transactions sampled for testing, 8 of the 12 selected were correcting entries. The total of these entries was \$880,561. Of the disbursement transaction sampled for testing, 8 of the 14 selected were correcting entries. The total of these entries was \$536,253.

The ending cash balance for the ECA funds was materially correct.

CENTER GROVE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE
July 1, 2021 to June 30, 2023

The contents of this report were discussed on March 21, 2024 with Catherine Statzer, Treasurer, Bill Long, Interim Superintendent, Jason Taylor, Assistant Superintendent, and Jack Rusell, School Board Official.