

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

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

COMPLIANCE EXAMINATION REPORT

OF

JAY SCHOOL CORPORATION

JAY COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

03/27/2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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March 27, 2025

To: The Officials of the Jay School Corporation
Jay School Corporation
Jay County, Indiana

This report is supplemental to the audit report of the Jay School Corporation (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 for the Jay School Corporation 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
JAY SCHOOL CORPORATION
Jay County, Indiana
July 1, 2022 through June 30, 2024

JAY SCHOOL CORPORATION

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

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JAY SCHOOL CORPORATION
SCHEDULE OF OFFICIALS
July 1, 2022 through June 30, 2024

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Shannon Current	07-01-22 to 06-30-24
Superintendent of Schools	Jeremy Gulley	07-01-22 to 06-30-24
President of the School Board	Ronald Laux	01-01-22 to 12-31-24

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Jay School Corporation

We have examined Jay School Corporation's ("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, 2024-002, and 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
February 25, 2025

JAY SCHOOL CORPORATION
 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 fund that was not cost-reimbursement based with a cash balance below zero as of June 30, 2023 or June 30, 2024:

Fund	Amount Overdrawn <u>06-30-2023</u>	Amount Overdrawn <u>06-30-2024</u>
Charity Gaming	\$ (75)	\$ (125)
Jchs Prepaid Food/Trust Acct	(16,833)	-
Federal Tax	(652)	(652)
Social Security	(710)	(710)
Annuities	(60)	-
Garnishment Paid To Jay School	(207)	(207)
Cancer Insur (Non 125)	(14,612)	(18,500)
Eye/Dental Insur (Non 125)	(948)	(924)
Medical Insurance (Sec 125)	(29,089)	(45,833)
School Safety Donations	-	(175)

FINDING 2024-002: RECONCILEMENT OF THE PREPAID FOOD ACCOUNT

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 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 the 8400 fund be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

Condition: The School Corporation maintains a Prepaid Lunch fund (8400 fund). There was no reconciliation performed between the subsidiary ledger tracking prepaid student balances and the School Corporation's fund ledgers. At June 30, 2023, the subsidiary ledger had a prepaid balance of negative \$7,869 compared to the funds ledger balance of negative \$16,833. At June 30, 2024, the subsidiary ledger had a prepaid balance of negative \$19,578 compared to the funds ledger balance of a positive \$17,419.

(Continued)

JAY SCHOOL CORPORATION
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 through June 30, 2024

FINDING 2024-003: CAPITAL ASSETS

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

Condition: The School Corporation did not have a detail listing of capital assets owned by the School Corporation. The School Corporation only maintained a listing of current audit additions. Additionally, we noted that a physical inventory is not taken at least every two years.

JAY SCHOOL CORPORATION
EXIT CONFERENCE
July 1, 2022 through June 30, 2024

The contents of this report were discussed on February 21, 2025 with Shannon Current, Treasurer, Jeremy Gulley, Superintendent, and Ron Laux, School Board President.