

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY

POSEY COUNTY, INDIANA

July 1, 2020 to June 30, 2022



FILED

03/16/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carol A. Lupfer	07-01-20 to 06-30-23
Superintendent of Schools	Dr. Todd Camp Michael Galvin	07-01-20 to 02-28-21 03-01-21 to 06-30-23
President of the School Board	Geoffrey A. Gentil Gregory U. Schmitt	07-01-20 to 12-31-22 01-01-23 to 06-30-23



STATE OF INDIANA
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TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF NORTH POSEY COUNTY, POSEY COUNTY, INDIANA

This report is supplemental to our audit report of the Metropolitan School District of North Posey County (School Corporation), for the period from July 1, 2020 to June 30, 2022. 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

March 1, 2023

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

A similar comment appeared in a Management Letter addressed to the School Board for the audit period ending June 30, 2020.

Condition and Context

The School Corporation had not properly maintained a complete detailed inventory of capital assets owned, nor has the School Corporation conducted a physical inventory in the last two years. Although the School Corporation reported capital asset amounts in the Annual Financial Reports submitted on the Indiana Gateway for Government Units financial reporting system, errors were noted in the detailed listing and the School Corporation opted to remove the Schedule of Capital Assets from the Financial Statement Audit Report.

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)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

PREPAID SCHOOL MEAL ACCOUNTS

A similar comment appeared in a Management Letter addressed to the Treasurer for the audit period ending June 30, 2020.

Condition and Context

The School Corporation was unable to provide subsidiary student account records that reconciled to the Prepaid School Lunch clearing fund (fund 8400). The School Corporation had not properly reconciled on a monthly basis the balance of fund 8400 with the total of the individual student prepaid meal accounts. The balance of the subsidiary ledger exceeded the balance of the Prepaid School Lunch clearing fund by \$1,546 as of June 30, 2020, and the balance of the Prepaid School Lunch clearing fund exceeded the subsidiary ledger by \$825 as of June 30, 2021.

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

The School Corporation had not properly accounted for prepaid school meal account funds to ensure proper reporting. After an individual school had completed their sales and collections for the day, the School Corporation recorded all sales to the School Lunch fund, and the net of collections, positive if more collections than sales or negative if more sales than collections, to the Prepaid School Lunch clearing fund. This resulted in both receipts and disbursements in the Prepaid School Lunch clearing fund being understated by \$176,610 in fiscal year 2020-2021 and \$124,647 in 2021-2022.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement.

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 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)

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 1, 2023, with Carol A. Lupfer, Treasurer; Michael Galvin, Superintendent of Schools; Amanda Lynn, Deputy Treasurer; and Gregory U. Schmitt, President of the School Board.