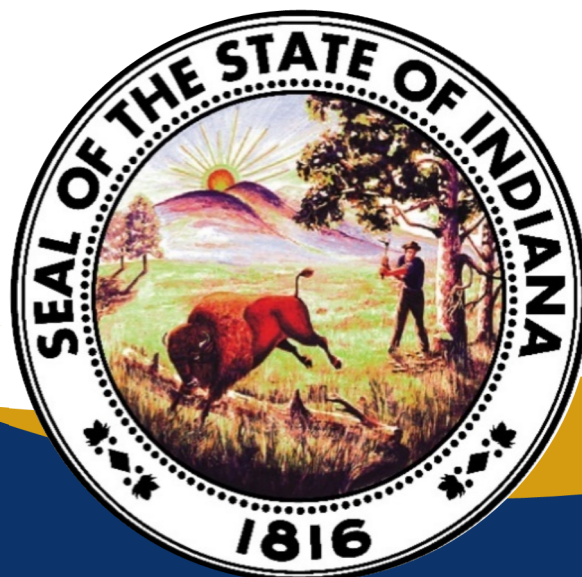


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
NORTH NEWTON SCHOOL CORPORATION
NEWTON COUNTY, INDIANA
July 1, 2022 to June 30, 2024



FILED

03/26/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Karen L. Zackfia	07-01-22 to 06-30-23
	Kurt Barone	07-01-23 to 08-27-23
	(Vacant)	08-28-23 to 08-31-24
	June Miller	09-01-23 to 07-31-24
	(Vacant)	08-01-24 to 08-25-24
	Matthew Kwiatkowski	08-26-24 to 02-07-25
Superintendent of Schools	(Vacant)	02-08-25 to 03-11-25
	Ryan Middleton	07-01-22 to 05-13-24
	Debra Howe (interim)	05-14-24 to 06-30-24
	Julie Remschneider	07-01-24 to 03-11-25
President of the School Board	Paul Sheldon	07-01-22 to 12-31-22
	Samantha Hickel	01-01-23 to 09-09-24
	(Vacant)	09-10-24 to 09-17-24
	Diane Gonczy	09-18-24 to 12-31-24
	Tyson Bridgeman	01-01-25 to 06-30-25



Paul D. Joyce, CPA
State Examiner

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TO: THE OFFICIALS OF THE NORTH NEWTON SCHOOL
CORPORATION, NEWTON COUNTY, INDIANA

This report is supplemental to the audit report of the North Newton 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/.

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 11, 2025

NORTH NEWTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

After June 2023, the School Corporation had a complete turnover in the business office personnel which included both the Treasurer and Deputy Treasurer. The change in the business office personnel led to deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to cash and investments, receipts, disbursements, and financial reporting to ensure the accuracy, completeness, and timeliness of the recordkeeping.

Cash and Investments - Bank Reconcilements

An oversight or review process ensuring that reconcilements of the record balances to the depository and investment balances were completed at least monthly to ensure the accuracy and completeness of financial transactions, including the investment activity, had been properly designed and implemented.

However, the internal control process was determined to not be effective for the monthly bank reconcilements from July 2023 through May 2024. In July 2023, the School Corporation purchased a \$2,000,000 Certificate of Deposit (CD) investment from the Rainy Day Fund. At the time of the purchase, a disbursement was recorded in the Rainy Day Fund, which resulted in the decrease of the ledger's overall cash and investment balances by \$2,000,000. As a result, the monthly bank reconcilements from July 2023 through May 2024 did not accurately reflect the complete cash and investments since the \$2,000,000 investment balance was not included each month. In addition, the School Corporation did not maintain an investment register as required.

The omission of the CD investment balance was not detected or corrected until the CD matured in June 2024.

Receipts

The School Corporation had an oversight and review process designed and implemented over receipts. However, for fiscal year 2023-2024, one employee prepared and recorded receipts to the financial accounting system without evidence of an oversight or review process to ensure the accuracy, timeliness, and completeness of the ledger.

