

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

METROPOLITAN SCHOOL DISTRICT
OF WARREN TOWNSHIP
MARION COUNTY, INDIANA

July 1, 2017 to June 30, 2019



FILED
03/11/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	David Holt	07-01-17 to 12-31-20
Superintendent of Schools	Dr. Dena Cushenberry Dr. Timothy Hanson	07-01-17 to 06-30-18 07-01-18 to 06-30-22
President of the School Board	Anthony Mendez Julie French Terri Amos Rachel Burke	07-01-17 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-19 01-01-20 to 12-31-20



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TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF WARREN TOWNSHIP, MARION COUNTY, INDIANA

This report is supplemental to our audit report of the Metropolitan School District of Warren Township (School Corporation), for the period from July 1, 2017 to June 30, 2019. 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 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.

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

February 26, 2020

METROPOLITAN SCHOOL DISTRICT OF WARREN TOWNSHIP
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

Repeat Comment

This is a repeat comment from the immediately two prior audit Reports B48842 and B52009, entitled *OVERDRAWN CASH BALANCES*.

Condition and Context

The financial statement included in the Financial Statement Audit Report of the School Corporation reported the following non-grant funds with overdrawn cash balances at June 30, 2018 and 2019:

Fund	Amount Overdrawn	
	June 30, 2018	June 30, 2019
Textbook Rental	\$ -	\$ 366,242
Dollar General Literacy	-	33,730
Warren Central High School Grants	82,762	77,512
Warrior Pride Clean Up	4,860	4,793
WCC - Building Trades	-	1,613
Payroll Clearing Account	8,857,251	12,500,604

The deficit balance in the Payroll Clearing Account fund has increased significantly during the audit period. The effect of this on the total cash and investments reported on the financial statement can be seen where the balance is \$21,953,082 at July 1, 2017, and \$11,366,821 at June 30, 2019.

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)

METROPOLITAN SCHOOL DISTRICT OF WARREN TOWNSHIP
AUDIT RESULTS AND COMMENTS
(Continued)

TRANSFERS TO EDUCATION AND OPERATIONS FUNDS

As of January 1, 2019, the School Corporation failed to establish the Education fund and the Operations fund as required by statute. The balance of the General fund, School Transportation fund, School Bus Replacement fund, and Capital Projects fund had not been transferred into the Education fund or the Operations fund as of the end of the audit period.

Criteria

Indiana Code 20-40-2-7(a) states: "On January 1, 2019, the balance, as of December 31, 2018, in the school corporation's general fund shall be transferred to the education fund."

Indiana Code 20-40-18-1 states: "The governing body of each school corporation shall create an operations fund to be used by the school corporation after December 31, 2018."

Indiana Code 20-40-18-12(a) states:

"After December 31, 2018, any property taxes collected from a levy imposed under any of the following shall be deposited in the operations fund:

- (1) IC 20-46-4 (school transportation levy) (repealed).
- (2) IC 20-46-5 (school bus replacement levy) (repealed).
- (3) IC 20-46-6 (capital projects levy) (repealed).
- (4) IC 36-10-13 (art association and historical society levies).(5) IC 36-10-14 (public playground levy)."

METROPOLITAN SCHOOL DISTRICT OF WARREN TOWNSHIP
EXIT CONFERENCE

The contents of this report were discussed on February 26, 2020, with David Holt, Treasurer; Dr. Timothy Hanson, Superintendent of Schools; Rachel Burke, President of the School Board; Lisa Hedge, Accounting Manager; and Mason Gallmeyer, Director of Business Operations.