

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, 2020 to June 30, 2022



FILED
03/22/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Shawn Spindler	07-01-20 to 06-30-23
Superintendent of Schools	Eric Lows	07-01-20 to 06-30-23
President of the School Board	Karla Raab Scott Willoughby Steve Hamlett	07-01-20 to 12-31-20 01-01-21 to 12-31-21 01-01-22 to 06-30-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2020 to June 30, 2022. 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

March 6, 2023

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

The information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Financial Statement, Combining Schedules, and Schedule of Leases and Debt, was incorrect and did not agree with the School Corporation's records.

The School Corporation failed to properly review the financial information submitted in Gateway. As a result, the following errors were noted in the Financial Statement and Combining Schedules:

1. The Payroll Clearing fund and Prepaid Food funds were not reported in the Annual Financial Report in Gateway. This understated receipts and disbursements in the amounts of \$14,956,317 and \$14,960,323, respectively.
2. The July 1, 2020 cash and investments balances of the School Lunch fund and Scholarships fund were understated in the amounts of \$150,000 and \$278,297, respectively, due to investments not being reported in the beginning balances in Gateway.

Audit adjustments were proposed, accepted by the School Corporation, and made to the Financial Statement and the corresponding Combining Schedules.

The School Corporation failed to properly review the debt information prepared and submitted in Gateway. As a result, four leases were incorrectly reported as revenue bonds.

Audit adjustments were proposed, accepted by the School Corporation, and made to the debt schedule.

Criteria

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](#)."

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

PREPAID SCHOOL MEAL ACCOUNTS

The same comment also appeared in prior Report B57014.

Condition and Context

The School Corporation's Prepaid Food fund was not in agreement with the subsidiary record of student meal accounts. The balance in the Prepaid Food fund exceeded the balance of the individual student meal accounts by \$3,204 and \$3,059 as of June 30, 2021, and June 30, 2022, 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, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2023, with Shawn Spindler, Treasurer; Eric Lows, Superintendent of Schools; and Steve Hamlett, President of the School Board.