

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
NORTH SPENCER COUNTY SCHOOL CORPORATION  
SPENCER COUNTY, INDIANA  
July 1, 2018 to June 30, 2020



**FILED**  
05/03/2021



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Martha Barnett	07-01-18 to 06-30-21
Superintendent of Schools	Daniel R. Scherry	07-01-18 to 06-30-21
President of the School Board	Lori Gogel Brian Gehlhausen	07-01-18 to 12-31-19 01-01-20 to 06-30-21



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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

This report is supplemental to our audit report of the North Spencer County School Corporation (School Corporation), for the period from July 1, 2018 to June 30, 2020. 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/](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.

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

April 27, 2021

NORTH SPENCER COUNTY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**CAPITAL ASSETS**

*Condition and Context*

The School Corporation does not maintain a comprehensive listing of all capital assets, which values the assets at historical cost.

*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)

**PREPAID SCHOOL MEAL ACCOUNTS**

A similar comment also appeared in prior Report B52374, entitled *PREPAID SCHOOL MEAL ACCOUNTS*.

*Condition and Context*

Reconcilements between the Student School Meal Account subsidiary ledgers and the Prepaid Lunch fund control account on the Cafeteria Extracurricular Account ledger were not performed during the audit period. The ending cash balance in the Prepaid Lunch fund account at June 30, 2020, was \$41,066. The report of individual student meal account balances at June 30, 2020, totaled \$48,928.

*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)

NORTH SPENCER COUNTY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on April 27, 2021, with Martha Barnett, Treasurer; Daniel R. Scherry, Superintendent of Schools; Wayne Brinkman, School Board member; Davette Smith, Cafeteria Treasurer; and Mary Waninger, Food Service Director.