



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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March 14, 2023

To: The Officials of Community School Corporation of Eastern Hancock County
Community School Corporation of Eastern Hancock County
10370 East 250 North
Charlottesville, IN 46117

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Community School Corporation of Eastern Hancock County. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period July 1, 2020 to June 30, 2022. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly, in all material respects, the cash and investment balances of the School Corporation as of June 30, 2022, and its cash receipts, cash disbursements, and other financing sources (uses) for the period of July 1, 2020 to June 30, 2022 in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

We call your attention to the findings included in the report on pages 34 through 38. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears on page 39.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Report for Community School Corporation of Eastern Hancock County was prepared in accordance with the guidelines established by the State Board of Accounts.

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

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
Hancock County, Indiana

FINANCIAL STATEMENT
As of June 30, 2022, and for the
period of July 1, 2020 to June 30, 2022

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
Hancock County, Indiana

FINANCIAL STATEMENT
As of June 30, 2022, and for the
period of July 1, 2020 to June 30, 2022

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COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
SCHEDULE OF OFFICIALS (Unaudited)
For the period July 1, 2020 to June 30, 2022

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Adam Kinder	07-01-20 to 06-30-22
Superintendent of Schools	George Philhower	07-01-20 to 06-30-22
President of the School Board	James R Jackson Jr.	07-01-20 to 06-30-22

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
Community School Corporation of Eastern Hancock County
Hancock County, Indiana

Report on the Audit of the Financial Statement***Opinions***

We have audited the accompanying statement of receipts, disbursements, other financing sources (uses) and cash and investment balances of the Community School Corporation of Eastern Hancock County (the School Corporation) as of June 30, 2022 and for the period of July 1, 2020 to June 30, 2022, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement presents fairly, in all material respects, the cash and investment balances of the School Corporation as of June 30, 2022, and its cash receipts, cash disbursements, and other financing sources (uses) for the period of July 1, 2020 to June 30, 2022 in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the School Corporation as of June 30, 2022, or changes in net position for the period of July 1, 2020 to June 30, 2022.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statement, the financial statement is prepared by the School Corporation on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

(Continued)

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6) as described in Note 1, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and are not a required part of the financial statement.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.

Other Information

Management is responsible for the other information included with the financial statement. The other information comprises the Schedule of Officials, Other Information Schedules, and State Reporting Information, marked as unaudited on the table of contents, but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023 on our consideration of the School Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
March 10, 2023

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
As of June 30, 2022, and for the period of July 1, 2020 to June 30, 2022

Fund	Cash and	Receipts	Disbursements	Other	Cash and	Receipts	Disbursements	Other	Cash and
	Investments			Financing	Investments			Financing	Investments
	07-01-2020			Sources (Uses)	06-30-2021			Sources (Uses)	06-30-2022
Education	\$ 2,091,786	\$ 7,864,682	\$ 7,263,372	\$ (850,000)	\$ 1,843,096	\$ 8,282,172	\$ 7,376,833	\$ (800,000)	\$ 1,948,435
Debt Service	860,682	1,622,462	1,742,641	-	740,503	1,513,334	1,505,317	-	748,520
Operations	3,270,037	2,808,949	3,241,837	850,000	3,687,149	2,694,373	3,343,663	821,359	3,859,218
Rainy Day	1,232,664	-	-	-	1,232,664	-	-	-	1,232,664
Construction	24,999	13,091	-	-	38,090	-	528	-	37,562
2019 Bonds	384,294	197	381,674	-	2,817	-	1,544	-	1,273
School Lunch	(30,158)	575,411	460,134	-	85,119	600,923	562,609	-	123,433
Curricular Materials Rental	(51,633)	186,274	95,814	-	38,827	161,987	166,526	-	34,288
Levy Excess	1,671	-	-	-	1,671	-	-	-	1,671
United Way C-Cerf Grant	-	10,000	-	-	10,000	-	1,984	-	8,016
Community Foundation Grant	-	10,000	-	-	10,000	-	-	-	10,000
Hancock Health Sponsorship	-	-	-	-	-	110,556	90,000	-	20,556
Community Donor Projects	-	-	-	-	-	2,599	-	-	2,599
Educational License Plates	395	94	-	-	489	94	-	-	583
Employee Wellness	3,787	3,079	3,395	-	3,471	3,320	3,722	-	3,069
Extra-Curricular Activities	4,521	46,327	60,524	-	(9,676)	76,325	65,700	-	949
Scholarship	32	-	-	-	32	-	-	-	32
Pltw Grant From Lilly	49	-	-	-	49	-	-	-	49
Scholarships And Awards	-	948	845	-	103	-	-	-	103
Scholar And Award	320	2,000	2,000	-	320	-	-	-	320
Formative Assessment	2,513	10,735	12,752	-	496	7,879	7,879	-	496
Special Education Excess Cost	-	8,908	12,576	-	(3,668)	39,562	40,348	-	(4,454)
Sss Grant-Other Revenue	(30,618)	25,231	19,752	-	(25,139)	19,620	18,563	-	(24,082)
Prime Math Stem Grant	-	4,328	5,010	-	(682)	782	100	-	-
Prime Math Grant 21-22	-	-	336	-	(336)	1,855	1,519	-	-
Early Intervention Grant	-	2,734	2,734	-	-	3,552	3,552	-	-
Nesp 20-21	-	1,151	1,151	-	-	-	-	-	-
Nesp 21-22	-	-	-	-	-	4,472	1,460	-	3,012
Performance Based Awards	1,820	42,532	44,352	-	-	42,952	42,952	-	-
High Ability 2018/19	16,668	24,233	23,821	-	17,080	26,799	43,879	-	-
State Tech Grant	12,692	13,368	14,805	-	11,255	12,760	13,190	-	10,825
Title I 19-20	(69,738)	100,319	30,581	-	-	-	-	-	-
Title I 20-21	-	28,136	33,572	-	(5,436)	46,447	41,010	-	1
Title I 21-22	-	-	-	-	-	-	65,064	-	(65,064)
Fy20 Idea? P.L. 101- 476	(318,284)	320,776	2,492	-	-	-	-	-	-
Idea? P.L. Fy21	-	-	296,114	-	(296,114)	326,184	30,070	-	-
Idea? P.L. Fy22 Special Ed	-	-	-	-	-	-	319,439	-	(319,439)
Student Support Title Iv Fy20	-	-	8,814	-	(8,814)	10,000	1,187	-	(1)
Medicaid Reimbursement - Feder	-	-	-	-	-	6,649	798	-	5,851
Title Ii Fy 2021	-	-	-	-	-	-	7,958	-	(7,958)

