

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

**Paul D. Joyce, CPA
State Examiner**

SUPPLEMENTAL COMPLIANCE REPORT
OF
DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
DEKALB COUNTY, INDIANA
July 1, 2022 to June 30, 2024



FILED
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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Stephen W. Snider Brandon Penrod Mark Rohm	07-01-22 to 03-31-23 04-01-23 to 09-30-23 10-01-23 to 06-30-25
Superintendent of Schools	Steven Teders	07-01-22 to 06-30-25
President of the School Board	Heather M. Krebs Greg Lantz Valorie Armstrong	07-01-22 to 12-31-22 01-01-23 to 12-31-23 01-01-24 to 12-31-25



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TO: THE OFFICIALS OF THE DEKALB COUNTY CENTRAL UNITED
SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

This report is supplemental to the audit report of the Dekalb County Central United School District (School Corporation), for the period from July 1, 2022 to June 30, 2024. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with the Financial Statement Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit 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 24, 2025

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal controls were not in place to ensure compliance with laws, regulations, and uniform compliance guidelines established by the Indiana State Board of Accounts. The School Corporation was not in compliance with laws, regulations, and uniform compliance guidelines as detailed further in the following comments:

- Annual Financial Report
- Average Daily Membership (ADM)
- Monthly and Annual Uploads
- School Food Systems - Prepaid Food
- Ticket Sales (Applies to DeKalb High School Extracurricular)

Additionally, internal controls over the recording and reporting of the financial transactions of the School Corporation were deficient. As a result of the internal control deficiencies, material errors occurred and remained undetected.

Financial Close and Reporting

The School Corporation did not have a proper system of internal controls in place to ensure transactions in the records were accurately reported into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report and the financial statement. Although the School Corporation had established internal controls over financial close and reporting, the internal controls did not prevent, or detect and correct, misstatements in the comment below, entitled *ANNUAL FINANCIAL REPORT*.

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. . . ."

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B60922.

Condition and Context

The School Corporation is required to file financial reports after the close of each fiscal year. The reports are to be filed electronically as prescribed.

The School Corporation filed its reports as prescribed; however, the internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Annual Financial Report (AFR) and financial statement, were not effective.

The School Corporation failed to properly review the financial information prepared and submitted in Gateway. Although one employee prepared and entered the financial information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect or correct errors prior to submission.

Due to lack of effective internal controls, the AFRs presented for audit included the following errors:

Financial Data

- The Treasurer's Clearing fund was omitted from the financial statement, which understated financial activity in fiscal years 2022-2023 and 2023-2024. In 2022-2023, the beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance were understated by \$169,141, \$30,573,842, \$30,565,663, and \$177,320, respectively. In 2023-2024, the beginning cash and investments balance, receipts, disbursements, and ending cash and investments balances were understated by \$177,320, \$31,404,159, \$31,408,235, and \$173,244, respectively.
- The Self Insurance fund 2022-2023 disbursements were misclassified as Other Financing Uses in the amount of \$4,826,659. Also, the Self Insurance fund 2023-2024 receipts and disbursements were understated by \$2,408,270 and \$2,575,862, respectively, and the ending cash and investments balance was overstated by \$167,592.
- The Prepaid Food fund was omitted from the financial statement, which understated financial activity in 2022-2023 and 2023-2024. In 2022-2023, the beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance were understated by \$57,529, \$869,006, \$880,955, and \$45,580, respectively. In 2023-2024, the beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance were understated by \$45,580, \$931,151, \$909,375, and \$67,356, respectively.
- Five funds with individually immaterial transactions were omitted from the financial statement, which understated financial activity in 2022-2023 and 2023-2024. In 2022-2023, the beginning cash and investments balances, receipts, disbursements, and ending cash and investments balance were understated by \$11,670, \$124,388, \$80,269, and \$55,789, respectively. In 2023-2024, the beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance were understated by \$55,789, \$91,807, \$58,250, and \$89,346, respectively.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement and to the Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report of the School Corporation.

Leases and Debt

Due to the timing of payments, the annual lease payments due within one year as shown on the Schedule of Leases and Debt for the 2021 DMS & DHS Construction and Renovation bond and the 2023 WTL/DMS/DHS Deferred Maintenance bond were overstated by \$1,000,000 and \$1,611,000, respectively.

