

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION

FRANKLIN COUNTY, INDIANA

July 1, 2020 to June 30, 2022



FILED

03/24/2023

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Prepaid School Meal Accounts.....	4
Annual Financial Report	4-6
Exit Conference.....	7

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sharon Pohlman Kendra Franks	07-01-20 to 06-30-21 07-01-21 to 06-30-23
Superintendent of Schools	Dr. Debbie Howell Tammy Chavis	07-01-20 to 12-31-20 01-01-21 to 06-30-23
President of the School Board	Matthew Siedling Sharon Wesolowski Rick Gill Francis Brumback	07-01-20 to 12-31-20 01-01-21 to 12-31-21 01-01-22 to 12-31-22 01-01-23 to 06-30-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE FRANKLIN COUNTY COMMUNITY
SCHOOL CORPORATION, FRANKLIN COUNTY, INDIANA

This report is supplemental to our audit report of the Franklin County 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 16, 2023

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

PREPAID SCHOOL MEAL ACCOUNTS

The same comment also appeared in prior Report B57010.

Condition and Context

The School Corporation's Prepaid Food Collections/Trust fund (clearing fund) was not in agreement with the subsidiary record of students' meal accounts. The balance in the clearing fund exceeded the balance of the individual student meal accounts by \$11,549 and \$10,361 at 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)

ANNUAL FINANCIAL REPORT

Condition and Context

Financial, grant, and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The School Corporation failed to properly review the financial information submitted in its AFRs. The following errors were identified with the information the School Corporation entered into its AFRs for the audit period:

1. The Curricular Materials Rental fund transactions accounted for in the Extracurricular records were not included in the totals reported in its AFRs. This resulted in receipts and disbursements being understated by \$266,241 and \$275,785, respectively, for the audit period.

Audit adjustments were proposed, accepted by the School Corporation, and made to the combining schedules presented as Required Supplementary Information.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

2. The School Corporation did not properly review the federal grant information prepared and submitted in its AFRs. Although the Treasurer prepared and submitted the federal award information into its AFRs, and a second person reviewed them, material errors remained undetected.

The grant information presented for audit included the following errors:

- a. The Child Nutrition Cluster expenditures were understated by \$51,672.
- b. The Title I Grants to Local Educational Agencies program expenditures were understated by \$176,427.
- c. The Supporting Effective Instruction State Grants program expenditures were understated by \$32,799.
- d. The Medicaid Cluster was omitted, which understated expenditures by \$129,052.
- e. Other errors included incorrect program names, Assistance Listings Numbers, and pass-through entity identifying numbers that were omitted.

Audit adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Expenditures of Federal Awards.

3. The School Corporation failed to properly review the leases and debt information presented in its AFRs. As a result, the following errors were noted:

- a. Annual lease payments reported in Gateway were understated by \$398,500.
- b. Three leases were reported in Gateway as bonds, and one general obligation bond was omitted, which resulted in the Ending Principal Balance being understated by \$756,900, and the Principal and Interest Due Within One Year being understated by \$2,121,209.

Audit adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Leases and Debt presented as Other Information.

4. The School Corporation failed to properly review the capital asset information presented in its AFRs. As a result, the capital asset information reported in its AFRs was incorrect as follows:

- a. The detailed asset listing presented for audit had not been updated since June 30, 2020, and totaled \$37,366,599; however, capital asset values reported in Gateway as of July 1, 2020, totaled \$96,192,116. The errors had not been corrected as of June 30, 2022, resulting in the Schedule of Capital Assets presented for audit being incorrect.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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](#)."

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 16, 2023, with Kendra Franks, Treasurer; Tammy Chavis, Superintendent of Schools; Beth Foster, Vice President of the School Board; and Kevin Kaiser, School Board member.