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
As of June 30, 2022, and for the period of July 1, 2020 to June 30, 2022

<u>Fund</u>	<u>Cash and Investments 07-01-2020</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Other Financing Sources (Uses)</u>	<u>Cash and Investments 06-30-2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Other Financing Sources (Uses)</u>	<u>Cash and Investments 06-30-2022</u>
Title II Fy 19	\$ (14,835)	\$ 19,409	\$ 4,574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Title II Fy 20	-	1,770	16,058	-	(14,288)	20,799	6,511	-	-
Fy 2022 Part B Arp 611	-	-	-	-	-	-	7,074	-	(7,074)
ESSER III	-	-	-	-	-	-	153,170	-	(153,170)
ESSER II	-	-	-	-	-	280,423	280,424	-	(1)
ESSER I	-	85,400	85,400	-	-	-	-	-	-
Cafe Holding	68,994	76,332	1,584	(57,651)	86,091	58,321	2,443	(65,365)	76,604
Retiree Medical Insurance Premium	1,748	-	1,748	-	-	-	-	-	-
Payroll Clearing	92,973	3,943,459	4,016,523	-	19,909	4,195,002	4,205,112	-	9,799
Totals	<u>\$ 7,557,379</u>	<u>\$ 17,852,335</u>	<u>\$ 17,886,985</u>	<u>\$ (57,651)</u>	<u>\$ 7,465,078</u>	<u>\$ 18,549,741</u>	<u>\$ 18,412,128</u>	<u>\$ (44,006)</u>	<u>\$ 7,558,685</u>

See notes to financial statement.

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT

As of June 30, 2022, and for the period July 1, 2020 to June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: School Corporation, as used herein, shall include, but is not limited to, the following: school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

Basis of Accounting: The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP), in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

Cash and Investments: Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

Receipts: Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans. Amounts received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT
As of June 30, 2022, and for the period July 1, 2020 to June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

Disbursements: Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other Financing Sources and Uses: Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

Transfers in. Amounts received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out. Amounts paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT

As of June 30, 2022, and for the period July 1, 2020 to June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting: Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The amounts accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the School Corporation itself.

NOTE 2 - BUDGETS

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

NOTE 3 - PROPERTY TAXES

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by December 31 of the year preceding the budget year or January 15 of the budget year if the School Corporation is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

The School Corporation held cash deposits with financial institutions that maintained FDIC and PDIF coverages, as applicable. The School Corporation did not hold investments for the period under audit.

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT

As of June 30, 2022, and for the period July 1, 2020 to June 30, 2022

NOTE 5 - RISK MANAGEMENT

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters. These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks

The School Corporation has purchased insurance to address the risks described above.

NOTE 6 - CASH BALANCE DEFICITS

The financial statement contain some funds with deficits in cash. This is a result of certain funds being set up for reimbursable grants, but for which reimbursement was not yet received by June 30, 2021, and 2022.

NOTE 7 - HOLDING CORPORATION

The School Corporation has entered into a series of capital leases with the Eastern Hancock Middle School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments for the period July 1, 2020 to June 30, 2021 totaled \$857,000. Lease payments for the period July 1, 2021 to June 30, 2022 totaled \$1,067,000.

NOTE 8 - PENSION PLANS

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund Defined Benefit Plan (PERF DB) is a cost sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the School Corporation authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT
As of June 30, 2022, and for the period July 1, 2020 to June 30, 2022

NOTE 8 - PENSION PLANS (Continued)

Financial Report

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

Members' contributions are set by state statute at 3 percent of compensation for the defined contribution component of PERF Hybrid. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid.

