

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MICHIGAN CITY AREA SCHOOLS

LAPORTE COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

11/12/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lance E. Werner (Vacant) Robert Harris Kevin McGuire Lisa Rosinko (Vacant)	07-01-21 to 10-26-21 10-27-21 to 11-04-21 11-05-21 to 05-31-22 06-01-22 to 09-05-23 09-06-23 to 07-12-24 07-13-24 to 12-31-24
Superintendent of Schools	Dr. Barbara Eason-Watkins (Vacant) Dr. Wendel McCollum	07-01-21 to 08-02-24 08-03-24 to 08-04-24 08-05-24 to 12-31-24
President of the School Board	Marty M. Corley	07-01-21 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE MICHIGAN CITY AREA SCHOOLS, LAPORTE COUNTY, INDIANA

This report is supplemental to the audit report of the Michigan City Area Schools (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.

Beth Kelley, CPA, CFE
Deputy State Examiner

October 15, 2024

MICHIGAN CITY AREA SCHOOLS
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal control deficiencies resulted in the noncompliance over:

- Financial Transactions and Recording
- Penalties, Interest, and Late Fees
- Prepaid School Meal Accounts
- Monthly and Annual Uploads
- Average Daily Membership (ADM) - Lack of Records
- Average Daily Membership (ADM) - Incorrect Reporting to State
- Overdrawn Cash Balances
- Annual Financial Report - Late Submission
- Annual Financial Report
- Contract Uploads

These internal control deficiencies are further detailed in the comments below.

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. . . ."

MICHIGAN CITY AREA SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

The School Corporation had not separated incompatible activities related to cash and investments, receipts, disbursements, other financing sources and uses, and financial reporting. Segregation of duties for each of these areas had not been properly designed or implemented to prevent, or detect and correct, errors. The magnitude of these errors caused a significant delay to audit completion.

Cash and Investments - Bank Reconcilements

The School Corporation did not establish internal controls over cash and investments, including the completion of depository reconciliations of the bank account balances to the fund balances. On June 1, 2021, the School Corporation changed its financial software. The School Corporation had difficulty completing bank reconcilements with the change in its financial software. During the course of the audit, it was discovered that the School Corporation did not have all the monthly bank reconcilements complete or financial statements that were materially accurate.

Depository reconciliations were updated for June 30, 2022, and June 30, 2023, to include a reconciliation of the bank account balances to the fund balances. As of June 30, 2022, there was an unidentified difference between the reconciled bank account balances and the financial statement fund balances of \$122,614.

Receipts

The School Corporation did not properly design or implement effective internal control activities related to receipts to ensure the accuracy, timeliness, and completeness of the ledgers. In addition, a review process was not designed, implemented, or documented for collections received, receipted, and deposited to the bank.

We noted 39 instances out of 154 tested in which state and local distributions were deposited directly to the School Corporations bank account as Electronic Fund Transfers (EFT); however, the EFT was not receipted or recorded in the School Corporation's ledger timely. Delays of up to 177 days were noted between the receipt of the distribution and posting to the records.

In addition, we noted 2 instances out of the 3 receipts tested for childcare in which cash collections were not receipted timely. In the first instance, receipts for the School Corporation's childcare and summer camp program were issued for \$25,572 in cash and \$210 in checks for the months of April 2022 through September of 2022. However, the childcare program did not remit the cash or checks collected to the School Corporation until October 5, 2022, when it was receipted by the School Corporation. In the second instance, the childcare program did not remit cash collections of \$16,477 received from September 2022 through December 2022 until the end of December 2022 to the School Corporation.

MICHIGAN CITY AREA SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Disbursements

The School Corporation did not have a review process for disbursements made by EFT. EFTs were completed with manual checks, and the manual checks were not included on the School Board dockets for approval. Documentation of the approval process for EFTs for payroll withholdings and debt payments could not be provided.

