

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BROWNSBURG COMMUNITY SCHOOL CORPORATION

HENDRICKS COUNTY, INDIANA

July 1, 2018 to June 30, 2020



**FILED**  
06/30/2021



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Barry Gardner Shane Hacker	07-01-18 to 06-30-19 07-01-19 to 06-30-21
Superintendent of Schools	Dr. James Snapp	07-01-18 to 06-30-21
President of the School Board	Phil Utterback Eric Hylton	07-01-18 to 12-31-19 01-01-20 to 06-30-21



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE BROWNSBURG COMMUNITY SCHOOL CORPORATION, HENDRICKS COUNTY, INDIANA

This report is supplemental to our audit report of the Brownsburg Community 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/](http://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 14, 2021

BROWNSBURG COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**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 properly designed and implemented an effective system of internal controls to prevent, or detect and correct, material errors on its financial statement.

The financial statement contained a number of errors and did not accurately reflect the activity of the School Corporation.

1. Certificates of deposits and other similar investments were not included in the cash and investment balances.
2. Transfers In and Transfers Out were not recorded consistently throughout the audit period. Bank transfers were included as receipts and disbursements in the financial statement.

In total, the receipts, disbursements, other financing sources (uses), and cash and investment balances were over(under)stated as follows:

Fund	Cash and Investments 07-01-18	Receipts	Disbursements	Other Financing Sources(Uses)	Cash and Investments 06-30-19
Education	\$ -	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000
Local Rainy Day	2,839,137	2,000,000	-	(839,137)	4,000,000
2017 Lincoln High School	-	-	-	12,500,000	12,500,000
QSCB 2009 Bond Sinking Fund	1,008,762	-	(1,251,616)	(1,135,378)	1,125,000
QSCB 2010 Bond Sinking Fund	1,174,125	-	(1,230,861)	(1,279,986)	1,125,000
<b>Totals</b>	<b><u>\$ 5,022,024</u></b>	<b><u>\$ 2,000,000</u></b>	<b><u>\$ (2,482,477)</u></b>	<b><u>\$ 11,245,499</u></b>	<b><u>\$ 20,750,000</u></b>

Fund	Cash and Investments 07-01-19	Receipts	Disbursements	Other Financing Sources(Uses)	Cash and Investments 06-30-20
Education	\$ 2,000,000	\$ -	\$ -	\$ (2,000,000)	\$ -
Local Rainy Day	4,000,000	-	-	(4,000,000)	-
2017 Lincoln High School	12,500,000	69,069	-	(12,569,069)	-
QSCB 2009 Bond Sinking Fund	1,125,000	(984,018)	(1,325,000)	-	1,465,982
BEF Executive Director	-	47,193	25,092	-	22,101
QSCB 2010 Bond Sinking Fund	1,125,000	(872,930)	(1,375,000)	-	1,627,070
<b>Totals</b>	<b><u>\$ 20,750,000</u></b>	<b><u>\$ (1,740,686)</u></b>	<b><u>\$ (2,674,908)</u></b>	<b><u>\$ (18,569,069)</u></b>	<b><u>\$ 3,115,153</u></b>

Audit adjustments were proposed, accepted by management of the School Corporation, and made to the financial statement.

BROWNSBURG COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

*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. . . ."

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

**ORDINANCES AND RESOLUTIONS**

*Condition and Context*

The School Corporation adopted student "Admission to the Corporation" policy [#5111], which was last revised in 2006. According to the policy, a "birth certificate or other appropriate documentary evidence" and "proof of residency" are required for admission; however, the School Corporation did not follow its own policy. Of the 27 students selected for testing, the School Corporation could not provide birth certificate copies for 4 students and proof of residency documentation for 7 students.

*Criteria*

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)

**PREPAID SCHOOL MEAL ACCOUNTS**

*Condition and Context*

The Prepaid Meals fund (clearing account) balance was not in agreement with the detailed students' individual account subsidiary record balance. The clearing account balance was \$93,959 greater than the subsidiary record balance at June 30, 2020.

BROWNSBURG COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

*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)

**TRAINING ON AND CERTIFICATION OF INTERNAL CONTROL STANDARDS**

*Condition and Context*

The School Corporation failed to ensure that training was provided for all applicable personnel over the internal control standards adopted as required by Indiana Code 5-11-1-27(g). However, the School Corporation certified on the Indiana Gateway for Government Units financial reporting system that they had provided personnel with internal control training, but did not provide any documentation that personnel had completed training over internal control standards.

*Criteria*

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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 not later than sixty (60) days after the close of each fiscal year. 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](#)."

BROWNSBURG COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on June 14, 2021, with Shane Hacker, Treasurer; Dr. James Snapp, Superintendent of Schools; and Eric Hylton, President of the School Board.