Teachers' Retirement Fund

Plan Descriptions

The Indiana Teachers' Hybrid Plan (TRF Hybrid) consists of two components: Indiana Teachers' Pre-1996 Defined Benefit Account (Teachers' Pre-1996 DB) or Indiana Teachers' 1996 Defined Benefit Account (Teachers' 1996 DB) the monthly employer-funded defined benefit components, along with the Indiana Teachers' Defined Contribution Account (TRF DC), the defined contribution component. Generally, members hired before 1996 participate in the Teachers' Pre-1996 DB and members hired after 1995 participate in the Teachers' 1996 DB.

The Teachers' 1996 DB is a cost-sharing multiple-employer defined benefit pension plan and provides retirement, disability, and survivor benefits to plan members. All legally qualified and regularly employed licensed teachers serving in State of Indiana public schools are eligible to participate in the Teachers' 1996 DB.

The Teachers' Pre-1996 DB is a pay-as-you-go, cost-sharing multiple-employer defined benefit pension plan and provides retirement, disability, and survivor benefits to plan members. Membership in the Teachers' Pre-1996 DB is closed to new entrants.

The TRF DC is a multiple-employer defined contribution plan providing supplemental retirement benefits to Teachers' 1996 DB and Teachers' Pre-1996 DB members.

The Retirement Savings Plan for Public Teachers (My Choice) is a multiple-employer defined contribution plan. New employees hired after June 30, 2019, have a one-time election to join either the TRF Hybrid plan that is not closed to new entrants or the My Choice plan.

All these plans are administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2, IC 5-10.3, and IC 5-10.4) and administrative code (35 IAC 14), which govern most requirements of the system and give the School Corporation authority to contribute to the plan when applicable.

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT

As of June 30, 2022, and for the period July 1, 2020 to June 30, 2022

NOTE 8 - PENSION PLANS (Continued)

Financial Report

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

The School Corporation contributes the employer's share to Teachers' 1996 DB for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. These contributions are determined by the INPRS Board based on actuarial valuation. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995 (Teachers' Pre-1996 DB) is an obligation of, and is paid by, the State of Indiana.

Contributions for the defined contribution component of TRF Hybrid are determined by statute and the INPRS Board at 3 percent of covered payroll. The employer may choose to make these contributions on behalf of the member. Under certain limitations, voluntary contributions up to 10 percent can be made solely by the member.

My Choice plan is funded with employer contributions and member contributions. The employer contributions must equal the contribution rate for monthly employer-funded defined benefit components of TRF Hybrid. The amount deposited into the employer contribution subaccount for the member is the normal cost of participation. The variable rate contribution can be no less than 3 percent. Member contributions are determined by statute and the Board at 3 percent of covered payroll. The employer must make these contributions on behalf of the member. Under certain limitations, voluntary contributions up to 10 percent can be made solely by the member.

SUPPLEMENTARY INFORMATION

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	Education	Debt Service	Operations	Rainy Day	Construction	2019 Bonds	School Lunch	Curricular Materials Rental	Levy Excess	United Way C- Cerf Grant	Community Foundation Grant
Cash and investments - beginning	\$ 2,091,786	\$ 860,682	\$ 3,270,037	\$ 1,232,664	\$ 24,999	\$ 384,294	\$ (30,158)	\$ (51,633)	\$ 1,671	\$ -	\$ -
Receipts:											
Local sources	19,811	1,622,462	2,736,557	-	13,091	197	58,313	138,502	-	10,000	10,000
Intermediate sources	65	-	-	-	-	-	-	-	-	-	-
State sources	7,844,806	-	-	-	-	-	7,188	47,772	-	-	-
Federal sources	-	-	-	-	-	-	509,910	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	72,392	-	-	-	-	-	-	-	-
Total receipts	7,864,682	1,622,462	2,808,949	-	13,091	197	575,411	186,274	-	10,000	10,000
Disbursements:											
Instruction	5,769,507	-	-	-	-	-	-	15,629	-	-	-
Support services	1,326,134	17,222	2,740,737	-	-	130	760	80,185	-	-	-
Noninstructional services	167,731	-	-	-	-	-	459,374	-	-	-	-
Facilities acquisition and construction	-	-	501,100	-	-	381,544	-	-	-	-	-
Debt services	-	1,725,419	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	7,263,372	1,742,641	3,241,837	-	-	381,674	460,134	95,814	-	-	-
Excess (deficiency) of receipts over disbursements	601,310	(120,179)	(432,888)	-	13,091	(381,477)	115,277	90,460	-	10,000	10,000
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	850,000	-	-	-	-	-	-	-	-
Transfers out	(850,000)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(850,000)	-	850,000	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(248,690)	(120,179)	417,112	-	13,091	(381,477)	115,277	90,460	-	10,000	10,000
Cash and investments - ending	\$ 1,843,096	\$ 740,503	\$ 3,687,149	\$ 1,232,664	\$ 38,090	\$ 2,817	\$ 85,119	\$ 38,827	\$ 1,671	\$ 10,000	\$ 10,000

