

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MOUNT VERNON COMMUNITY SCHOOL CORPORATION

HANCOCK COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED
07/02/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Financial Officer	Chris Smedley Greg Elkins	07-01-18 to 06-30-19 07-01-19 to 06-30-21
Treasurer	Rachel Lanteigne Lisa Heitman	07-01-18 to 06-26-20 06-27-20 to 06-30-21
Superintendent of Schools	Chris Smedley (co-interim) Heather Noesges (co-interim) Jack Parker	07-01-18 to 12-31-18 07-01-18 to 12-31-18 01-01-19 to 06-30-21
President of the School Board	Shannon Walls Kellie Freeman	07-01-18 to 12-31-19 01-01-20 to 06-30-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE MOUNT VERNON COMMUNITY SCHOOL
CORPORATION, HANCOCK COUNTY, INDIANA

This report is supplemental to our audit report of the Mount Vernon 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 Statements Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statements. 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 11, 2021

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The same comment also appeared in prior Reports B51295 and B52884.

Condition and Context

The financial statement presented in the Financial Statement Audit Report included the following funds with overdrawn cash balances at June 30, 2019 and 2020:

Fund	Amount Overdrawn June 30, 2019	Amount Overdrawn June 30, 2020
Retirement/Severance Bond Debt Service	\$ 105,469	\$ -
School Transportation	532	532
School Lunch	956,405	1,340,354
Repair and Replacement	22,038	22,038
Self-Insurance	573,648	309,695
Child Care Program	23,619	33,283
Donation-MCE PTO I.A.	30	30
MVEF Foundation Grants	2,320	2,320
MVEF Director Fund	4,422	23,145
Indiana Literacy Early Inter	15,000	15,000
MV Cooperative Closet	889	803

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 Schools, Chapter 1)

PREPAID SCHOOL MEAL ACCOUNTS

Condition and Context

The School Corporation did not properly set up the School Lunch Clearing Fund (8400) for the full audit period. The fund set up by the School Corporation was named FS-Café Prepay Fund (820). Additionally, the School Corporation did not provide subsidiary records of student accounts that agree to the June 30, 2019 or June 30, 2020 fund balance of the Prepaid School Lunch Account.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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)

TRANSFER FROM GENERAL TO EDUCATION FUND

Condition and Context

The School Corporation did not transfer the entire General fund balance to the Education fund by June 30, 2019. In addition, the School Corporation did not transfer the entire balance of the Capital Projects fund, School Transportation fund, or School Bus Replacement fund by June 30, 2019.

Criteria

Indiana Code 20-40-2-7(a) states: "On January 1, 2019, the balance, as of December 31, 2018, in the school corporation's general fund shall be transferred to the education fund."

Indiana Code 20-40-18-1 states: "The governing body of each school corporation shall create an operations fund to be used by the school corporation after December 31, 2018."

Indiana Code 20-40-18-12(a) states:

"After December 31, 2018, any property taxes collected from a levy imposed under any of the following shall be deposited in the operations fund:

- (1) IC 20-46-4 (school transportation levy) (repealed).
- (2) IC 20-46-5 (school bus replacement levy) (repealed).
- (3) IC 20-46-6 (capital projects levy) (repealed).
- (4) IC 36-10-13 (art association and historical society levies).
- (5) IC 36-10-14 (public playground levy)."

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on June 11, 2021, with Greg Elkins, Chief Financial Officer; Kellie Freeman, President of the School Board; Tony May, School Board member; and Laura During, Director of Special Education.