

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

LAKELAND SCHOOL CORPORATION

LAGRANGE COUNTY, INDIANA

July 1, 2019 to June 30, 2021



FILED
06/16/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kirby Doidge (Vacant) Jamesi Lemon	07-01-19 to 01-14-22 01-15-22 to 01-16-22 01-17-22 to 06-30-22
Superintendent of Schools	Eva Merkel Greg Baker	07-01-19 to 06-30-21 07-01-21 to 06-30-22
President of the School Board	David Larimer Brett Bateman	01-01-19 to 12-31-21 01-01-22 to 06-30-22



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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE LAKELAND SCHOOL CORPORATION, LAGRANGE COUNTY, INDIANA

This report is supplemental to our audit report of the Lakeland School Corporation (School Corporation), for the period from July 1, 2019 to June 30, 2021. 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

May 26, 2022

LAKELAND SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

PREPAID SCHOOL MEAL ACCOUNTS

A similar comment also appeared in prior Report B54347, entitled *PREPAID SCHOOL MEAL ACCOUNTS*.

Condition and Context

Prepaid lunch receipts were placed in Fund 8410, Prepaid Lunch fund, a clearing account, and transferred to Fund 800, School Lunch fund monthly when program income was earned. The transfers were posted in the ledger as negative receipts under account 1611 instead of an expenditure under account 31900. As a result, the total receipts and disbursements of prepaid food, as shown in the ledger, were equally understated in fiscal years 2019-2020 and 2020-2021, totaling \$95,939 and \$75,172, respectively.

Additionally, after monthly program income transfers were completed, the balance of the Prepaid Lunch fund was not properly reconciled to student account balances, resulting in an unexplained positive variance of fund cash and investments balance at June 30, 2020, and June 30, 2021, of \$15,332 and \$24,872, respectively.

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 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 the 8400 fund be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

LAKELAND SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSETS

Condition and Context

The School Corporation maintained a detailed listing of capital assets (detailed listing); however, it had not been updated since December 31, 2019. Through compliance procedures performed, we identified the following errors: one asset, a copy machine, with an acquisition value of \$15,656, should have been deleted from the detailed listing, but was not; and eight assets, a copy machine and seven buses, with a total acquisition value of \$522,003, should have been added to the detailed listing, but were not. Furthermore, one asset's value, a wrestling mat, was underreported on the detailed listing by \$4,000. Therefore, it was determined that the detailed listing of capital assets was incomplete and, the Schedule of Capital Assets, which is a part of the Annual Financial Report reporting package that reflected the detailed listing of capital assets, was determined to be inaccurate and incomplete at June 30, 2021.

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)

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](#)."

LAKELAND SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on May 26, 2022, with Jamesi Lemon, Treasurer; Kirby Doidge, former Treasurer; Gregory Baker, Superintendent of Schools; Aimee Shaw, Director of Staff and Student Success; Melanie Summers, Director of Human Resources; Brett Bateman, President of the School Board; Derrick Sherck, School Board member; and Sue Keenan, School Board member.