There was also no oversight or review after vendor or payroll disbursements were processed to ensure they were posted accurately and timely to the ledger. For instance, of the \$14,308,574, in debt payments made by the School Corporation for the 2022-2023 school year, \$4,552,000 in debt payments were posted as an adjusting entry 180 days after the payment was made by the bank in June of 2022. In addition, the Payroll Clerk enters in pay rates and hour totals; however, there is no documented review by another individual to verify they are calculated and posted properly. Furthermore, there was no documented approval of the payroll claim docket or payroll distribution reports for the School Corporation as a whole by the School Board or Chief Financial Officer during our audit period.

Financial Close and Reporting

The School Corporation did not implement effective internal controls over financial close and reporting. The School Corporation submitted financial information on the Indiana Gateway for Government Units (Gateway) financial reporting system for the Annual Financial Report (AFR). The AFR was submitted without evidence of an oversight or review process to ensure the accuracy and completeness of the financial information submitted. The AFR was used to compile the financial statement for the Indiana State Board of Accounts to audit. The compiled financial statement from the AFR did not materially agree with the records of the School Corporation.

It was later determined, by the Indiana State Board of Accounts, that the School Corporation had not reconciled the depository accounts to the fund balances for the entire audit period and material receipts and disbursements had not been posted to the records or included the financial statements uploaded to Gateway. As a result, the School Corporation hired a consultant to assist in posting the records, reconciling the depository accounts to the fund balances, and preparing new financial statements to upload to Gateway.

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 Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

MICHIGAN CITY AREA SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

Indiana Code 5-13-6-1(g) states in part:

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

- (2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.
- (3) A city or a town required to deposit funds under subsection (d). . . ."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

PENALTIES, INTEREST, AND LATE FEES

Condition and Context

When testing disbursements, we noted several instances where the School Corporation paid late fees, penalties, and interest for untimely payments. During the audit period, we noted the following:

- Credit card payments were not paid timely and included a total of \$289 in late fees and \$7,284 of interest payments for the audit period.
- The School Corporation incurred penalties of \$10,413 on December 31, 2021, for the late payment of taxes to the Indiana Department of Revenue after the due date on March 21, 2022.

MICHIGAN CITY AREA SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

PREPAID SCHOOL MEAL ACCOUNTS

A similar comment also appeared in prior Report B61241.

Condition and Context

Monthly reconcilements of the individual meal account balances to the Pre-paid Food Service fund were not performed. The balance of the Pre-paid Food Service fund exceeded the individual meal account balances by \$10,461 and \$2,490 at June 30, 2022, and June 30, 2023, respectively.

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 Fund 8400 be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include the following:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists.
- Approved School Board minutes.
- Funds Ledger summarizing total receipts, disbursements, and beginning and ending balances by fund.

MICHIGAN CITY AREA SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

The School Corporation did not comply with the State Examiner Directive and did not upload any of the fund ledgers summarizing total receipts, disbursements, and balances for any month for either school year on the Indiana Gateway for Government Units (Gateway) financial reporting system.

Annual upload requirements include the following:

- Year-end Investment Statements.
- Detail of Receipts.
- Detail of Disbursements.
- Annual Vendor History Report.
- Annual Payroll History Report without social security numbers.
- Annual Funds Ledger summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund.
- School Lunch Prepaid Account Balance Report as of June 30.
- Approved Salary Schedule for Noncertified Employees and Amendments.

The School Corporation did not comply with the State Examiner Directive and did not upload year-end investment statements, detail of receipts, detail of disbursements, approved salary schedule for noncertified employees and amendments, annual payroll history report without Social Security numbers, and annual vendor history report for any of the engagement years on Gateway.

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)

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)

MICHIGAN CITY AREA SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

Condition and Context

The School Corporation did not follow its own policy for Required Average Daily membership (ADM) Counts for the Purpose of State Funding and Verification of Residency for Membership Policy #6250 and ensure the proof of residency documentation and other required enrollment documents were retained for all students reported in its ADM counts submitted to the Indiana Department of Education throughout the audit period. The policy states that the supporting documentation of enrollment and attendance information by grade and school building must be signed by the building principal and be retained for audit purposes to substantiate the ADM count claimed. The School Corporation did not retain any supporting documentation to document a review over the ADM counts from each school in the district.