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

Federal Awards Expended

During the audit of the Schedule of Expenditures of Federal Awards (SEFA), which is compiled from the Grant Schedule on Gateway, we noted the following errors:

- The National School Lunch Program expenditures were understated by \$22,000 and \$1,111,420 for 2022-2023 and 2023-2024, respectively.
- The Title I Grants to Local Educational Agencies expenditures were understated by \$102,229 and \$277,765 for 2022-2023 and 2023-2024, respectively.
- The Emergency Connectivity Fund Program was omitted, which understated expenditures by \$243,750 for 2023-2024.
- The English Language Acquisition State Grants expenditures were understated by \$1,020 for 2022-2023.
- The Medical Assistance Program expenditures were overstated by \$1,073 for 2023-2024.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in the Federal Compliance Audit Report of the School Corporation.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. 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](#)."

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

AVERAGE DAILY MEMBERSHIP (ADM)

Condition and Context

The School Corporation did not have effective internal controls over its reporting for Average Daily Membership (ADM) and did not follow its own ADM policy #6250 in regard to certifying the ADM counts. The School Corporation's ADM policy states that the supporting documentation of the enrollment and attendance information by grade and school building must be signed by the building principal.

In addition, the School Corporation was unable to provide proof of residency documentation for 8 of the 28 students sampled for ADM testing.

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)

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The School Corporation did not properly complete all of the required monthly and annual uploads to the Indiana Gateway for Government Units (Gateway) financial reporting system. The School Corporation did not upload the Monthly Funds Ledger for two of the four months tested. Also, the School Corporation did not upload any of the required annual files during the audit period.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021, and Updated October 30, 2023, effective with the December 2023 monthly uploads due February 15, 2024, and the 2023 annual uploads due March 1, 2024)

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

SCHOOL FOOD SYSTEMS - PREPAID FOOD

Condition and Context

The School Corporation did not properly reconcile the subsidiary record of student's individual lunch account balances to the Prepaid School Lunch fund as of the end of June 30, 2023 and 2024. The Prepaid School Lunch fund was overstated by \$1,724 and \$26,551, respectively.

Criteria

The SBOA opinion is that money a student puts into their individual meal account (prepaid food account) should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while it is in the student's individual account balance, it should not be included in the School Lunch fund. It is required that the School Corporation set up a Prepaid School Lunch Accounts fund clearing account. When a student brings in a deposit the receipt would be recorded to the Prepaid School Lunch Accounts fund. Periodically, after the student has charged meals, the School Corporation should disburse the amount charged from the Prepaid School Lunch Accounts fund and receipt it into the School Lunch fund. At this point it is considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis the balance of the Prepaid School Lunch Accounts fund should be reconciled with the total of the individual meal accounts. The School Food Prescribed Forms and any approved computerized Forms will be required to be maintained in the following manner to accurately account for prepaid items. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 10)

TICKET SALES (Applies to DeKalb High School Extracurricular)

Condition and Context

During sporting events, prenumbered tickets are sold for \$6 each. At the end of the event, the ending ticket number is recorded next to the beginning number on the SA-4 Ticket Sales report to calculate the number of tickets sold. The dollar amount charged is calculated, compared to the amount received, and recorded in the extracurricular athletic fund.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

The following exceptions were noted during the audit of ticket sales:

- For fiscal year 2022-2023, Dekalb High School ECA was unable to provide SA-4 Ticket Sale reports for audit.
- For 2023-2024, one of the five sporting events tested noted that 98 more tickets were sold than money collected.
- For 2023-2024, one of the five sporting events tested noted collections of \$3 more than tickets sold.

Criteria

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form.

(Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 2)

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on February 24, 2025, with Steven Teders, Superintendent of Schools; Mark Rohm, Treasurer; Gina Buhr, Director of Business Operations; Valorie Armstrong, President of the School Board; and Tony Oneal, School Board member.

The comment entitled *Ticket Sales* was discussed in a separate exit on February 24, 2025, with Marcus Wagner, High School Principal, and Nancy Gurtner, High School Extracurricular Treasurer.