

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

METROPOLITAN SCHOOL DISTRICT OF
NEW DURHAM TOWNSHIP
LAPORTE COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
05/28/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Audit Result and Comment: Overdrawn Cash Balances	4
Official Response	5
Exit Conference	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sherie Breitenbach Terri Stachowiak	07-01-16 to 04-26-18 04-27-18 to 06-30-19
Superintendent of Schools	Dr. Curtiss A. Strietelmeier Lynn Johnson Sandra Wood	07-01-16 to 01-04-18 01-05-18 to 06-30-18 07-01-18 to 06-30-19
President of the School Board	Wayne Hodge Lynn Wilson Karen Jedrysek	07-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-19



STATE OF INDIANA
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TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF NEW DURHAM TOWNSHIP, LAPORTE COUNTY, INDIANA

This report is supplemental to our audit report of the Metropolitan School District of New Durham Township (School Corporation), for the period from July 1, 2016 to June 30, 2018. 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 our Financial Statement Audit Report of the School Corporation, which provides our opinion 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

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

April 10, 2019

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCES

The same comment also appeared in the immediately prior Report B48482.

The financial statement presented for audit included the Textbook Rental fund with overdrawn cash balances of \$159,172 and \$95,358 at June 30, 2017, and June 30, 2018, respectively.

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)

METROPOLITAN SCHOOL DISTRICT of NEW DURHAM TOWNSHIP

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Administration

Dr. Sandra M. Wood, Superintendent
Alissa L. Schnick, Secondary Principal
Brian A. Ton, Elementary Principal
Josh Goeringer, Athletic Director/Asst. Principal

Board of Trustees

Karen N. Jedrysek, President
Vicki L. Hannon, Vice President
Mark Parkman, Secretary
Lynn M. Wilson, Deputy Secretary
Wayne R. Hodge, Member

Official Response

State Board of Accounts
302 W Washington Street, RM E 418
Indianapolis, IN 46204-2765

Please let this letter serve as our official response from the Metropolitan School District of New Durham Township concerning the recent audit for the term July 1, 2016 to June 30, 2018.

First, I would like to thank the auditor, Nick Canham, for his professionalism during our Audit. Mr. Canham was courteous when on site and patient with online requests to the administration. Requests were exact in nature and Mr. Canham assisted with the online format we were to use when uploading documents.

Overdrawn Textbook Fund Balances:

The deficit in the Textbook Rental Fund is a result of IC 20-26-12-2 which states in part "(a) A governing body may purchase from a contracting publisher, at a price equal to or less than the net contract price, any textbook adopted by the state board and selected by the proper local officials. The governing body may rent these textbooks to students enrolled in any public or nonpublic school that is: (1) in compliance with the minimum certification standards of the state board; and (2) located within the attendance unit served by the governing body. The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the textbooks."

Therefore, only twenty-five percent (25%) of the retail price of a textbook may be collected annually. Each year our school corporation pays in full the cost of the new textbook adoption. Because of this collection procedure set by IC 20-26-12-2, the Textbook Rental Fund would never be in the black.

Additionally, the State of Indiana does not compensate school corporations at one hundred percent (100%) of unreimbursed textbook expense from free/reduced lunch students. State law has allowed us to tax for any difference between the unreimbursed amount submitted and the amount the State of Indiana pays, but not to be collected until the following budget year. Unfortunately, the reimbursement and tax collection does not include the expense of any free/reduced lunch students after the cut-off date of October 1st.

Still, in the midst of this adversity, our school corporation continues to explore options to reduce the Textbook Rental Fund deficit. A decrease in deficit was recognized when we introduced a credit card payment option. In the future, we plan to implement online registration with an opportunity to pay at time of registration to promote timely payments from parents.



Sandra Wood, Superintendent

Date: 4-17-19

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
EXIT CONFERENCE

The contents of this report were discussed on April 10, 2019, with Sandra Wood, Superintendent of Schools; Sherie Breitenbach, former Treasurer; Terri Stachowiak, Treasurer; Kathy Riffett, Deputy Treasurer; Karen Jedrysek, President of the School Board; Vicki Hannon, Vice President of the School Board; and Greg Dettinger, Superintendent of Schools Intern.