

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

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

NEW PRAIRIE UNITED SCHOOL CORPORATION

LA PORTE COUNTY, INDIANA

July 1, 2022 to June 30, 2024



**FILED**

03/12/2025



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Audit Results and Comments:	
Internal Controls - Compliance .....	4
Annual Financial Report .....	4-6
Conflict of Interest.....	7-8
Overdrawn Cash Balances .....	8-9
Average Daily Membership .....	9
Compensation and Benefits .....	9-10
Training and Certification on Internal Control Standards .....	10-11
Capital Assets.....	11-12
Outside Organizations - Applies to New Prairie High School.....	12
Exit Conference.....	13

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tim Scott	07-01-22 to 06-30-25
Superintendent of Schools	Dr. Paul White	07-01-22 to 06-30-25
President of the School Board	Phillip King	07-01-22 to 06-30-25



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769  
Telephone: (317) 232-2513  
Fax: (317) 232-4711  
[www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE NEW PRAIRIE UNITED SCHOOL  
CORPORATION, LA PORTE COUNTY, INDIANA

This report is supplemental to the audit report of the New Prairie United School Corporation (School Corporation), for the period from July 1, 2022 to June 30, 2024. 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 the 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

March 4, 2025

NEW PRAIRIE UNITED SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS - COMPLIANCE**

*Condition and Context*

Internal control deficiencies resulted in the noncompliance over:

- Annual Financial Report
- Conflict of Interest
- Overdrawn Cash Balances
- Average Daily Membership
- Compensation and Benefits
- Training and Certification on Internal Control Standards
- Capital Assets
- Outside Organizations - Applies to New Prairie High School

These internal control deficiencies are further detailed in the comments below.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

**ANNUAL FINANCIAL REPORT**

A similar comment appeared in prior Report B61003, entitled *FINANCIAL TRANSACTIONS AND REPORTING* and *ANNUAL FINANCIAL REPORT*.

NEW PRAIRIE UNITED SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Condition and Context*

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The School Corporation had not established effective internal controls over the information submitted in the AFR, which resulted in the following errors:

*Financial Information*

The lack of effective internal controls allowed the following material misstatements to remain undetected:

- The Payroll Clearing fund receipts and disbursements were overstated by \$11,832,788 for fiscal year 2022-2023.
- The Payroll Clearing fund receipts and disbursements were overstated by \$12,319,438 for 2023-2024.
- Several errors in various funds overstated receipts, disbursements, and other financing sources and uses by \$3,934,843, \$5,887,350, and \$1,952,507, respectively.

The submitted information is used to generate the financial statement included in the Financial Statement Audit Report. Therefore, these errors were also present for the financial statement. Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement presented in the Financial Statement Audit Report of the School Corporation and to the AFR.

*Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis (Combining Schedules)*

Several of the School Corporation reported funds' receipts, disbursements, and other financing sources and uses did not agree to the ledger. These variances resulted in the following:

- The Payroll Clearing fund receipts and disbursements were overstated by \$11,832,788 for 2022-2023.
- The Payroll Clearing fund receipts and disbursements were overstated by \$12,319,438 for 2023-2024.
- Reported transfers in and out did not agree for 2022-2023. Transfers in and transfers out were reported as \$7,472,805 and \$5,520,298, respectively. Various adjustments were made to the final 2022-2023 AFR to report total transfers in and out of \$7,717,805. These adjustments were due to an understatement of transfers in and transfers out of \$245,000 and \$2,197,507, respectively. These errors led to a net overstatement in other financing sources and uses of \$1,952,507 for 2022-2023.

Audit adjustments were proposed, accepted by the School Corporation, and made to the combining schedules presented in the Financial Statement Audit Report of the School Corporation and to the AFR.

*Grants Schedule*

The grant schedule within the AFR included the following errors:

NEW PRAIRIE UNITED SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

- The Child Nutrition Cluster expenditures were understated by \$491,783 and overstated by \$348,145 for 2022-2023 and 2023-2024, respectively.
- The Emergency Connectivity Fund Program expenditures were understated by \$1,352,875 for 2022-2023.
- The Special Education Cluster (IDEA) expenditures were overstated by \$207,278 and \$36,606 for 2022-2023 and 2023-2024, respectively.
- The COVID-19 - Education Stabilization Fund grant expenditures were understated by \$381,197 and \$339,453 for 2022-2023 and 2023-2024, respectively.
- Other grants had individual errors that resulted in total understatements of expenditures of \$291,823.
- Other errors included incorrect program names, federal assistance listings numbers, and identifying numbers.

The submitted information is used to generate the Schedule of Expenditures of Federal Awards (SEFA) included in the Federal Compliance Audit Report. Therefore, these errors were also presented in the SEFA. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA and to the grant schedule within the AFRs.

*Leases and Debt*

Information submitted for leases and debt, which is used to generate the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report of the School Corporation, had one material error as follows:

- The annual lease payment amount was understated \$1,728,000 for the lease Holding Company 2016 Referendum.