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	Educational License Plates	Employee Wellness	Extra-Curricular Activities	Scholarship	Pltw Grant From Lilly	Scholarships And Awards	Scholar And Award	Formative Assessment	Special Education Excess Cost	Sss Grant-Other Revenue	Prime Math Stem Grant
Cash and investments - beginning	\$ 395	\$ 3,787	\$ 4,521	\$ 32	\$ 49	\$ -	\$ 320	\$ 2,513	\$ -	\$ (30,618)	\$ -
Receipts:											
Local sources	-	3,079	46,327	-	-	948	2,000	-	-	-	-
Intermediate sources	94	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	10,735	8,908	25,231	4,328
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	94	3,079	46,327	-	-	948	2,000	10,735	8,908	25,231	4,328
Disbursements:											
Instruction	-	-	-	-	-	-	-	10,626	12,576	-	5,010
Support services	-	1,395	60,524	-	-	845	-	2,126	-	19,752	-
Noninstructional services	-	2,000	-	-	-	-	2,000	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	3,395	60,524	-	-	845	2,000	12,752	12,576	19,752	5,010
Excess (deficiency) of receipts over disbursements	94	(316)	(14,197)	-	-	103	-	(2,017)	(3,668)	5,479	(682)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	94	(316)	(14,197)	-	-	103	-	(2,017)	(3,668)	5,479	(682)
Cash and investments - ending	\$ 489	\$ 3,471	\$ (9,676)	\$ 32	\$ 49	\$ 103	\$ 320	\$ 496	\$ (3,668)	\$ (25,139)	\$ (682)

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	Prime Math Grant 21-22	Early Intervention Grant	Nesp 20-21	Performance Based Awards	High Ability 2018/19	State Tech Grant	Title I 19-20	Title I 20-21	Fy20 Idea? P.L. 101- 476	Idea? P.L. Fy21
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 1,820	\$ 16,668	\$ 12,692	\$ (69,738)	\$ -	\$ (318,284)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	1,934	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	2,734	1,151	42,532	24,233	13,368	-	-	-	-
Federal sources	-	-	-	-	-	-	100,319	28,136	318,842	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	2,734	1,151	42,532	24,233	13,368	100,319	28,136	320,776	-
Disbursements:										
Instruction	-	2,734	-	44,352	23,821	-	5,824	20,434	2,492	182,673
Support services	336	-	1,151	-	-	14,805	24,757	13,138	-	113,441
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	336	2,734	1,151	44,352	23,821	14,805	30,581	33,572	2,492	296,114
Excess (deficiency) of receipts over disbursements	(336)	-	-	(1,820)	412	(1,437)	69,738	(5,436)	318,284	(296,114)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(336)	-	-	(1,820)	412	(1,437)	69,738	(5,436)	318,284	(296,114)
Cash and investments - ending	\$ (336)	\$ -	\$ -	\$ -	\$ 17,080	\$ 11,255	\$ -	\$ (5,436)	\$ -	\$ (296,114)

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2020 through June 30, 2021

	Student Support					Retiree Medical		
	Title Iv Fy20	Title li Fy 19	Title li Fy 20	ESSER I	Cafe Holding	Insurance Premium	Payroll Accrual	Totals
Cash and investments - beginning	\$ -	\$ (14,835)	\$ -	\$ -	\$ 68,994	\$ 1,748	\$ 92,973	\$ 7,557,379
Receipts:								
Local sources	-	-	1,770	-	-	-	-	4,664,991
Intermediate sources	-	-	-	-	-	-	-	159
State sources	-	-	-	-	-	-	-	8,032,986
Federal sources	-	19,409	-	85,400	-	-	-	1,062,016
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	76,332	-	3,943,459	4,092,183
Total receipts	-	19,409	1,770	85,400	76,332	-	3,943,459	17,852,335
Disbursements:								
Instruction	8,814	-	-	-	-	-	-	6,104,492
Support services	-	4,574	16,058	25,400	1,584	-	-	4,465,054
Noninstructional services	-	-	-	60,000	-	-	-	691,105
Facilities acquisition and construction	-	-	-	-	-	-	-	882,644
Debt services	-	-	-	-	-	-	-	1,725,419
Nonprogrammed charges	-	-	-	-	-	1,748	4,016,523	4,018,271
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	8,814	4,574	16,058	85,400	1,584	1,748	4,016,523	17,886,985
Excess (deficiency) of receipts over disbursements	(8,814)	14,835	(14,288)	-	74,748	(1,748)	(73,064)	(34,650)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	850,000
Transfers out	-	-	-	-	(57,651)	-	-	(907,651)
Total other financing sources (uses)	-	-	-	-	(57,651)	-	-	(57,651)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,814)	14,835	(14,288)	-	17,097	(1,748)	(73,064)	(92,301)
Cash and investments - ending	\$ (8,814)	\$ -	\$ (14,288)	\$ -	\$ 86,091	\$ -	\$ 19,909	\$ 7,465,078

