

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SOUTH SPENCER COUNTY SCHOOL CORPORATION

SPENCER COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/19/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Melissa S. Davis	07-01-21 to 09-29-23
	Monica Daming	09-30-23 to 03-01-24
	(Vacant)	03-02-24 to 03-05-24
Superintendent of Schools	Richard Rutherford	07-01-21 to 06-30-22
	Brad Schneider	07-01-22 to 06-30-24
President of the School Board	Melissa Middleton	07-01-21 to 12-31-21
	Janet Stoermer	01-01-22 to 12-31-23
	Melissa Middleton	01-01-24 to 06-30-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE SOUTH SPENCER COUNTY SCHOOL CORPORATION, SPENCER COUNTY, INDIANA

This report is supplemental to the audit report of the South Spencer County 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/.

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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

March 5, 2024

SOUTH SPENCER COUNTY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

BAD DEBTS AND UNCOLLECTIBLE ACCOUNTS

The same comment also appeared in a Management Letter addressed to the Officials of the School Corporation for audit period ending June 30, 2021.

Condition and Context

Textbook Rental

As of June 30, 2023, there was a balance of \$19,913 in amounts owed to the School Corporation related to textbook rental. The School Corporation passed Policy 6152 - Student Fees and Charges (Policy), which states the procedures for writing off of bad debts, uncollectible accounts receivable, or any adjustment to a record balance. The Policy states in part, "The Corporation may write-off any outstanding unpaid student fees of \$5.00 or less, if not paid by the end of the school year following the school year or activity season in which the debt for nonpayment of student fees was incurred." The Policy also states in part, "Unpaid student fees in excess of \$5.00 may, at the discretion of the School Treasurer or his/her designee, be written off one (1) year after the end of the school year or activity season in which the debt for nonpayment of student fees was incurred. Fees in excess of \$5.00 may be written off at any time, if the principal, or his/her designee, determines the student's parents, or the student, if age eighteen (18) or older or an emancipated minor, is unable to pay."

During the audit period, there was no evidence from the outstanding balances tested that the School Corporation is collecting amounts owed related to textbook rental or writing the bad debt off per the School Corporation's Policy.

Student Meal Accounts

As of June 30, 2023, there was a balance of \$4,425 in amounts owed to the School Corporation related to cafeteria sales (School Lunch). The School Corporation passed a policy labeled "Procedures for Student Lunch/Meal Accounts" (Policy). The Policy states the procedures for writing off of bad debts, uncollectible accounts receivable, or any adjustment to a record balance. The Policy states in part, "Negative balances of more than \$100.00 not paid in full prior to the end of the school year will force the Corporation to take action to collect unpaid funds by means of collection agencies, small claims court, or any other legal method deemed necessary by the Corporation." The Policy also states in part, "Students who graduate or withdraw from the corporation and have \$5.00 or more left in their lunch/meal food service account will be notified by mail by food services at the end of the school year. They will be given the option to transfer the funds to another student or to receive a refund. If no response is received within 10 days, the student's lunch/meal account will close and the funds will no longer be available. Unclaimed remaining balances will be transferred to cafeteria fund."

SOUTH SPENCER COUNTY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT
(Continued)

Criteria

The governing body of a unit must have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balance. Documentation must exist for all efforts made by the unit to collect amounts owed prior to any write-offs. Write-offs or adjustments to records which are not documented or warranted may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

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)

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)

SOUTH SPENCER COUNTY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 5, 2024, with Melissa S. Davis, former Treasurer; Brad Schneider, Superintendent of Schools; and Melissa Middleton, President of the School Board.