

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

COMPLIANCE EXAMINATION REPORT

OF

MUNCIE COMMUNITY SCHOOLS

DELAWARE COUNTY, INDIANA

July 1, 2022 to June 30, 2023



FILED

04/09/2024



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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April 9, 2024

To: The Officials of Muncie Community Schools
Muncie Community Schools
Delaware County, Indiana

This report is supplemental to the audit report of Muncie Community Schools (School Corporation), for the period July 1, 2022 to June 30, 2023. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the School Corporation. It should be read in conjunction with the financial statement audit report of the School Corporation, which provides an opinion on the School Corporation's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the School Corporation and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Muncie Community Schools prepared by Crowe LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report on pages 3 and 4.

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

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

Tammy R. White, CPA
Deputy State Examiner

MUNCIE COMMUNITY SCHOOLS

Delaware County, Indiana
July 1, 2022 to June 30, 2023

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MUNCIE COMMUNITY SCHOOLS
SCHEDULE OF OFFICIALS
July 1, 2022 to June 30, 2023

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brad DeRome	07-01-22 to 06-30-23
Director of Public Education	Dr. Lee Ann Kwiatkowski	07-01-22 to 06-30-23
President of the School Board	James Williams	07-01-22 to 06-30-23

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the Muncie Community Schools

We have examined the Muncie Community Schools ("School Corporation") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* during the period July 1, 2022 to June 30, 2023. Management of the School Corporation is responsible for the School Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the School Corporation's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the School Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the School Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* applicable to the School Corporation during the period July 1, 2022 to June 30, 2023, as described in items 2023-001, 2023-002, and 2023-003 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the aforementioned requirements during the period July 1, 2022 to June 30, 2023.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
March 19, 2024

MUNCIE COMMUNITY SCHOOLS
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 to June 30, 2023

FINDING 2023-001: AVERAGE DAILY MEMBERSHIP (ADM) COUNT DATES

Criteria: Officials shall maintain records (enrollment cards, records, rosters, reporting forms, etc.) which substantiate the number of students claim 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 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 Schools, Part 9).

Condition: The School adopted a student calendar for the 2022-2023 school year that included scheduled student holidays on the Fall 2022 ADM count dates as established by the Indiana State Board of Education (SBOE). The Spring 2023 ADM count date was scheduled for a regular classroom date. Indiana Department of Education (IDOE) instructions for reporting ADM for funding purposes state that “Students not enrolled and attending on Fall or Spring count dates are not reported on membership. Students may be counted for the Fall or Spring if they are enrolled and expected to be in attendance”. By scheduling a school holiday on an official count date the school is not in compliance with the IDOE’s count instructions which may disqualify them for funding for any students as the students did not meet the definition of “expected to be in attendance” on the count date because no student is expected to be in attendance on a scheduled school holiday.

Due to the count date issues reported above, school officials need to contact the Indiana Department of Education, Division of School Finance, to review the issues identified and determine if any steps to need to be taken to correct any attendance reporting or funding issues. This is a repeat finding from report B61035.

FINDING 2023-002: AVERAGE DAILY MEMBERSHIP (ADM) TESTING

Criteria: Officials shall maintain records (enrollment cards, records, rosters, reporting forms, etc.) which substantiate the number of students claim 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 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 Schools, Part 9).

Condition: During our testing, 11 virtual students in our sample of 60 virtual students selected for testing, was not regularly attending class during FY23. The students had no attendance in the two weeks prior to each ADM count date sampled.

The noncompliance was isolated to the virtual students sampled; no issues were noted in the sample of 60 brick and mortar students sampled.

Due to the count date issues reported above, school officials need to contact the Indiana Department of Education, Division of School Finance, to review the issues identified and determine if any steps to need to be taken to correct any attendance reporting or funding issues.

(Continued)

MUNCIE COMMUNITY SCHOOLS
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 to June 30, 2023

FINDING 2023-003: RECONCILEMENT OF THE PREPAID FOOD ACCOUNT

Criteria: When a student puts money into their individual meal account, it 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 money is in the student's individual account, the balance should not be included in Fund 800 School Lunch. A school should set up a clearing account with the fund number of 8400 Prepaid School Lunch Accounts which is included in Chapter 4 of the State Board of Accounts Uniform Compliance Guidelines for Indiana Public School Corporations. When a student brings in a deposit the receipt should be recorded to Fund 8400 using receipt account 1630 Special Functions. After the student has charged meals, you should disburse the amount charged from Fund 8400 using expenditure account 31900 Other Food Services and receipt this into Fund 800 using the Food Services receipt accounts 1611-1623 at the time established in a written school policy to ensure accurate monthly reporting. At this point the receipts are considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis it is required that the balance of the 8400 fund be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

Condition: The School Corporation maintains a Prepaid Lunch fund (8410 fund). The amount in the prepaid lunch was not reconciled to the meal accounts report at June 30, 2023. The amount in the meal accounts report, \$20,062 at June 30, 2023 did not agree to the amount, \$31,572 at June 30, 2023, reported in the prepaid lunch fund on the FY23 funds ledger.

MUNCIE COMMUNITY SCHOOLS
EXIT CONFERENCE
July 1, 2022 to June 30, 2023

The contents of this report were discussed on March 18, 2024 with Brad DeRome, CFO/Treasurer.