Disbursements

The School Corporation had an oversight and review process designed and implemented to ensure the accuracy, timeliness, and completeness of disbursements. However, for 2023-2024, one employee prepared and recorded vendor disbursements into the financial accounting system without evidence of an oversight or review process and the review process over payroll disbursements was determined to not be consistently performed and documented.

Financial Close and Reporting

The School Corporation is required to file reports after the close of each fiscal year. The reports are to be filed electronically as prescribed.

NORTH NEWTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

The School Corporation did have a system of internal controls over the preparation of the Annual Financial Report (AFR) entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the financial statement for the AFR filed for the period ending June 30, 2023. However, for the AFR for the period ending June 30, 2024, one employee prepared and submitted the AFR without evidence of an oversight or review process to ensure the accuracy and completeness of the financial information submitted.

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. . . ."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

INTERNAL CONTROLS - COMPLIANCE

Condition and Context

Internal control deficiencies resulted in noncompliance over:

- Penalties, Interest, and Other Charges
- Average Daily Membership (ADM)
- Overdrawn Cash Balances
- Compensation
- Annual Financial Report

NORTH NEWTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

- Capital Assets
- Public Purchases
- Subsequent Events - Condition of Records
- Subsequent Events - Timely Payments

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

Criteria

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PENALTIES, INTEREST, AND OTHER CHARGES

Condition and Context

The School Corporation did not have internal controls over the correct reporting and timely remittance of taxes and other invoices for fiscal year 2023-2024. The School Corporation did not timely remit federal, state, and local taxes, credit card payments, and other invoices timely, which resulted in the School Corporation paying penalties, interest, and late fees to the Internal Revenue Service, the Indiana Department of Revenue, a bank for a credit card payment, and a vendor for services provided.

Due to the untimely remittance of taxes and payment of invoices, the School Corporation incurred and paid penalties, interest, and late charges as follows:

- The Internal Revenue Service was paid \$16,125.
- The Indiana Department of Revenue was paid \$1,904.
- The Demotte State Bank and a vendor for services provided were paid \$28 and \$36, respectively, for late payments.
- After June 30, 2024, the Indiana Department of Revenue was paid \$2,316.

NORTH NEWTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

AVERAGE DAILY MEMBERSHIP (ADM)

Condition and Context

Internal controls were not in place to ensure that proper documentation was retained for the verification of a student as an eligible pupil or that the counts were accurate.

The School Corporation has a verification of residency for membership policy that was adopted September 14, 2020, and revised in April 2023 that details the expectations for student residency verification.

The School Board adopted Policy 6250 states in part:

" . . . G. Documentation supporting proof of residency may include such items as a current utility bill, telephone bill, tax return, bank statement, mortgage statement, rental/lease agreement, medical bill or other like information that provides a verifiable address. Documentation should be dated within sixty (60) days of student enrollment and the date should be clearly identified and readable on the copy on file for the student."

Of the 62 students tested, supporting documentation for residency verification, attendance, and age requirement were not provided as follows:

For 20 of the students tested, the proof of residency documentation provided included a parcel printout of the property owner which was created in February 2025 after we requested the documentation.

- Proof of residency was not provided for an additional 13 of the students tested.
- Proof of attendance was not provided for 9 of the students tested.
- Proof of age was not provided for 1 of the students tested.

Furthermore, the student count reports for the Junior/Senior High School were not certified by the Principal for the September 2023 and February 2024 count dates as required.

Criteria

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

NORTH NEWTON SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

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)

OVERDRAWN CASH BALANCES

Condition and Context

Internal controls were not in place to ensure cash and investment balances were not overdrawn.