An adjustment was proposed, accepted by the School Corporation, and made to the Schedule of Lease and Debt and to the lease and debt information within the AFR.

*Capital Assets*

Errors were noted in the capital asset amount submitted in the AFR. The capital asset amount presented in the AFR included a net understatement of \$2,108,259.

Adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Capital Assets presented as Other Information in the Financial Statement Audit Report of the School Corporation and to the capital asset information within the AFR.

*Criteria*

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 as set forth in the uniform compliance guidelines. 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](#)."

NEW PRAIRIE UNITED SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

**CONFLICT OF INTEREST**

A similar comment also appeared in prior Report B61003, entitled *CONFLICT OF INTEREST*.

*Condition and Context*

On or about July 6, 2022, D.A. Dodd, LLC submitted a bid on a project for the School Corporation entitled "NPUSC Rolling Prairie Elementary School Facility Upgrades." The total bid was in excess of \$1 million. Minutes from a School Board meeting on July 13, 2022, indicated that "[t]he Board approved the Bid from D.A. Dodd for the Rolling Prairie Elementary School Upgrades." School Board member Jason DeMeyer (DeMeyer) was absent from the July 13, 2022 School Board meeting, as is expressly noted in the minutes. As was noted in the Indiana State Board of Accounts' (SBOA) Audit Report B61003, DeMeyer did not disclose that he is President of D.A. Dodd, LLC and had a Conflict of Interest in the contract awarded by the immediate governmental entity in which he serves. Likewise, the minutes from the July 13, 2022 School Board meeting contain no reference to DeMeyer's role as President of D.A. Dodd, LLC when referencing the accepted bid. The contract associated with the accepted bid was entered into between D.A. Dodd, LLC and the School Corporation on November 4, 2022, in the amount of \$1,768,046.51, "subject to additions and deductions as provided in the Contract Documents."

In 2023, DeMeyer filed two Conflict of Interest Disclosure Statements, as required by Indiana Code 35-44.1-1-4(d). The first was with respect to his spouse, who is a school teacher for the School Corporation. The second makes reference to his position at D.A. Dodd, LLC: "I am the President of D.A. Dodd Mechanical Contractors in Rolling Prairie, IN who NPUSC employs for various projects." DeMeyer's 2023 disclosure statement made no reference to the November 4, 2022 contract or his specific financial interest regarding the same, as is required by Indiana Code 35-44.1-1-4(d)(2) and (3). In 2023, D.A. Dodd, LLC received \$1,369,704.02 in public funds from the School Corporation under the November 4, 2022 contract.

In 2024, DeMeyer did not file a Conflict of Interest Disclosure Statement regarding his role as President of D.A. Dodd, LLC. In 2024, D.A. Dodd, LLC received \$904,634.12 in public funds from the School Corporation under the November 4, 2022 contract.

Based upon these circumstances, the SBOA would have expected a full and complete conflict of interest disclosure for these related-party transactions to be filed in each year public funds were disbursed under the November 4, 2022 contract, fully setting forth DeMeyer's financial interest regarding those public funds each year.

*Criteria*

Indiana Code 35-44.1-1-4(b) states:

"A public servant who knowingly or intentionally:

- (1) has a pecuniary interest in; or
- (2) derives a profit from;

a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Level 6 felony."

However, Indiana Code 35-44.1-1-4(c)(6) provides that it will not be considered an offense for conflict of interest if the disclosure requirements of Indiana Code 35-44.1-1-4(d) are met. In this regard, (d) provides in part:

NEW PRAIRIE UNITED SCHOOL CORPORATION  
 AUDIT RESULTS AND COMMENTS  
 (Continued)

"A disclosure must:

- (1) be in writing;
- (2) describe the contract or purchase to be made by the governmental entity;
- (3) describe the pecuniary interest that the public servant has in the contract or purchase;
- (4) be affirmed under penalty of perjury;
- (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity before final action on the contract or purchase;
- (6) be filed within fifteen (15) days after final action on the contract or purchase with:
  - (A) the state board of accounts; and
  - (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

Conflict of interest disclosures must be completed on Gateway. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

The attorney for the unit or a private attorney must be consulted in regard to whether a conflict of interest disclosure statement must be filed and whether the format of the disclosure is sufficient. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

**OVERDRAWN CASH BALANCES**

A similar comment also appeared in prior Reports B49480, B52615, B56844, and B61003.

*Condition and Context*

Internal controls were not in place to ensure cash balances were not overdrawn. The financial statement presented for audit included the following funds with an overdrawn cash balance at June 30, 2023 and 2024, which were not attributed to timing of reimbursement:

Fund	Amount Overdrawn As of June 30,	
	2023	2024
Payroll Clearing	\$ 133,851	\$ 112,726
D.A. Dodd Rp Elementary	508	505
Unity Foundation - Hosa	-	20
Prime Math 2022-2023	963	1,172
Early Intervention Grant 22-23	-	16
Nesp 2022-2023	248	248
Title I 2018-2019	-	129

NEW PRAIRIE UNITED SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

*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)

**AVERAGE DAILY MEMBERSHIP**

A similar comment also appeared in prior Report B61003, entitled *AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS*.

