

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
VERMILLION COUNTY, INDIANA
July 1, 2018 to June 30, 2020



FILED
06/09/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager/ Treasurer	Cindy Guinn	07-01-18 to 06-30-21
Superintendent of Schools	David A. Chapman	07-01-18 to 06-30-21
President of the School Board	John P. Roehm	07-01-18 to 06-30-21



STATE OF INDIANA
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TO: THE OFFICIALS OF THE SOUTH VERMILLION COMMUNITY
SCHOOL CORPORATION, VERMILLION COUNTY, INDIANA

This report is supplemental to our audit report of the South Vermillion Community 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/.

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

May 27, 2021

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

PREPAID SCHOOL MEAL ACCOUNTS

Condition and Context

The prepaid school meal accounts were maintained on the extracurricular account (ECA) ledger of each individual school building.

The ECA Treasurers for each building within the School Corporation did not reconcile their detailed student listing to the internal control balance for prepaid school meal accounts. Credit card fees were being deducted from the internal control balance of the prepaid school meal accounts; this caused the prepaid meal account balance to be less than the detailed student listing report for some of the buildings.

Each month the ECA Treasurers submitted a check with a sales report by category to the Business Manager to account for meals sold. The Business Manager posted the receipts to the School Lunch fund (Fund 800), but didn't use the receipt accounts (1611-1613) to classify the type of receipt.

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)

CLEARING ACCOUNTS

Condition and Context

When the School Corporation replaced staff devices, each staff member had the opportunity to purchase their old device. The collections which totaled \$210,000 were receipted to a clearing fund rather than being receipted into the fund from which the devices were originally purchased.

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

The School Corporation had severe hail damage in April 2019. The insurance company provided payment of \$1,099,000 for partial repairs to the Middle School roof. The money received was receipted to a clearing fund rather than being receipted into the fund from which the expenses were paid.

Criteria

Proceeds generated by the sale or rental of property must be receipted into the fund which originally purchased the property unless otherwise provided by law. (Accounting and Uniform Compliance Guidelines for Indiana Public School Corporations, Chapter 1)

Indiana Code 5-22-22-6 states:

"If the property to be sold is:

- (1) one (1) item, with an estimated value of less than one thousand dollars (\$1,000); or
- (2) more than one (1) item, with an estimated total value of less than five thousand dollars (\$5,000);

the purchasing agency may sell the property at a public or private sale or transfer the property, without advertising."

Indiana Code 6-1.1-18-7 states in part:

". . . the fiscal officer of a political subdivision may appropriate funds received from an insurance company if:

- (1) the funds are received as a result of damage to property of the political subdivision;
and
- (2) the funds are appropriated for the purpose of repairing or replacing the damaged property.

However, this section applies only if the funds are in fact expended to repair or replaced the property within the twelve (12) month period after they are received."

The State Board of Accounts is of the audit position these funds are considered appropriated at the time the governing body allows the claims for payment of the expense of repair or replacement. (The School Bulletin and Uniform Compliance Guidelines, January 2011)

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on May 27, 2021, with Jerry Hawkins, School Board member; David A. Chapman, Superintendent of Schools; Cindy Guinn, Business Manager/Treasurer; Kimberly M. Bryant, Food Service Director; and John P. Roehm, President of the School Board.