The financial statement included funds with overdrawn cash and investment balances at June 30, 2024. Cash balances of some of the School Corporation's funds were overdrawn due to grant funds operating on a reimbursement basis. Reimbursement grants require the School Corporation to expend funds and subsequently request reimbursement. The School Corporation funds with overdrawn cash balances at June 30, 2024, including the overdrawn grant funds which had not received reimbursements by December 31, 2024, are as follows:

Fund	Amount Overdrawn
Curricular Materials Rental	\$ 29,195
Self-Insurance iPads	2,085
Donations Republic/Boosters	5,000
2022-2023 Title I	264
Title I	120,795
Title II Part A Supporting Effective I	34,892
ESSER III	372,362
Ele/Sec Schl Emer Rel Esser II	2,488
Withholdings Health/Dental Ins.	5

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)

COMPENSATION

Condition and Context

Internal controls were not in place to ensure payroll disbursements were accurate and properly supported. Of the 24 individual paychecks tested, the following errors were noted:

NORTH NEWTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

- The Support Staff Handbook, section 4.B. states: "All support staff employees except for bus drivers and bus aides must document all actual hours of work via the K-Time System. . . ."

For the pay date August 4, 2023, the Director of Business and Finance did not maintain a proper time record via the K-Time System. Hours were typed on a piece of paper with a total of 46 and 42 hours for the two week period without any explanation noted. A record of actual hours worked per day were not maintained in the K-Time System as required.

- On January 8, 2024, the School Board appointed a new Deputy Treasurer. For pay date February 16, 2024, the new Deputy Treasurer was paid a prorated \$45,000 salary. However, the School Board approval of the \$45,000 salary could not be provided for audit. Per the salary schedule, the Deputy Treasurer salary was \$42,500.
- One employee was paid for 6.25 hours of overtime. The overtime rate paid did not agree with the auditor-calculated time and a half overtime rate.
- Documentation of the approval of time records by the appropriate official and fiscal officer were not provided for 12 of the paychecks tested.

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)

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)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

ANNUAL FINANCIAL REPORT

Condition and Context

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statement, other information, and the Schedule of Expenditures of Federal Awards (SEFA). Effective internal controls were not established to ensure the timely submission of and the accuracy and completeness of the information in the AFR, which resulted in the following errors:

Payables and Receivables

The School Corporation had amounts that were either owed to vendors and not yet paid or reimbursements from the State of Indiana not yet received at June 30, 2024. Those amounts were to be reported in the AFR as accounts payable or accounts receivable, respectively. However, the School Corporation did not report any accounts payable or receivable in the AFR as of June 30, 2024.

NORTH NEWTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

The AFR is the basis for the other information presented. Due to the material errors noted, the School Corporation approved the omission of the Schedule of Payables and Receivables from the Financial Statement Audit Report of the School Corporation.

Grants

The grants reported in the AFR had the following errors:

- The National School Lunch Program expenditures were overstated by \$158,938 for fiscal year 2023-2024.
- The Special Education Grants to States and COVID-19 - Special Education Grants to States expenditures were omitted, which resulted in the understatement by \$388,182 for 2023-2024.
- Several other grants had individual immaterial errors that resulted in misstatements of expenditures of \$118,366.
- Other errors included incorrect program names and assistance listings numbers.

Adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in the Federal Compliance Audit Report of the School Corporation.

Furthermore, the AFR was submitted 27 and 47 days after the due date for the fiscal years ending June 30, 2023 and 2024, respectively.

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](#)."

CAPITAL ASSETS

Condition and Context

Internal controls were not in place to ensure a complete and accurate capital asset listing was maintained after June 30, 2023.

The School Corporation had a detailed listing of capital assets prepared by a valuation company as of June 30, 2023, which totaled \$37,460,739. The School Corporation did purchase equipment over the \$5,000 threshold during the fiscal year ending June 30, 2024, for approximately \$300,000. However, the detailed listing of capital assets was not updated for these items.

NORTH NEWTON 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)

PUBLIC PURCHASES

Condition and Context

Internal controls were not in place to ensure compliance with the public purchases law.

In June 2024, the School Corporation purchased school buses and equipment totaling \$158,085 and \$118,635, respectively. Evidence of invitation for bids and board approval for purchases over \$150,000, three quotes for the purchase over \$50,000 and not more than \$150,000, or the use of Special Purchasing methods in accordance with Indiana Code 5-22-10 was requested but was not provided for audit.

Criteria

Indiana Code 5-22-7-2 states:

"(a) A purchasing agent shall issue an invitation for bids.

