

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TRI-CREEK SCHOOL CORPORATION

LAKE COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED

06/25/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dana Bogathy	07-01-18 to 06-30-21
Superintendent of Schools	Rod Gardin Debra K. Howe (interim)	07-01-18 to 02-22-21 02-23-21 to 06-30-21
President of the School Board	Michelle Dumbsky Douglas Ward	07-01-18 to 12-31-20 01-01-21 to 06-30-21



STATE OF INDIANA
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TO: THE OFFICIALS OF THE TRI-CREEK SCHOOL CORPORATION, LAKE COUNTY, INDIANA

This report is supplemental to our audit report of the Tri-Creek School Corporation (School Corporation), for the period from July 1, 2018 to June 30, 2020. 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

June 7, 2021

TRI-CREEK SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

Condition and Context

The School Board approved rate increases each fiscal year for salaried and hourly employees. However, a salary schedule was not approved for all non-contracted employees at the beginning of each fiscal year. Because salary schedules were not maintained, it was difficult to substantiate that the hourly rates paid to the non-contracted staff were in compliance with School Board approved rates.

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

IC 20-26-5-4(a)(8) gives the board of school trustees the power to fix and pay the compensation of noninstructional employees, classify such persons or services and adopt schedules of salaries or compensation. Such salary or compensation schedules must be made a part of the board minutes when not entering into written contracts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PREPAID LUNCH ACCOUNT

Condition and Context

Reconciliations

Monthly reconciliations of all the students' individual meal account balances to the Prepaid Lunch fund (clearing account) were not performed. A comparison of the Prepaid Lunch fund balance to the students' individual meal account balances on June 30, 2019 and 2020, is as follows:

TRI-CREEK SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

	As of June 30,	
	2019	2020
Cash and Investment Balance - Prepaid Lunch fund	\$ 32,148	\$ 52,804
All Students' Individual Meal Account Balances	30,692	51,179
Variance in Unreconciled Funds	\$ 1,456	\$ 1,625

Transactions

Deposits are posted to students' prepaid account balances and recorded in the Prepaid Lunch fund as receipts. Monthly, the School Corporation transferred the amounts for the meals sold from the Prepaid Lunch fund to the School Lunch fund via a negative receipt adjustment instead of as a disbursement. The receipts and disbursements, although correctly reported in the financial statement, were not properly recorded in the ledger.

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)



*"The Tri-Creek School Corporation and Community ...
Engaged to Learn ... Equipped to Achieve ... Empowered to Succeed"*

June 17, 2021

State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, IN 46204-2765

RE: Official Response

To Whom It May Concern:

Please allow this correspondence to serve as the official response from the Tri-Creek School Corporation to the audit results and comments for the audit period ending June 30, 2020.

Compensation and Benefits

The Tri-Creek School Corporation acknowledges it does not approve a salary schedule for all non-contracted employees on an annual basis. In the future, the corporation will have the School Board approve, at the beginning of the school year, a list of all positions with a salary range for each position. The School Board will continue to approve rate increases as they have in the past.

Prepaid Lunch Account

The corporation acknowledges that it did not perform monthly reconciliations of the Prepaid Lunch fund to the students' individual meal account balances. Going forward, the Assistant Food Service Director and Deputy Treasurer will work together to reconcile the account. Once the account is reconciled, the Assistant Food Service Director will perform monthly reconciliations of the Prepaid Lunch fund to the students' individual meal account balances.

The corporation acknowledges that disbursements made from the Prepaid Lunch fund were not properly recorded in the ledger. Beginning in July 2021, the Assistant Food Service Director will transfer amounts for meals sold from the Prepaid Lunch fund to the School Lunch fund via disbursements rather than negative receipts.

Sincerely,

Dana M. Bogathy
Business Manager

TRI-CREEK SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on June 7, 2021, with Dana Bogathy, Treasurer; Aaron Prybylla, Deputy Treasurer; Debra K. Howe, interim Superintendent of Schools; Douglas Ward, President of the School Board; and Diana Damm, School Board member.