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2021 through June 30, 2022

	Education	Debt Service	Operations	Rainy Day	Construction	2019 Bonds	School Lunch	Curricular Materials Rental	Levy Excess	United Way C- Cerf Grant	Community Foundation Grant
Cash and investments - beginning	\$ 1,843,096	\$ 740,503	\$ 3,687,149	\$ 1,232,664	\$ 38,090	\$ 2,817	\$ 85,119	\$ 38,827	\$ 1,671	\$ 10,000	\$ 10,000
Receipts:											
Local sources	19,911	1,513,334	2,689,986	-	-	-	69,849	113,960	-	-	-
Intermediate sources	61	-	-	-	-	-	-	-	-	-	-
State sources	8,262,200	-	-	-	-	-	5,012	48,027	-	-	-
Federal sources	-	-	-	-	-	-	526,062	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	4,387	-	-	-	-	-	-	-	-
Total receipts	8,282,172	1,513,334	2,694,373	-	-	-	600,923	161,987	-	-	-
Disbursements:											
Instruction	5,870,646	-	-	-	-	-	-	21,253	-	-	-
Support services	1,343,248	18,367	3,097,376	-	528	-	-	145,273	-	1,984	-
Noninstructional services	162,939	-	-	-	-	-	562,609	-	-	-	-
Facilities acquisition and construction	-	-	246,287	-	-	1,544	-	-	-	-	-
Debt services	-	1,486,950	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	7,376,833	1,505,317	3,343,663	-	528	1,544	562,609	166,526	-	1,984	-
Excess (deficiency) of receipts over disbursements	905,339	8,017	(649,290)	-	(528)	(1,544)	38,314	(4,539)	-	(1,984)	-
Other financing sources (uses)											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	21,359	-	-	-	-	-	-	-	-
Transfers in	-	-	800,000	-	-	-	-	-	-	-	-
Transfers out	(800,000)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(800,000)	-	821,359	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	105,339	8,017	172,069	-	(528)	(1,544)	38,314	(4,539)	-	(1,984)	-
Cash and investments - ending	\$ 1,948,435	\$ 748,520	\$ 3,859,218	\$ 1,232,664	\$ 37,562	\$ 1,273	\$ 123,433	\$ 34,288	\$ 1,671	\$ 8,016	\$ 10,000

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2021 through June 30, 2022

	Hancock Health Sponsorship	Community Donor Projects	Educational License Plates	Employee Wellness	Extra-Curricular Activities	Scholarship	Pltw Grant From Lilly	Scholarships And Awards	Scholar And Award	Formative Assessment	Special Education Excess Cost
Cash and investments - beginning	\$ -	\$ -	\$ 489	\$ 3,471	\$ (9,676)	\$ 32	\$ 49	\$ 103	\$ 320	\$ 496	\$ (3,668)
Receipts:											
Local sources	110,556	2,599	-	3,320	76,325	-	-	-	-	-	-
Intermediate sources	-	-	94	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	7,879	39,562
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	110,556	2,599	94	3,320	76,325	-	-	-	-	7,879	39,562
Disbursements:											
Instruction	90,000	-	-	-	-	-	-	-	-	5,478	40,348
Support services	-	-	-	1,722	65,700	-	-	-	-	2,401	-
Noninstructional services	-	-	-	2,000	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	90,000	-	-	3,722	65,700	-	-	-	-	7,879	40,348
Excess (deficiency) of receipts over disbursements	20,556	2,599	94	(402)	10,625	-	-	-	-	-	(786)
Other financing sources (uses)											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	20,556	2,599	94	(402)	10,625	-	-	-	-	-	(786)
Cash and investments - ending	\$ 20,556	\$ 2,599	\$ 583	\$ 3,069	\$ 949	\$ 32	\$ 49	\$ 103	\$ 320	\$ 496	\$ (4,454)

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2021 through June 30, 2022

	Sss Grant-Other Revenue	Prime Math Stem Grant	Prime Math Grant 21-22	Early Intervention Grant	Nesp 21-22	Performance Based Awards	High Ability 2018/19	State Tech Grant	Title I 20-21	Title I 21-22	Idea? P.L. Fy21	Idea? P.L. Fy22 Special Ed
Cash and investments - beginning	\$ (25,139)	\$ (682)	\$ (336)	\$ -	\$ -	\$ -	\$ 17,080	\$ 11,255	\$ (5,436)	\$ -	\$ (296,114)	\$ -
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	1,706	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	19,620	782	1,855	3,552	4,472	42,952	26,799	12,760	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	46,447	-	324,478	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	19,620	782	1,855	3,552	4,472	42,952	26,799	12,760	46,447	-	326,184	-
Disbursements:												
Instruction	-	100	1,329	3,552	492	42,952	43,879	-	17,630	65,064	17,712	208,630
Support services	18,563	-	190	-	968	-	-	13,190	23,380	-	12,358	110,809
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	18,563	100	1,519	3,552	1,460	42,952	43,879	13,190	41,010	65,064	30,070	319,439
Excess (deficiency) of receipts over disbursements	1,057	682	336	-	3,012	-	(17,080)	(430)	5,437	(65,064)	296,114	(319,439)
Other financing sources (uses)												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,057	682	336	-	3,012	-	(17,080)	(430)	5,437	(65,064)	296,114	(319,439)
Cash and investments - ending	\$ (24,082)	\$ -	\$ -	\$ -	\$ 3,012	\$ -	\$ -	\$ 10,825	\$ 1	\$ (65,064)	\$ -	\$ (319,439)