(b) An invitation for bids must include the following:

- (1) A purchase description.
- (2) All contractual terms and conditions that apply to the purchase.
- (3) A statement of the evaluation criteria that will be used, including any of the following:
 - (A) Inspection.
 - (B) Testing.
 - (C) Quality.
 - (D) Workmanship.
 - (E) Delivery.
 - (F) Suitability for a particular purpose.
 - (G) The requirement imposed under [IC 5-22-3-5](#).

NORTH NEWTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

- (4) The time and place for opening the bids.
- (5) A statement concerning whether the bid must be accompanied by a certified check or other evidence of financial responsibility that may be imposed in accordance with rules or policies of the governmental body.
- (6) A statement concerning the conditions under which a bid may be canceled or rejected in whole or in part as specified under [IC 5-22-18-2](#)."

Indiana Code 5-22-8-3 states:

"(a) This section applies only if the purchasing agent expects the purchase to be:

- (1) at least fifty thousand dollars (\$50,000); and
- (2) not more than one hundred fifty thousand dollars (\$150,000).

(b) A purchasing agent may purchase supplies under this section by inviting quotes from at least three (3) persons known to deal in the lines or classes of supplies to be purchased.

(c) The purchasing agent shall mail an invitation to quote to the persons described in subsection (b) at least seven (7) days before the time fixed for receiving quotes.

(d) If the purchasing agent receives a satisfactory quote, the purchasing agent shall award a contract to the lowest responsible and responsive offeror for each line or class of supplies required.

(e) The purchasing agent may reject all quotes.

(f) If the purchasing agent does not receive a quote from a responsible and responsive offeror, the purchasing agent may purchase the supplies under [IC 5-22-10-10](#)."

Indiana Code 5-22-10-1 states: "Notwithstanding any other provision of this article, a purchasing agent may make a purchase under this chapter without soliciting bids or proposals."

Indiana Code 5-22-10-2 states: "A special purchase must be made with competition as is practicable under the circumstances."

Indiana Code 5-22-10-3 states:

"(a) A purchasing agent shall maintain the contract records for a special purchase in a separate file.

(b) A purchasing agent shall include in the contract file a written determination of the basis for:

- (1) the special purchase; and
- (2) the selection of a particular contractor.

(c) Notwithstanding any other law, a governmental body shall maintain a record listing all contracts made under this chapter for a minimum of five (5) years. The record must contain the following information:

NORTH NEWTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) Each contractor's name.
 - (2) The amount and type of each contract.
 - (3) A description of the supplies purchased under each contract.
- (d) The contract records for a special purchase are subject to audit by the state board of accounts."

SUBSEQUENT EVENTS - CONDITION OF RECORDS

Condition and Context

Internal controls were not in place to ensure that the financial transactions, monthly reconciling, and required reporting were completed and submitted timely after June 30, 2024. The School Corporation experienced a change in the Treasurer in August 2024 who then resigned effective February 7, 2025. As of March 10, 2025, the School Corporation has neither a Treasurer nor a Deputy Treasurer.

A review of subsequent ledgers and records noted the following as of March 10, 2025:

- The monthly reconciliements of the record balances to the depository and investment balances for October, November, and December 2024, and January 2025 were not completed to ensure the accuracy and completeness of financial transactions, including the investment activity.
- The November 2024 collections were entered in the receipt module of the financial system; however, the receipts had not been recorded to the ledger.
- The accounting records have not been closed as of December 31, 2024, which resulted in the School Corporation not being able to provide detailed ledgers for any 2025 financial activity.
- After the student has charged meals, the School Corporation is to disburse the amount charged from the Prepaid Food fund and receipt it into the School Lunch fund. The disbursement from the Prepaid Food fund to the School Lunch fund had not been completed for October, November, and December 2024, and January 2025.
- Pursuant to Indiana Code 20-40-2-6, the School Corporation is required to submit a Biannual Financial Report (Form 9) to the Indiana Department of Education for the period July 1, 2024 to December 31, 2024, by January 31, 2025. The School Corporation did not submit the Biannual Financial Report (Form 9) with the Indiana Department of Education that was due January 31, 2025.

