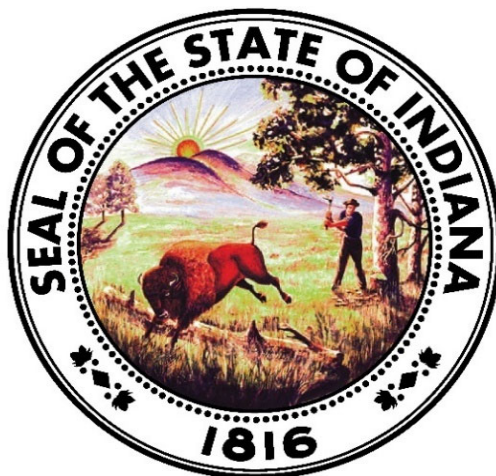


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT
OF
SILVER CREEK SCHOOL CORPORATION
CLARK COUNTY, INDIANA
July 1, 2021 to June 30, 2023



FILED
03/25/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dr. Thomas R. Brillhart (Vacant) Todd Balmer Allison Vanover	07-01-21 to 07-31-21 08-01-21 to 09-19-21 09-20-21 to 06-25-23 06-26-23 to 06-30-24
Superintendent of Schools	Dr. Chad S. Briggs	07-01-21 to 06-30-24
President of the School Board	Chris Rountree	07-01-21 to 06-30-24



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TO: THE OFFICIALS OF THE SILVER CREEK SCHOOL CORPORATION, CLARK COUNTY, INDIANA

This report is supplemental to the audit report of the Silver Creek School Corporation (School Corporation), for the period from July 1, 2021 to June 30, 2023. 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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

March 11, 2024

SILVER CREEK SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The same comment also appeared in prior Report B59311.

Condition and Context

The financial statement presented for audit included the following funds with overdrawn cash balances as of June 30, 2022 and 2023, which were the result of some grants operating on a reimbursement basis for which reimbursements were not claimed and received timely and uncorrected posting errors.

Fund	Amount Overdrawn 06-30-22	Amount Overdrawn 06-30-23
Mcdonald's Grant	\$ 37	\$ -
Part B 619 Fy19	26,928	29,507
Title IV Fy19	36,060	35,732
ARP Part B 611 Sped Education	17,060	-
Esser III	752,814	-
Esser III	-	75,298
Cares Act-Fed Stability Relief	534	534
2019/20 Nesp Grant	-	2,940
Ppd Meals Received	-	7,162

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

In an instance in which a unit receives a reimbursement grant, the unit must be claiming reimbursement in a timely manner. In this case, it would be possible for a fund to be overdrawn for a short period of time. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

ANNUAL FINANCIAL REPORT

A similar comment appeared in a Management Letter addressed to the Treasurer and Officials of the School Corporation for the audit period ending June 30, 2021.

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The School Corporation had not established effective internal controls over the AFR information entered into Gateway. Although one employee entered the information and another reviewed the information entered, the internal controls were not effective and did not detect and allow correction of errors prior to submission.

SILVER CREEK SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Due to ineffective internal controls, the AFR contained the following errors:

Financial Information

The financial information entered into Gateway was inaccurate and not reflective of the financial activity of the School Corporation's underlying financial records. The following immaterial errors were identified.

- Errors were identified with the Textbook Rental fund. For fiscal year 2021-2022, the beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance reported on the AFR were understated by \$396,693, \$308,735, \$311,864, and \$393,564, respectively. For 2022-2023, the beginning cash and investments balance and disbursements were understated by \$393,564 and \$428,437, respectively, and the ending cash and investments balance overstated by \$34,873.
- For 2021-2022, four funds' financial activity was not reported, resulting in the understatement of beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance in the amounts of \$4,454, \$80,656, \$50,237, and \$34,873, respectively.

Adjustments were proposed, accepted by the School Corporation, and made to the financial statements and 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 for the School Corporation.

Leases and Debt

For 2022-2023, the leases and debt information as reported into Gateway did not agree to supporting documentation as follows:

- Common School Loan B0379 was not reported on the AFR. This led to the ending principal balance and principal due within a year being understated by \$289,700 and \$28,970, respectively.
- Common School Loan B0408 was not reported on the AFR. This led to the ending principal balance and principal due within a year being understated by \$306,700 and \$30,670, respectively.
- Common School Loan B0445 was not reported on the AFR. This led to the ending principal balance and principal due within a year being understated by \$304,300 and \$30,430, 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 for the School Corporation.

Capital Assets

For 2022-2023, capital assets reported was overstated by \$13,693,044 for the Other Non-Depreciable Asset category.

Adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Capital Assets presented as Other Information in the Financial Statement Audit Report for the School Corporation.

SILVER CREEK SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Grant Schedule

The grant schedule as reported on Gateway contained the following errors:

- The Child Nutrition Cluster had errors that resulted in misstatements of expenditures of \$785,922, in total.
- The Special Education Cluster (IDEA) had errors that resulted in misstatements of expenditures of \$613,989, in total.
- Several additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$762,033, in total.
- Other errors included incorrect program names, identifying numbers, pass-through entities, and local project names.

Audit adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Expenditures of Federal Awards presented in the Federal Compliance Audit Report for 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](#)."

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. . . ."

SILVER CREEK SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

PREPAID SCHOOL MEAL ACCOUNTS

The same comment also appeared in prior Report B59311.

Condition and Context

The School Corporation did not perform monthly reconciliements of the Ppd Meals Received fund control account (clearing account) to the detailed subsidiary records of the student prepaid meal accounts.

At June 30, 2022, a comparison of the clearing account to the detailed subsidiary records indicated that the subsidiary balance was \$13,405 more than the clearing account balance reported in the financial statement. At June 30, 2023, a comparison of the clearing account to the detailed subsidiary records indicated that the subsidiary balance was \$33,776 more than the clearing account balance reported in the financial statement.

Criteria

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 the balance should not be included in the School Lunch fund. It is required that you 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, you 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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 10)

SILVER CREEK SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 11, 2024, with Dr. Chad S. Briggs, Superintendent of Schools; Todd Balmer, Assistant Superintendent of Schools/Chief Financial Officer; Chris Rountree, President of the School Board; Allison Vanover, Treasurer; and Rachel Bright, School Board member.