

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
ALLEN COUNTY, INDIANA

July 1, 2017 to June 30, 2019



FILED
01/27/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	James W. Coplen Mark D. Snyder	07-01-17 to 06-30-19 07-01-19 to 06-30-20
Superintendent of Schools	Dr. Philip G. Downs	07-01-17 to 06-30-20
President of the School Board	Meagan K. Milne Thomas F. Rhoades	01-01-17 to 12-31-19 01-01-20 to 12-31-20



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TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY, ALLEN COUNTY, INDIANA

This report is supplemental to our audit report of the Metropolitan School District of Southwest Allen County (School Corporation), for the period from July 1, 2017 to June 30, 2019. 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 opinion 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

January 21, 2020

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY
AUDIT RESULTS AND COMMENTS

BAD DEBTS AND UNCOLLECTIBLE ACCOUNTS

Condition and Context

The School Corporation made efforts to collect amounts owed pertaining to educational materials and school meals through a service agreement with a collection agency; however, the School Board did not create a formal written policy for writing off the uncollectible amounts owed, as required.

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)

PREPAID SCHOOL MEAL ACCOUNTS

Condition and Context

Receipts for prepaid school meal deposits were not recorded in Fund 8400 - Prepaid Food, a clearing account, but were instead accounted for in the School Lunch fund. The School Corporation had not established a Fund 8400 - Prepaid Food fund to account for advance deposits made to individual student and adult prepaid food accounts. As a result, the entire amount of prepaid school meal deposits was recognized in the School Lunch fund at the time of receipt as revenue and not as applied from the clearing account when students spent their individual account balances.

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 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 the 8400 fund be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 21, 2020, with Mark D. Snyder, Treasurer; James W. Coplen, former Treasurer; Rhonda Buuck, Deputy Treasurer; Dr. Philip G. Downs, Superintendent of Schools; and Thomas F. Rhoades, President of the School Board.