

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HANOVER COMMUNITY SCHOOL CORPORATION

LAKE COUNTY, INDIANA

July 1, 2020 to June 30, 2022



**FILED**

03/09/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Denise Sempf	07-01-20 to 06-30-23
Superintendent of Schools	Mary Tracy-MacAulay	07-01-20 to 06-30-23
President of the School Board	Connie Sterkowitz Tara Beilke	07-01-20 to 12-31-21 01-01-22 to 06-30-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE HANOVER COMMUNITY SCHOOL  
CORPORATION, LAKE COUNTY, INDIANA

This report is supplemental to our audit report of the Hanover Community School Corporation (School Corporation), for the period from July 1, 2020 to June 30, 2022. 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 our 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/](http://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 Results and Comments contained herein describe the identified reportable instances 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 Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

February 23, 2023

HANOVER COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

Financial and supplementary information are required to be reported annually on the Indiana Gateway for Government Units financial reporting system. The School Corporation was not in compliance as follows:

*Combining Schedule*

Transfers in and out for the School Lunch fund were overstated by \$500,578 due to the combining of funds for reporting purposes.

Audit adjustments were proposed, accepted by the School Corporation, and made to the Combining Schedule.

*Schedule of Capital Assets*

The amounts reported were based on an asset inventory performed for the period ended June 30, 2021. This resulted in the understatement of following capital asset categories:

1. Improvements other than buildings by \$1,775,804.
2. Machinery, equipment, and vehicles by \$591,845.
3. Construction in progress by \$34,648,897.

Audit adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Capital Assets.

*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](#)."

HANOVER COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

**AVERAGE DAILY MEMBERSHIP**

*Condition and Context*

The School Corporation did not retain records to verify eligibility status in relation to Average Daily Membership. Supporting documentation for residency verification, age requirement, and attendance were not provided for audit.

Of the 120 students tested, the following was noted:

1. Proof of Indiana residency for 53 students was not provided.
2. Proof of age was not provided for 6 seniors tested to ensure if they were under the age of 22.
3. Proof of attendance was not provided for 3 students attending school at another school corporation due to their individual education plans.

*Criteria*

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, must provide a written certification of ADM to properly document responsibility. The certification must at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

HANOVER COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 23, 2023, with Tara Beilke, President of the School Board; Tracy Haskell, School Board member; Denise Sempf, Treasurer; Mary Tracy-MacAulay, Superintendent of Schools; Adam Minth, Assistant Superintendent of Business and Operations; and Deborah Snedden, Assistant Superintendent of Schools.