

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

ADAMS CENTRAL COMMUNITY SCHOOLS

ADAMS COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED

06/23/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dawn Cook	07-01-18 to 06-30-21
Superintendent of Schools	Joel Mahaffey	07-01-18 to 06-30-21
President of the School Board	Timothy Tobias Ben Liechty Heather Frank	07-01-18 to 12-31-18 01-01-19 to 12-31-20 01-01-21 to 06-30-21



STATE OF INDIANA
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TO: THE OFFICIALS OF THE ADAMS CENTRAL COMMUNITY SCHOOLS, ADAMS COUNTY, INDIANA

This report is supplemental to our audit report of the Adams Central 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 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.

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

June 7, 2021

ADAMS CENTRAL COMMUNITY SCHOOLS
AUDIT RESULT AND COMMENT

PREPAID SCHOOL MEAL ACCOUNTS

A similar comment appeared in the immediate prior Report B52388, entitled *PREPAID SCHOOL MEAL ACCOUNTS RECONCILEMENTS*.

Condition and Context

The School Corporation was unable to provide subsidiary student account records that reconcile to the School Lunch Clearing fund (fund 8220). The School Corporation had not properly reconciled on a monthly basis the balance of the School Lunch Clearing fund with the total of the individual meal accounts. The balance of the School Lunch Clearing fund exceeded the balance of the subsidiary ledger by \$9,020 as of June 30, 2019, and \$8,548 as of June 30, 2020.

The School Corporation had not properly accounted for prepaid school meal account funds to ensure proper reporting. The School Corporation set up a clearing account for prepaid meal account funds with the fund number of 8220, instead of the prescribed fund number 8400. After a student had charged meals, the School Corporation improperly posted a negative receipt into fund 8220 and a positive receipt into fund 800 (School Lunch fund). This resulted in both receipts and disbursements in the School Lunch Clearing fund being understated by \$355,139 in fiscal year 2018-2019 and \$269,120 in 2019-2020. We proposed and management approved financial statement adjustments to correct these understatements.

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)

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)

ADAMS CENTRAL COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on June 7, 2021, with Dawn Cook, Treasurer; Joel Mahaffey, Superintendent of Schools; and Heather Frank, President of the School Board.