NORTH NEWTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Indiana Code 20-26-4-1 states in part:

". . . (c) A governing body shall, at the time that officers are elected under subsection (b), appoint a treasurer of the governing body and of the school corporation who is a person, other than the superintendent of schools, who is not a member of the governing body. The treasurer may, with the approval of the governing body, appoint a deputy who must be a person, other than the superintendent of schools, who is not a member of the governing body and who has the same powers and duties as the treasurer, or lesser duties as provided by the governing body by rule.

(d) The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for the funds. The treasurer shall:

- (1) issue a receipt for money received by the treasurer;
- (2) deposit money described in subdivision (1) in accordance with the laws governing the deposit of public funds; and
- (3) issue all warrants in payment of expenses lawfully incurred on behalf of the school corporation. However, except as otherwise provided by law, warrants described in this subdivision must be issued only after proper allowance or approval by the governing body. The governing body may not require an allowance or approval for amounts lawfully due in payment of indebtedness or payments due the state, the United States government, or agencies and instrumentalities of the state or the United States government. . . ."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporation, Chapter 1)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporation, Chapter 1)

NORTH NEWTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

The SBOA opinion is that money a student puts into their individual meal account (prepaid food account) 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 it is in the student's individual account balance, it should not be included in the School Lunch fund. It is required that the School Corporation set up a Prepaid School Lunch Accounts fund clearing account. When a student brings in a deposit the receipt would be recorded to the Prepaid School Lunch Accounts fund. Periodically, after the student has charged meals, the School Corporation should disburse the amount charged from the Prepaid School Lunch Accounts fund and receipt it into the School Lunch fund. At this point it is considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis the balance of the Prepaid School Lunch Accounts fund should be reconciled with the total of the individual meal accounts. The School Food Prescribed Forms and any approved computerized Forms will be required to be maintained in the following manner to accurately account for prepaid items. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 10)

SUBSEQUENT EVENTS - TIMELY PAYMENTS

Condition and Context

The School Corporation did not have an effective system of internal controls in place to ensure timely payment and recording of financial activity.

Payments made to vendors for goods or services were not made in a timely manner or timely posted to the records after June 30, 2024. Of the 21 vendor payments for goods or services tested after June 30, 2024, 10 payments, totaling \$406,780, were determined to not have been paid timely based upon the invoice dates. Of those 10, 3 payments, totaling \$72,766, were not recorded to the ledger in the correct accounting period.

The School Corporation has several payroll withholding funds which are to be used to account for the various employee withholdings withheld for taxes, benefits, and other items and the subsequent remittances of the withholdings to the proper vendor. The School Corporation is to remit the withholdings timely to the proper vendor; however, an analysis of the various employee withholdings funds activity after June 30, 2024, noted the following:

- Withholding receipts were not posted to the ledger for November 2024. In addition, withholding remittances to the Indiana Department of Revenue, the Indiana Public Retirement System (INPRS), and the Internal Revenue Service, totaling \$190,185, were electronically paid in November 2024; however, the payments were not recorded to the ledger.
- Withholding payments to various companies and governmental entities paid by checks dated August 16 and 30, September 14 and 28, and October 11 and 26, 2024, totaling \$15,305, all cleared the bank in November 2024.
- Payments to the Indiana Department of Revenue for state and local taxes were electronically remitted in August through December 2024; however, the payments made in October through December 2024 were not recorded to the ledger.
- Monthly withholdings for cancer insurance from July to December 2024 were not remitted until December 13, 2024, totaling \$27,491.
- Dental, vision, and life insurances and American Fidelity payments were not remitted in November and December 2024.

NORTH NEWTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Guidelines Compliance Manual for Indiana Public School Corporations, Chapter 1)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Guidelines Compliance Manual for Indiana Public School Corporations, Chapter 1)

NORTH NEWTON SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 11, 2025, with Tyson Bridgeman, President of the School Board; Melissa Dyer, Secretary of the School Board; and Karen L. Zackfia, former Treasurer.