*Condition and Context*

Internal controls were not in place to ensure that proper documentation and policies were retained for the verification of a student as an eligible pupil. Of the 60 brick and mortar students tested, supporting documentation was not provided to support the attendance of 2 students. Of the 4 virtual students tested, supporting documentation was not provided to support the attendance of 1 student, and supporting documentation was not provided to document proof of residency for 1 student.

*Criteria*

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, must provide a written certification of ADM to properly document responsibility. The certification must at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

**COMPENSATION AND BENEFITS**

*Condition and Context*

Internal controls in place were not effective to ensure compliance with disbursements related to payroll; the lack of internal controls allowed an employee to be overpaid by \$71,458.20 in 2023.

NEW PRAIRIE UNITED SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

In June of 2023, the School Corporation attempted to correct an error due to inaccurate payroll deductions. The School Corporation erroneously withheld health insurance deductions in multiple paychecks of one employee. A payroll clerk attempted to adjust the employee's payroll for health insurance deductions of \$721.80 to refund the deductions made in error; however, the payroll clerk entered the adjustment for \$72,180.00, which resulted in the overpayment of the employee by \$71,458.20.

The School Corporation did not detect the error made by the payroll clerk, which resulted in the School Corporation overpaying the employee, and also the employer portion of social security (FICA and Medicare), for a total of \$76,924.75. The School Corporation is in the process of recouping overpayment.

*Criteria*

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) There is a fully itemized invoice or bill for the claim;
- (2) The invoice or bill is approved by the officer or person receiving the goods and services;
- (3) The invoice or bill is filed with the governmental entity's fiscal officer;
- (4) The fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) Payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Units must collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

**TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

Internal controls were not in place to ensure compliance with training and certification on internal control standards.

NEW PRAIRIE UNITED SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

The School Corporation incorrectly certified on the Indiana Gateway for Government Units financial reporting system that all personnel defined by Indiana Code 5-11-1-27(c) received training concerning the internal control standards adopted by the unit. Of the 17 School Corporation employees tested whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the School Corporation, 4 had not received training over internal control standards that were developed or approved by the Indiana State Board of Accounts.

*Criteria*

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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 as set forth in the uniform compliance guidelines. 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](#)."

**CAPITAL ASSETS**

The same comment also appeared in prior Reports B56844 and B61003.

*Condition and Context*

Internal controls were not in place to ensure a complete and accurate capital asset listing was maintained.

Through compliance procedures performed, the following errors were identified:

- An HVAC project, with an approximate acquisition value of \$1,768,046, should have been added to the detailed capital asset listing, but was not. The HVAC project was purchased, in part, from a federal grant, which also resulted in noncompliance with the grant agreement.
- Two assets, a pool scoreboard and a running track, which were on the detailed listing of capital assets, did not have the correct acquisition cost.
- One asset, a 1983 commercial dishwasher, was not removed from the detailed listing of capital assets after it was disposed of prior to June 30, 2024.

NEW PRAIRIE UNITED SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

*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)

**OUTSIDE ORGANIZATIONS - APPLIES TO NEW PRAIRIE HIGH SCHOOL**

The same comment appeared in prior Report B61003.

*Condition and Context*

Internal controls were not in place to ensure compliance with maintaining financial records of outside organizations.

The New Prairie High School extracurricular account maintains a New Prairie Building Trades, Inc. - Checking fund. For the two-year period ending June 30, 2024, the beginning cash and investment balance, receipts, disbursements, and ending cash and investment balance totaled \$35,251, \$756,850, \$775,458, and \$16,643, respectively. The business entity report filed with the Indiana Secretary of State's office reports the New Prairie Building Trades, Inc. as a Domestic Nonprofit Corporation, a separate outside organization from the School Corporation. The extracurricular account should not be collecting, receipting, remitting, or disbursing the outside organization's funds.

*Criteria*

Indiana Code 20-41-1-7(a) states in part:

"The treasurer has charge of the custody and disbursement of any funds . . .

- (2) incurred in conducting any athletic, social, or other school function (other than functions conducted solely by any organization of parents and teachers) . . ."

Therefore, activities and organizations which are not extra-curricular in nature should be responsible for their own accounting and cash handling systems. The extra-curricular account should not collect, receipt, remit, or disburse outside organization's monies. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

NEW PRAIRIE UNITED SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on March 4, 2025, with Tim Scott, Treasurer; Dr. Paul White, Superintendent of Schools; Phillip King, President of the School Board; Jason DeMeyer, School Board member; Jill Smith, School Board member; and Rich Shail, School Board member.