The School Corporation was unable to provide a copy of the signed certification of ADM for the count in fall of 2021 that the Superintendent of Schools and Chief Financial Officer signed.

The School Corporation did not follow its own Attendance Policy #5200, Determination of Legal Settlement and Eligibility for Enrollment #5111, and Student Records Policy #8330 that were adopted. We noted the following instances of noncompliance:

- The School Corporation was unable to provide documentation for proof of residency for 41 of the 63 brick and mortar students tested and for 44 of the 62 virtual students tested.
- The School Corporation was unable to provide documentation to verify the student met the age requirement (birth certificate) for 14 of the 63 brick and mortar students that were tested and for 40 of the 62 virtual students tested.
- The School Corporation was unable to provide documentation of enrollment for 8 of the 63 brick and mortar students tested and for 19 of the 62 virtual students tested.

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.

MICHIGAN CITY AREA SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

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)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

Condition and Context

For fiscal year 2021-2022, there were differences identified between the Membership Report (ME Report) submitted to the Indiana Department of Education and the State Tuition Support Worksheet created by the School Corporation. The ME Report for September 2021 listed 284 virtual students; however, on the State Tuition Support Worksheet for the same period, the 284 virtual students were designated as brick and mortar students. Funding for some students enrolled in a virtual program is calculated at 85 percent of the funding of brick and mortar students.

Criteria

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 Officials shall contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN CASH BALANCES

Condition and Context

The financial statement presented in the Financial Statement Audit Report included the following funds with overdrawn cash balances at June 30, 2022 and 2023:

MICHIGAN CITY AREA SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Fund	Amount Overdrawn June 30, 2022	Amount Overdrawn June 30, 2023
Student Well-B	\$ -	\$ 417
2022 Mccec - Safe Harbor	-	1,043
2021 Camp - Mccec	5,158	5,158
22/23 Ad Ed	-	165,107
20/21 Nesp	981	981
20/21 Sacc	363	363
21/22 Sacc	27,744	41,513
22/23 Sacc	-	35,231
Idem Grant #2	224,653	224,653
20/21 Title I	1,223	1,573
21/22 Title I	-	40,434
Arp-Hcy li	-	1,843
21-22 Sped Federal	327,272	757,188
Fy2021 Preschool	-	401
21-22 Sped Preschool	12,178	23,167
22/23 Adult Education	-	32,872
Ffy 2021 Title IV	4,526	48,424
22/23 Carl Perkins	-	246,043
21/22 Perkins Assessment	5,514	5,636
2022 Perkins Reserve	52,562	79,698
22/23 Perkins Assessment	-	5,400
Cohort 9 Yr 4	11,395	113,305
Cohort 10 Yr 1	119,487	135,909
Cohort 10 Yr 2	-	149,516
Cohort 11 Yr 1	-	243,892
Fy 2019 Title II	1,758	1,758
Ffy 2021 Title II	28,843	329,041
Comprehensive Counseling	-	10,849
Esser II	-	3,560,871
Geer Grant	2,813	27,264
Fy2021 Special Ed Federal	3,348	-
20/21 Title IV	22,832	-
Title III (2)	2,136	-
2021 Arp - Sped	4,617	-
Esser III	54,699	4,006,250
Pre-Paid Food Service	-	2,056
Clearing Account	-	577,161

Funds with overdrawn cash balances as a result of grant expenditures awaiting reimbursement or received as of June 6, 2024, were not included in the list above. The primary factor for the overdrawn funds was that disbursements exceeded receipts and grant reimbursement requests were not being submitted timely.

MICHIGAN CITY AREA SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

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)

ANNUAL FINANCIAL REPORT - LATE SUBMISSION

Condition and Context

The 2021-2022 and 2022-2023 Annual Financial Reports filed with the Indiana State Board of Accounts through the Indiana Gateway for Government Units financial reporting system were filed 36 and 2 days after the respective due dates.

