

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

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

COMPLIANCE EXAMINATION REPORT

OF

PERU COMMUNITY SCHOOLS

MIAMI COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

04/02/2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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April 2, 2025

To: The Officials of the Peru Community Schools
Peru Community Schools
Miami County, Indiana

This report is supplemental to the audit report of Peru Community Schools (School Corporation), for the period July 1, 2022 to June 30, 2024. It has been provided as a separate report so that the reader may easily identify any findings that pertain to the School Corporation. It should be read in conjunction with the financial statement audit report of the School Corporation, which provides an opinion 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 engaged private examiners under our review to perform the audit of the School Corporation and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The findings contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the supplemental report of Peru Community Schools prepared by Crowe LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2024. In our opinion, the supplemental report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on pages 3 and 4.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA
Deputy State Examiner

COMPLIANCE EXAMINATION OF
PERU COMMUNITY SCHOOLS
Miami County, Indiana
July 1, 2022 through June 30, 2024

PERU COMMUNITY SCHOOLS

Miami County, Indiana
July 1, 2022 through June 30, 2024

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PERU COMMUNITY SCHOOLS
SCHEDULE OF OFFICIALS
July 1, 2022 through June 30, 2024

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-------------------------------|------------------------------|----------------------|
| Treasurer | Dan Durrwachter | 07-01-22 to 06-30-24 |
| Superintendent of Schools | Sam Watkins | 07-01-22 to 06-30-23 |
| | Dr. Jaime Cole | 07-01-23 to 06-11-24 |
| | Dr. Brandon Penrod (Interim) | 06-12-24 to 06-30-24 |
| President of the School Board | Ron Mullett | 01-01-22 to 12-31-22 |
| | Greg Quin | 01-01-23 to 12-31-24 |

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Peru Community Schools

We have examined Peru Community Schools' ("School Corporation") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* during the period of July 1, 2022 through June 30, 2024. Management of the School Corporation is responsible for the School Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the School Corporation's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the School Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the School Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the School Corporation's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* applicable to the School Corporation during the period of July 1, 2022 through June 30, 2024, as described in items 2024-001 through 2024-003 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the aforementioned requirements during the period of July 1, 2022 through June 30, 2024.


Crowe LLP

Indianapolis, Indiana
March 25, 2025

PERU COMMUNITY SCHOOLS
 SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
 July 1, 2022 through June 30, 2024

FINDING 2024-001: OVERDRAWN CASH BALANCES

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations states in part, “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.”

Condition: During testing of cash fund balances, we noted the following funds that were not cost-reimbursement based with a cash balance below zero as of June 30, 2023 or June 30, 2024:

| Fund | Amount Overdrawn June 30, 2023 | Amount Overdrawn June 30, 2024 |
|------------------------------|--------------------------------------|--------------------------------------|
| State Tax | \$ 92 | \$ 92 |
| Local Tax | 68 | 68 |
| Group Insurance | 89 | 5,690 |
| American Funds Repayment | 4,212 | 4,212 |
| Section 125 Reimbursement | 14,489 | 14,489 |
| Garnishment of Wages | 2,935 | 2,935 |
| Retirees-Term Life Insurance | 1,857 | 2,101 |
| United Way Fund | 499 | 499 |
| Fringe Benefits | 178,161 | 155,348 |
| Book Rent | 5,325 | 5,325 |

This is a repeat finding from report B61280.

FINDING 2024-002: PREPAID SCHOOL MEAL ACCOUNTS

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)

(Continued)

PERU COMMUNITY SCHOOLS
EXIT CONFERENCE
July 1, 2022 through June 30, 2024

FINDING 2024-002: PREPAID SCHOOL MEAL ACCOUNTS (Continued)

Condition: 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 has a balance of \$5,799, while the subsidiary ledger has a negative balance of \$1,171 at June 30, 2023. For the year ended June 30, 2024, the School Lunch Clearing fund has a balance of \$5,624, while the subsidiary ledger has a negative balance of \$816.

This is a repeat finding from report B61280.

FINDING 2024-003: ANNUAL FINANCIAL REPORT – OTHER INFORMATION

Criteria: Indiana Code 5-11-1-4(a) states, *"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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."*

Condition: Financial and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The School District did not properly enter the other information into Gateway, which resulted in the following errors:

Leases and Debt

The School Corporation did not include the leases that are in the Peru Multi-School Building Corporation's name within the lease section of the other information schedule. The Ad Valorem Property Tax First Mortgage Bonds Series 2022, the Ad Valorem Property Tax Series 2020, the First Mortgage Bonds Series 2014B and First Mortgage Bonds Series 2023 leases were added to the schedule.

PERU COMMUNITY SCHOOLS
EXIT CONFERENCE
July 1, 2022 through June 30, 2024

The contents of this report were discussed on March 25, 2025, with Tara Enyeart, Business Manager, Trent McCormick, Superintendent, and Dr. Meg Guthrie-Pennington, Board Member.