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 July 1, 2021 through June 30, 2022

	Student Support Title Iv Fy20	Medicaid Reimbursement - Feder	Title Ii Fy 2021	Title Ii Fy 20	Fy 2022 Part B Arp 611	ESSER III	ESSER II	ESSER I	Cafe Holding	Payroll Accrual	Totals
Cash and investments - beginning	\$ (8,814)	\$ -	\$ -	\$ (14,288)	\$ -	\$ -	\$ -	\$ -	\$ 86,091	\$ 19,909	\$ 7,465,078
Receipts:											
Local sources	-	-	-	705	-	-	-	-	58,321	-	4,660,572
Intermediate sources	-	-	-	-	-	-	-	-	-	-	155
State sources	-	-	-	-	-	-	-	-	-	-	8,475,472
Federal sources	10,000	6,649	-	20,094	-	-	280,423	-	-	-	1,214,153
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	4,195,002	4,199,389
Total receipts	10,000	6,649	-	20,799	-	-	280,423	-	58,321	4,195,002	18,549,741
Disbursements:											
Instruction	1,187	-	-	-	7,074	48,918	130,626	-	-	-	6,616,870
Support services	-	798	7,958	6,511	-	2,900	41,841	-	2,443	-	4,918,508
Noninstructional services	-	-	-	-	-	-	11,965	-	-	-	739,513
Facilities acquisition and construction	-	-	-	-	-	101,352	95,992	-	-	-	445,175
Debt services	-	-	-	-	-	-	-	-	-	-	1,486,950
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	4,205,112	4,205,112
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,187	798	7,958	6,511	7,074	153,170	280,424	-	2,443	4,205,112	18,412,128
Excess (deficiency) of receipts over disbursements	8,813	5,851	(7,958)	14,288	(7,074)	(153,170)	(1)	-	55,878	(10,110)	137,613
Other financing sources (uses)											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	21,359
Transfers in	-	-	-	-	-	-	-	-	-	-	800,000
Transfers out	-	-	-	-	-	-	-	-	(65,365)	-	(865,365)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(65,365)	-	(44,006)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,813	5,851	(7,958)	14,288	(7,074)	(153,170)	(1)	-	(9,487)	(10,110)	93,607
Cash and investments - ending	\$ (1)	\$ 5,851	\$ (7,958)	\$ -	\$ (7,074)	\$ (153,170)	\$ (1)	\$ -	\$ 76,604	\$ 9,799	\$ 7,558,685

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2022

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 435,864	\$ 581,239

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
SCHEDULE OF LEASES AND DEBT
June 30, 2022

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Eastern Hancock Middle School First Mortgage Bonds 2020	School Building	\$ 613,450	11/12/2020	12/31/2029
Eastern Hancock Middle School Refunding and Improvement Bonds 2016	School Building	892,725	12/31/2016	12/31/2031
Wells Fargo Vendor Financial Services	Copier Lease	<u>17,294</u>	7/1/2019	6/30/2024
Total governmental activities		<u>1,523,469</u>		
Total of annual lease payments		<u>\$ 1,523,469</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General Obligation Bonds	GO Bonds 2019	<u>\$ 195,000</u>	<u>\$ 390,000</u>
Totals		<u>\$ 195,000</u>	<u>\$ 390,000</u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
SCHEDULE OF CAPITAL ASSETS
June 30, 2022

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,061,890
Infrastructure	460,968
Buildings	53,873,510
Improvements other than buildings	551,573
Machinery, equipment, and vehicles	4,636,586
Construction in progress	36,420
Books and other	<u>54,651</u>
 Total governmental activities	 <u>60,675,598</u>
 Total capital assets	 <u>\$ 60,675,598</u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
STATE REPORTING INFORMATION
July 1, 2020 - June 30, 2022

Financial Statement and Accompanying Notes:

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.

Indiana Department of Education Reporting:

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information on the IDOE website and on the Indiana Gateway for Government Units presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the period July 1, 2020 through June 30, 2022

