

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BREMEN PUBLIC SCHOOLS

MARSHALL COUNTY, INDIANA

July 1, 2020 to June 30, 2022



FILED
03/27/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Stephanie K. Pittman	07-01-20 to 06-30-23
Superintendent of Schools	Dr. James A. White	07-01-20 to 06-30-23
President of the School Board	Brain Teall Todd S. Stuckman	07-01-20 to 01-10-23 01-11-23 to 06-30-23



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TO: THE OFFICIALS OF THE BREMEN PUBLIC SCHOOLS, MARSHALL COUNTY, INDIANA

This report is supplemental to our audit report of the Bremen Public Schools (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 21, 2023

BREMEN PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The capital asset information entered into Gateway as of June 30, 2022, contained the following errors: Buildings were understated by \$1,662,487 and Machinery, equipment, and vehicles were overstated by \$7,947.

Adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Capital Assets presented as Other Information.

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](#)."

CAPITAL ASSETS

Condition and Context

The School Corporation did not properly maintain its capital asset listing. Out of ten capital assets selected for physical observation, one capital asset was disposed in 2018 and later replaced. The disposed capital asset was not removed, nor was the replaced capital asset included in the capital asset listing.

In addition, the School Corporation was unable to produce evidence that a complete physical inventory of capital assets was performed at least every two years.

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)

BREMEN PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

Condition and Context

The School Corporation was unable to provide the following documentation supporting Average Daily Membership (ADM):

1. Of 27 brick and mortar students tested, proof of residency, in accordance with the School Corporation's ADM policy, was not provided for 8 students. In addition, proof of enrollment was not provided for 2 students who were also enrolled in a nonpublic school.
2. Of 61 virtual due to COVID-19 students tested, proof of residency, in accordance with the School Corporation's ADM policy, was not provided for 16 students.

Criteria

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

1. The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
2. The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, must provide a written certification of ADM to properly document responsibility. The certification must at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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)

BREMEN PUBLIC SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on March 21, 2023, with Stephanie K. Pittman, Treasurer; Dr. James A. White, Superintendent of Schools; Todd S. Stuckman, President of the School Board; and McKenzie Hickman, Payroll/Accounting Associate.