Criteria

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Compliance Guidelines Compliance Manual for Indiana Public School Corporations, Chapter 1)

ANNUAL FINANCIAL REPORT

Condition and Context

Financial, supplemental, 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 financial statement, grants, accounts payable and receivable, capital assets, and leases and debt information entered into Gateway contained the following errors:

Financial Statement and Other Information - Combining Schedules

The School Corporation's Financial Data by Fund for receipts and disbursements were understated for the end of year June 30, 2022, and June 30, 2023. At the end of the year on June 30, 2022, the receipts were understated by \$18,287,795 and disbursements by \$18,532,183. At the end of year on June 30, 2023, the receipts were understated by \$23,613,113 and disbursements by \$23,520,248. The School Corporation corrected the original fund information in Gateway on August 15, 2024, and uploaded corrected AFRs, and the fund report materially agrees to the audited final financials.

Grants

- The Child Nutrition Cluster expenditures were understated by \$245,536 and overstated by \$377,539 for fiscal years 2021-2022 and 2022-2023, respectively.
- The Twenty-First Century Community Learning Centers Grant was understated by \$279,567 for the fiscal year 2022-2023.

MICHIGAN CITY AREA SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

- Eight other grants had individual errors that resulted in total understatements of expenditures of \$673,373.
- Other errors included incorrect program names, federal assistance listings numbers, and identifying numbers.

Audit adjustments were proposed, accepted by the School Corporation, made to the Schedule of Expenditures of Federal Awards presented in the Federal Compliance Audit Report of the School Corporation.

Accounts Payable and Receivable

The School Corporation was unable to provide documentation to support the payables information entered into Gateway and did not submit receivable information. As a result, the School Corporation approved the omission of the Schedule of Payables and Receivables from the Financial Statement Audit Report of the School Corporation.

Capital Assets

The School Corporation was unable to provide documentation to support the capital asset information entered into Gateway. The capital asset detail provided was completed at the end of the calendar year December 31, 2021, and also on December 31, 2023, not at the end of the School Corporation's fiscal year, which ends on June 30, 2022, and June 30, 2023. The School Corporation could not provide a detailed report of capital assets for June 30, 2022, and June 30, 2023. As a result, the School Corporation approved the omission of the Schedule of Capital Assets from the Financial Statement Audit Report of the School Corporation.

Leases and Debt

The School Corporation overstated the notes and loans payable ending principal balance by \$38,605,000 and overstated the principal due within one year by \$86,250,000, as of June 30, 2023.

Adjustments were proposed, accepted by the School Corporation, made to the Schedule of Leases and Debt presented as Other Information in the Financial Statement 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](#)."

MICHIGAN CITY AREA SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

CONTRACT UPLOADS

Condition and Context

Internal controls were not in place to ensure compliance with requirements related to uploading contracts to the Indiana Transparency Internet website.

The School Corporation did not upload a digital copy of all its contracts that exceeded \$50,000 to the Indiana Transparency Internet web site.

Criteria

Indiana Code 5-14-3.8-3.5 states in part:

". . . (b) As used in this section, 'contract' includes all pages of a contract and any attachments to the contract.

(c) A political subdivision shall upload a digital copy of a contract to the Indiana transparency Internet web site one (1) time if the total cost of the contract to the political subdivision exceeds fifty thousand dollars (\$50,000) during the term of the contract. This subsection applies to all contracts for any subject, purpose, or term, except that a political subdivision is not required to upload a copy of an employment contract between the political subdivision and an employee of the political subdivision. In the case of a collective bargaining agreement, the political subdivision shall upload a copy of the collective bargaining agreement and a copy of a blank or sample individual employment contract. A political subdivision shall upload the contract not later than sixty (60) days after the date the contract is executed. If a political subdivision enters into a contract that the political subdivision reasonably expects when entered into will not exceed fifty thousand dollars (\$50,000) in cost to the political subdivision but at a later date determines or expects the contract to exceed fifty thousand dollars (\$50,000) in cost to the political subdivision, the political subdivision shall upload a copy of the contract within sixty (60) days after the date on which the political subdivision makes the determination or realizes the expectation that the contract will exceed fifty thousand dollars (\$50,000) in cost to the political subdivision. . . ."



