

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PERU COMMUNITY SCHOOLS

MIAMI COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED
06/17/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Stanley Hall Dan Durrwachter	07-01-18 to 09-30-18 10-01-18 to 06-30-21
Superintendent of Schools	Sam E. Watkins	07-01-18 to 06-30-21
President of the School Board	Sharon Shuey Charles Wagner Ron Mullett	07-01-18 to 12-31-18 01-01-19 to 12-31-19 01-01-20 to 06-30-21



STATE OF INDIANA
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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

TO: THE OFFICIALS OF THE PERU COMMUNITY SCHOOLS, MIAMI COUNTY, INDIANA

This report is supplemental to our audit report of the Peru Community Schools (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

June 1, 2021

PERU COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

A similar comment appeared in prior Report B52600, entitled *OVERDRAWN CASH BALANCES*.

Condition and Context

The financial statement presented for audit included the following funds with overdrawn cash balances as of June 30, 2019 and 2020, which were not attributed to the timing of reimbursements.

Fund	Amount Overdrawn 06-30-19	Amount Overdrawn 06-30-20
SRO Grant	\$ -	\$ 36,240
State Connectivity Grant	39,296	54,636
Hot Lunch Clearing Account	31,617	8,063
Payroll Clearing	80,403	-

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

RECONCILIATION OF SUBSIDIARY LEDGERS

A similar comment appeared in prior Reports B45089, B49968, and B52600, entitled *RECONCILIATION OF SUBSIDIARY LEDGERS*; and prior Report B41531, entitled *SUBSIDIARY LEDGERS*.

Condition and Context

The control ledger for prepaid lunches did not reconcile to the detail of individual students in the subsidiary ledger maintained in the student database system. The control ledger balance at June 30, 2019, was overdrawn by \$31,617; while the detail in the student database system was overdrawn by \$44,104. The control ledger balance at June 30, 2020, was overdrawn by \$8,063, while the detail in the student database system was overdrawn by \$11,751.

PERU COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

The School Corporation's policy to limit the amount of negative balances of individual students' school lunch accounts was not being followed.

Criteria

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (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)

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)

PERU COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on June 1, 2021, with Sam E. Watkins, Superintendent of Schools; Dan Durrwachter, Treasurer; and Ron Mullett, President of the School Board.