Federal Grantor Agency <u>Cluster Title/Program Title/Project Title</u>	<u>Pass-Through Entity or Direct Grant</u>	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended <u>06-30-21</u>	Total Federal Awards Expended <u>06-30-22</u>	Total Federal Awards Expended 07-01-2020 to <u>06-30-22</u>
<u>Department of Agriculture</u>						
Child Nutrition Cluster						
National School Breakfast Program	Indiana Department of Education	10.553	FY2021, FY2022	\$ 1,177	\$ 17,465	\$ 18,642
School Breakfast Program		10.555	FY2021, FY2022	16,381	102,591	118,972
School Lunch Program		10.559	FY2021, FY2022	43,740	58,778	102,518
Commodities		10.559	FY2021, FY2022	491,515	405,392	896,907
Summer Feeding Program						
Total - Child Nutrition Cluster				<u>552,813</u>	<u>584,226</u>	<u>1,137,039</u>
Total - Department of Agriculture				<u>552,813</u>	<u>584,226</u>	<u>1,137,039</u>
<u>Department of Education</u>						
Special Education Cluster(IDEA)						
Special Education Grants to States	Indiana Department of Education					
IDEA Part B		84.027	20611-135-PN01	304,814	-	304,814
IDEA Part B		84.027	21611-135-PN01	-	310,432	310,432
Total - Special Education Grants to States				<u>304,814</u>	<u>310,432</u>	<u>615,246</u>
Special Ed Preschool	Indiana Department of Education					
Special Ed Preschool		84.173	20619-135-:PN01	14,028	-	14,028
Special Ed Preschool		84.173	21621-135-PN01	-	14,046	14,046
Total - Special Ed Preschool				<u>14,028</u>	<u>14,046</u>	<u>28,074</u>
Total - Special Education Cluster(IDEA)				<u>318,842</u>	<u>324,478</u>	<u>643,320</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education					
Title I		84.010	S010A180014	28,136	-	28,136
Title I		84.010	S010A190014	100,318	-	100,318
Title I		84.010	S010A200014	-	46,447	46,447
Total - Title I Grants to Local Educational Agencies				<u>128,454</u>	<u>46,447</u>	<u>174,901</u>

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the period July 1, 2020 through June 30, 2022

Federal Grantor Agency <u>Cluster Title/Program Title/Project Title</u>	<u>Pass-Through Entity or Direct Grant</u>	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 06-30-22	Total Federal Awards Expended 07-01-2020 to 06-30-22
Title II Part A: Supporting Effective Instruction State Grants	Indiana Department of Education					
Title II Part A		84.367	S367A180013	\$ 19,409	\$ -	\$ 19,409
Title II Part A		84.367	S367A200013	-	20,094	20,094
Total - Title II Part A: Supporting Effective Instruction State Grants				19,409	20,094	39,503
Title IV Part A Student Support and Academic Enrichment	Indiana Department of Education					
Title IV Part A		84.424	S424A200015	-	10,000	10,000
Total - Title IV Part A Student Support and Academic Enrichment				-	10,000	10,000
COVID-19 Education Stabilization Relief Fund	Indiana Department of Education					
Governor's Emergency Education Relief Fund		84.425C	S425D200013	85,400	-	85,400
Elementary and Secondary School Emergency Relief (ESSER II) Fund		84.425D	S425D210013	-	280,423	280,423
Total - COVID-19 Education Stabilization Relief Fund				85,400	280,423	365,823
Total - Department of Education				552,105	681,442	1,233,547
<u>Department of Health and Human Services</u>						
Medicaid Cluster	Indiana Department of Education					
Medical Assistance Program		93.778	FY2021, FY2022	-	4,027	4,027
Total - Department of Health and Human Services				-	4,027	4,027
Total federal awards expended				\$ 1,104,918	\$ 1,269,695	\$ 2,374,613

See accompanying notes to the schedule of expenditure of federal awards.

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period of July 1, 2020 to June 30, 2022

NOTE 1 - BASIS OF PRESENTATION

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the period of July 1, 2020 to June 30, 2022. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

NOTE 2 - INDIRECT COST RATE

The School Corporation has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - OTHER INFORMATION

The School Corporation did not have any subrecipient activity for the period July 1, 2020 to June 30, 2022.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Those Charged with Governance
Community School Corporation of Eastern Hancock County
Hancock County, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Community School Corporation of Eastern Hancock County ("School Corporation"), which comprise the statement of receipts, disbursements, other financing sources (uses), and cash and investment balances of the School Corporation as of June 30, 2022 and for the period July 1, 2020 to June 30, 2022 and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement, and have issued our report thereon dated March 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School Corporation's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
March 10, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE

Those Charged with Governance
Eastern Hancock County Community School Corporation
Hancock County, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Major Federal Program

We have audited Community School Corporation of Eastern Hancock County's (School Corporation) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the School Corporation's major federal program for the period of July 1, 2020 to June 30, 2022. The School Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the period of July 1, 2020 to June 30, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School Corporation's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School Corporation's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

(Continued)

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
March 10, 2023

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 July 1, 2020 to June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statement

Type of auditor’s report issued	Adverse as to GAAP, Unmodified as to regulatory basis		
Internal control over financial reporting			
Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No	
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported	
Noncompliance material to financial statement noted?	<u> </u> Yes	<u> X </u> No	

Federal Awards

Internal control over major programs			
Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No	
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported	
Type of auditor’s report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	<u> X </u> Yes	<u> </u> No	

Identification of major programs

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No
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(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 to June 30, 2022

Section II – Financial Statement Findings

FINDING 2022-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness

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:

"*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.

