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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION

DEARBORN COUNTY, INDIANA

July 1, 2018 to June 30, 2020

FILED
07/07/2021

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SCHEDULE OF OFFICIALS

Office	Official	Term
Business Manager	Shawn Spindler	07-01-18 to 06-30-21
Superintendent of Schools	Eric Lows	07-01-18 to 06-30-21
President of the School Board	Scott Willoughby	07-01-18 to 12-31-19
	Karla Raab	01-01-20 to 12-31-20
	Scott Willoughby	01-01-21 to 06-30-21

STATE OF INDIANA
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TO: THE OFFICIALS OF THE SOUTH DEARBORN COMMUNITY
SCHOOL CORPORATION, DEARBORN COUNTY, INDIANA

This report is supplemental to our audit report of the South Dearborn 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/.

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

PREPAID SCHOOL MEAL ACCOUNTS

Condition and Context

The School Corporation's Prepaid Food fund was not in agreement with the subsidiary records of student accounts. The balance in the Prepaid Food fund exceeded the balance of the individual student accounts by $3,568 and $3,189 in fiscal year 2018-2019 and 2019-2020, respectively. No reconciliation of these differences was presented for audit.

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)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

CAPITAL ASSETS

Condition and Context

The School Corporation did not maintain a proper capital asset ledger. The School Corporation only has a Statement of Values report provided by the School Corporation's insurance company. This report indicated replacement value, not acquisition value. Furthermore, not all capital assets above the School Corporation's capitalization threshold of $5,000 were included in the Statement of Values report.

Additionally, a physical inventory of all capital assets was not taken at least every two years as required.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

The School Corporation's NEOLA Policy, Policy Code PO7455, states:

"Fixed assets shall be recorded at actual, or if not determinable, estimated purchase price or fair market value at the time of acquisition. The method(s) to be used to estimate such price or market value shall be established by the Board. The School Corporation will capitalize items with an individual value equal to or greater than $5,000."

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on June 14, 2021, with Scott Willoughby, President of the School Board; Shawn Spindler, Business Manager; and Eric Lows, Superintendent of Schools.