

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
GREENCASTLE COMMUNITY SCHOOL CORPORATION  
PUTNAM COUNTY, INDIANA  
July 1, 2021 to June 30, 2023



**FILED**  
02/21/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kellie Romer	07-01-21 to 06-30-24
Superintendent of Schools	Jeff Gibboney	07-01-21 to 06-30-24
President of the School Board	Michael White	07-01-21 to 06-30-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE GREENCASTLE COMMUNITY SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

This report is supplemental to the audit report of the Greencastle Community School Corporation (School Corporation), for the period from July 1, 2021 to June 30, 2023. 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 the 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/](http://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

February 12, 2024

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

Financial and other information is required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The School Corporation's Other Information that was submitted as of June 30, 2023, contained the following errors:

*Capital Assets*

The capital asset information entered into Gateway had material variances when compared to the supporting capital asset records. Infrastructure was overstated by \$25,998,916 and construction in progress was understated by \$24,998,916. Total capital assets reported by the unit was \$83,042,041.

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

*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](#)."

**PREPAID SCHOOL MEAL ACCOUNTS**

*Condition and Context*

The School Corporation's Prepaid School Lunch Accounts fund, Fund 8400, was not in agreement with the subsidiary records of the student and adult accounts for fiscal year 2022-2023. Subsidiary records were not available for 2021-2022. Subsidiary records of the student and adult accounts reflected a balance of \$15,617 on June 30, 2023. The Prepaid School Lunch Accounts fund balance at June 30, 2023, was \$18,206.

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

SBOA opinion is that money a student puts into their individual meal account (prepaid food account) 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 it is in the student's individual account the balance it should not be included in the School Lunch fund. It is required that you set up a Prepaid School Lunch Accounts fund clearing account. When a student brings in a deposit the receipt would be recorded to the Prepaid School Lunch Accounts fund. Periodically, after the student has charged meals, you should disburse the amount charged from the Prepaid School Lunch Accounts fund and receipt it into the School Lunch fund. At this point it is considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis the balance of the Prepaid School Lunch Accounts fund should be reconciled with the total of the individual meal accounts. The School Food Prescribed Forms and any approved computerized Forms will be required to be maintained in the following manner to accurately account for prepaid items. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 10)

**COLLECTION OF AMOUNTS DUE**

*Condition and Context*

The School Corporation established a meal charge policy and bad debt policy relating to student meal accounts; however, the School Corporation had not enforced this policy as steps had not been taken to collect amounts due.

The School Corporation Policy number 8500 - Food Service Program states in part:

"The Superintendent shall develop procedures regarding meal charges (AG 8500B), which shall be implemented by the Food Service Director. The procedures will provide direction so that deposits into a student's account are not considered income to the child nutrition program until the student charges a meal to his/her account. Further, the procedures will: 1) provide direction so that students attending Corporation schools who do not have funds in their account or on-hand to cover the cost of their meal at the time of service are treated consistently, 2) address feeding students with unpaid meal balances without stigmatizing them, 3) provide notification of parents when a student charges a meal, and 4) establish a plan to collect the charges made by students so that the unpaid charges are not classified as 'bad debt' at the end of the school year.

Significant negative lunch account balances shall not be permitted. A significant negative lunch account balance is any balance owed in excess of \$10.00.

Any significant negative lunch account balance should be pursued for collection before it is determined to be uncollectible pursuant to Policy 6151."

*Criteria*

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

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)

On July 8, 2016, the USDA issued Memo 47-2016 clarifying the processes of designating delinquent debt that has been determined to be uncollectable as bad debt and obtaining assistance to offset bad debt losses. The memo defines "delinquent debt" as debt that is considered collectable, and efforts are being made to collect it. Since the amount owed is still considered collectable, then it should remain part of the Prepaid School Lunch fund (8400). The memo allows for delinquent debt to be carried over from school year to school year. It also, states that SFAs must make a reasonable effort to collect delinquent debts and expenses incurred while attempting to collect are allowable uses of the School Nutrition Program grant. (The School Bulletin and Uniform Compliance Guidelines, December 2016)

USDA issued Memo 47-2016 defines "bad debt" as debts which have been determined to be uncollectable. It goes on to say once amounts are classified as bad debts that they must be written off and taken as an operating loss. 2 CFR 200.426 states, "Bad debts (debts which have been determined to be uncollectable), including losses (whether actual or estimated) arising from uncollectable accounts and other claims, are unallowable. Related collection costs, and related legal costs, arising from such debts after they have been determined to be uncollectable are also unallowable." Therefore, School Nutrition Program grant funds cannot be used cover the costs of writing off bad debt. The operating loss must be absorbed by using nonfederal funds. Transfers to the Prepaid School Lunch fund (8400) to cover bad debts may be made from the General fund (100), special funding from State or Local grants, funding received from school or community organizations, or other donations. (The School Bulletin and Uniform Compliance Guidelines, December 2016)

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 12, 2024, with Kellie Romer, Treasurer, and Brian Cox, School Board member.