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 to June 30, 2022

Section II – Financial Statement Findings (Continued)

(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 assistance listing number (ALN) or other identifying number when the ALN 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 School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

Cause: Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Context: 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, it was not reviewed in enough detail to prevent the following errors that resulted in the gross overstatement on the SEFA of \$143,742, the gross understatement of \$20,962, and the net overstatement of the total federal awards expended on the SEFA by \$122,780 for the period July 1, 2020, through June 30, 2022:

1. The Child Nutrition Cluster (10.553, 10.555, 10.559) expenditures were overstated by \$141,809
2. The Special Education Cluster (84.027, 84.173) expenditures were overstated by \$1,933
3. The Title II- Improving Teacher Effectiveness (84.367) expenditures were understated by \$16,935
4. The Medicaid Cluster (93.778) expenditures were understated by \$4,027
5. \$615,246 Special Education Grants to States (84.027) expenditures were improperly labeled as Special Education Preschool (84.173) expenditures
6. \$1,177 School Breakfast Program (10.553) and \$16,381 School Lunch Program (10.555) expenditures were improperly labeled as Summer Feeding Program (10.559) expenditures
7. \$102,591 School Lunch Program (10.555) and \$405,392 Summer Feeding Program (10.559) expenditures were improperly labeled as School Breakfast Program (10.553) expenditures

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA to correct the issues noted above.

Effect: Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the Context section.

Identification as a repeat finding, if applicable: No.

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 to June 30, 2022

Section II – Financial Statement Findings (Continued)

Recommendation: We recommended that the School Corporation's management establish a formal review over the SEFA to ensure amounts reported are accurate. The School Corporation should establish a documented, secondary review to ensure the amounts reported on the SEFA agree to the supporting federal receipt fund ledger detail.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

FINDING 2022-002

Subject: Preparation of the Annual Financial Report
Audit Findings: Material Weakness

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, . . ."

Condition: The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Annual Financial Report (AFR).

Cause: Management had not established a system of internal control that would have ensured proper reporting of the AFR.

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 to June 30, 2022

Section II – Financial Statement Findings (Continued)

Context: The AFR entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and investment Balances – Regulatory Basis (the financial statement). The AFR was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following errors in the financial statement:

- 1) For the period of July 1, 2020 to June 30, 2021, the School Corporation improperly excluded the Prepaid Payroll Clearing fund which understated receipt and disbursement amounts by \$3,943,459 and \$4,016,523 respectively. The beginning July 1, 2020 balance of \$92,973 as improperly excluded as well. The ending cash as of June 30, 2021 in the clearing fund was a negative balance of \$19,909.
- 2) For the period of July 1, 2021 to June 30, 2022, the School Corporation improperly excluded the Prepaid Payroll Clearing fund which understated receipt and disbursement amounts by \$4,195,022 and \$4,205,112 respectively. The ending cash as of June 30, 2021 in the clearing fund was a negative balance of \$9,799.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement to correct the issues noted above.

Effect: Without a proper system of internal control in place that operated effectively, material misstatements of the financial statement remained undetected. The financial statement contained the errors identified in the Context section.

Identification as a repeat finding, if applicable: No.

Recommendation: We recommended that the School Corporation's management establish a formal review over the AFR financial statement submission to ensure amounts reported are accurate and agree to underlying fund ledgers. The School Corporation should establish a documented, secondary review to ensure the amounts reported on the financial statement agree to the supporting fund ledger detail.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

(Continued)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
July 1, 2020 to June 30, 2022

Section III – Federal Award Findings and Questioned Costs

FINDING 2022-003

Information on the federal program:

Subject: Child Nutrition Cluster - Internal Controls
Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
Assistance Listing Number: 10.553, 10.555, 10.559
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Criteria: 2 CFR section 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Condition: An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the reporting compliance requirement.

Cause: The School Corporation's management had not developed a system of internal controls to ensure compliance with the reporting requirements.

Effect: The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs: There were no questioned costs identified.

Context: We noted that four in a sample of four claims, the Food Service Director prepared the sponsor claim reimbursement summary without a secondary, documented review before the submission of the claim to ensure the accuracy of the sponsor claim reimbursement summary. The Treasurer reviewed the claim after the submission when the money was received.

Identification as a repeat finding, if applicable: No.

Recommendation: We recommended that the School Corporation implement a documented, formal review of the claims before they are submitted for reimbursement.

Views of Responsible Officials and Planned Corrective Actions: For the views of the responsible officials, refer to the Corrective Action Plan that is part of this report.

CSC of Eastern Hancock County

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Finding 2022-001 – Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action: Adam Kinder
Contact Phone Number: 317-936-5444

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The corporation treasurer will work with grant coordinators to review and confirm information reported on the SEFA. The corporation treasurer will review this information with the superintendent prior to submission for final approval.

Anticipated Completion Date: Effective Immediately

Finding 2022-002 – Preparation of the Annual Financial Report (AFR)

Contact Person Responsible for Corrective Action: Adam Kinder
Contact Phone Number: 317-936-5444

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Effective immediately, all liability accounts will be included in the annual submission of the AFR. This will be done by the corporation treasurer and reviewed by the superintendent prior to submission.

Anticipated Completion Date: Effective Immediately

Finding 2022-003 – Child Nutrition Cluster - Reporting

Contact Person Responsible for Corrective Action: Tracy Wilson
Contact Phone Number: 317-936-5444

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: All claims submitted for federal reimbursement will be reviewed prior to submission. Control will be put in place to verify entries to sales reports through CNC website and initialed by two parties to confirm accuracy over the process.

Anticipated Completion Date: Effective Immediately