Michigan City Area Schools
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Official Response

October 28, 2024

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

RE: Michigan City Area Schools Official Audit

The School Corporation has implemented a system of internal controls to ensure all employees are trained and there is proper segregation of duties.

Tracey Haas, MBA
Deputy Treasurer



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Official Response

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RE: Michigan City Area Schools Official Audit

The School Corporation has implemented a system of internal controls to ensure proper review of all financial data before financial report submissions, timely posting of receipts and bank reconciliations.

Tracey Haas, MBA
Deputy Treasurer



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RE: Michigan City Area Schools Official Audit

The School Corporation has implemented a system of internal controls to ensure all payments are made timely to avoid any interest, late fees, or penalties in the future.

Tracey Haas, MBA
Deputy Treasurer



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October 28, 2024

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RE: Michigan City Area Schools Official Audit

The School Corporation has implemented a system of internal controls to ensure all monthly and annual financial and board minutes are uploaded to Gateway timely.

Tracey Haas, MBA
Deputy Treasurer



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RE: Michigan City Area Schools Official Audit

The School Corporation has implemented a system of internal controls to ensure proper documentation is received and proper record keeping is in place for all students at every grade level.

Tracey Haas, MBA
Deputy Treasurer



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Official Response

October 28, 2024

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

RE: Michigan City Area Schools Official Audit

The School Corporation has implemented a system of internal controls to ensure all Average Daily Membership (ADM) reports are accurate before submitting. The School Corporation will take necessary steps to correct any overpayments/underpayments that may apply to the School due to incorrect reporting.

Tracey Haas, MBA
Deputy Treasurer



Michigan City Area Schools
Administration
408 S. Carroll Ave
Michigan City, Indiana 46360
219-873-2000 x 8346
thaas@mcas.k12.in.us

Official Response

October 28, 2024

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

RE: Michigan City Area Schools Official Audit

The School Corporation has implemented a system of internal controls to ensure all monthly reimbursements are requested to prevent overdrawn cash balances.

Tracey Haas, MBA
Deputy Treasurer



Michigan City Area Schools
Administration
408 S. Carroll Ave
Michigan City, Indiana 46360
219-873-2000 x 8346
thaas@mcas.k12.in.us

Official Response

October 28, 2024

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

RE: Michigan City Area Schools Official Audit

The School Corporation has implemented a system of internal controls to ensure compliance with the Annual Financial Report submission deadlines.

Tracey Haas, MBA
Deputy Treasurer



Michigan City Area Schools
Administration
408 S. Carroll Ave
Michigan City, Indiana 46360
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thaas@mcas.k12.in.us

Official Response

October 28, 2024

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

RE: Michigan City Area Schools Official Audit

The School Corporation has implemented a system of internal controls to ensure Annual Financial Report data has been reviewed, corrected and approved before submission.

Tracey Haas, MBA
Deputy Treasurer



Michigan City Area Schools
Administration
408 S. Carroll Ave
Michigan City, Indiana 46360
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Official Response

October 28, 2024

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

RE: Michigan City Area Schools Official Audit

The School Corporation has implemented a system of internal controls to ensure compliance with requirements for uploading vendor contracts to the Indiana Transparency Internet Website.

Tracey Haas, MBA
Deputy Treasurer

MICHIGAN CITY AREA SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on October 15, 2024, with Dr. Wendel McCollum, Superintendent of Schools; Cathy Bildhauser, Associate Superintendent of Schools; Marty M. Corely, President of the School Board; Jenilee Haynes-Peterson, School Board member; Tracey Haas, Deputy Treasurer; and Tyler Smith, Consultant.