

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
DELPHI COMMUNITY SCHOOL CORPORATION  
CARROLL COUNTY, INDIANA  
July 1, 2019 to June 30, 2021



**FILED**  
06/16/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	(Vacant)	07-01-19 to 07-15-19
	Rebecca Walker	07-16-19 to 10-15-19
	Andrea Miller	10-16-19 to 06-30-22
Superintendent of Schools	Gregory G. Briles	07-01-19 to 08-25-19
	Dan Ronk	08-26-19 to 06-30-21
	Ann-Marie Circle	07-01-21 to 06-30-22
President of the School Board	Neal Anderson	07-01-19 to 12-31-20
	Kirk Schwarzkopf	01-01-21 to 06-30-22



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE DELPHI COMMUNITY SCHOOL  
CORPORATION, CARROLL COUNTY, INDIANA

This report is supplemental to our audit report of the Delphi Community School Corporation (School Corporation), for the period from July 1, 2019 to June 30, 2021. 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.

Beth Kelley, CPA, CFE  
Deputy State Examiner

May 17, 2022

DELPHI COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**CAPITAL ASSETS**

*Condition and Context*

The School Corporation did not provide supporting capital asset records to verify the amounts on the Schedule of Capital Assets completed in Indiana Gateway for Government Units financial reporting system. The School Corporation did not properly maintain its detailed listing of all capital assets. The detailed listing did not include all buildings owned by the School Corporation.

*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)

**SCHOOL FOOD PROGRAM BAD DEBT POLICY**

*Condition and Context*

The School Corporation established a meal charge policy and bad debt policy relating to student meal accounts; however, the School Corporation had not enforced this policy. The School Corporation sent notices to parents about the students' negative meal account balances, but the School Corporation had not followed up on the negative balances after notification had been sent.

*Criteria*

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)

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

DELPHI COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

On July 8, 2016, the USDA issued Memo 47-2016 clarifying the processes of designating delinquent debt that has been determined to be uncollectable as bad debt and obtaining assistance to offset bad debt losses. The memo defines "delinquent debt" as debt that is considered collectable, and efforts are being made to collect it. Since the amount owed is still considered collectable, then it should remain part of the Prepaid School Lunch fund (8400). The memo allows for delinquent debt to be carried over from school year to school year. It also, states that SFAs must make a reasonable effort to collect delinquent debts and expenses incurred while attempting to collect are allowable uses of the School Nutrition Program grant. (The School Bulletin and Uniform Compliance Guidelines, December 2016)

**PREPAID SCHOOL MEAL ACCOUNTS**

The same comment appeared in the prior two Reports B52449 and B54581.

*Condition and Context*

The School Corporation accounted for prepaid meals within the Prepaid School Lunch Accounts fund (8410). Individual student meal accounts were not always reconciled to the balance in the Prepaid School Lunch Accounts fund during the audit period.

*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 would be recorded to fund 8400 using receipt account number 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)

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)

DELPHI COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on May 17, 2022, with Andrea Miller, Treasurer; Ann-Marie Circle, Superintendent of Schools; Gayla Martin, Assistant Treasurer; Kirk Schwarzkopf, President of the School Board; and Michael Priest, School Board member.