



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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January 25, 2023

To: The Officials of Eminence Consolidated School Corporation
Eminence Consolidated School Corporation
6764 State Road 42 North
Eminence, IN 46125

This report is supplemental to the audit report of Eminence Consolidated School Corporation (School Corporation), for the period July 1, 2019 to June 30, 2021. 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.

We have reviewed the Supplemental Audit Report for Eminence Consolidated School Corporation prepared by Crowe LLP, Independent Public Accountants, for the period July 1, 2019 to June 30, 2021. 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 pages 3 through 4.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

COMPLIANCE EXAMINATION OF
EMINENCE CONSOLIDATED SCHOOL CORPORATION
Morgan County, Indiana
July 1, 2019 to June 30, 2021

EMINENCE CONSOLIDATED SCHOOL CORPORATION

Morgan County, Indiana
July 1, 2019 to June 30, 2021

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EMINENCE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF OFFICIALS
July 1, 2019 to June 30, 2021

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michele Tracy	07-01-19 to 06-30-21
Superintendent of Schools	Laura Penman (Vacant) Kim Tucker Wes Hammond	07-01-19 to 03-31-21 04-01-21 to 04-30-21 05-01-21 to 05-31-21 06-01-21 to 06-30-21
President of the School Board	Andrew Finney Jeff Saucerman	07-01-19 to 12-31-19 01-01-20 to 06-30-21

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the Eminence Consolidated School Corporation

We have examined the Eminence Consolidated 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, 2019 to June 30, 2021. 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.

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

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 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, 2019 to June 30, 2021, as described in items 2021-001 through 2021-003 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 July 1, 2019 to June 30, 2021.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
January 12, 2023

EMINENCE CONSOLIDATED SCHOOL CORPORATION
 SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
 July 1, 2019 to June 30, 2021

FINDING 2021-001: 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 grant based with a cash balance below zero as of June 30, 2021:

Fund	Amount Overdrawn June 30, 2020	Amount Overdrawn June 30, 2021
Fica	\$ 540	\$ 540
Employee Insurance	5,725	-
Annuities	847	2,059

FINDING 2021-002: PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduce here for reference purposes:

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

(Continued)

EMINENCE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2019 to June 30, 2021

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

(1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

(3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.

(4) Include the total amount provided to subrecipients from each Federal program.

(5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.

(6) Include notes that describe that significant accounting policies used in preparing the schedule and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs."

Condition: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. The SEFA was reviewed prior to submission. However, During our review of the SEFA, we noted various differences between the federal award activity reported by the client and the federal award activity per third-party supporting documentation resulting in an aggregate understatement of total federal awards expended in the amount of \$283,849 for FY 2020 and an aggregate overstatement of total federal awards expended in the amount of \$25,465 for FY 2021.

FINDING 2021-003: IDOE FINANCIAL TRANSPARENCY REPORT FILING

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations states in part, "Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action."

Condition: During our audit engagement, we were notified that the client failed to file the financial transparency reports with the Indiana Department of Education (IDOE) for the period January 2021 to June 2021.

EMINENCE CONSOLIDATED SCHOOL CORPORATION
EXIT CONFERENCE
July 1, 2019 to June 30, 2021

The contents of this report were discussed on January 12, 2023, with Wes Hammond, Superintendent, Andrew Finney, President of the School Board, Jeff Saucerman, Board Member, and Ida Ringler, Treasurer.