

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

GREATER JASPER CONSOLIDATED SCHOOLS

DUBOIS COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/07/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Monica Young	07-01-21 to 06-30-24
Superintendent of Schools	Dr. Tracy Lorey	07-01-21 to 06-30-24
President of the School Board	Bernard J. Vogler Greg Eckerle	07-01-21 to 12-31-22 01-01-23 to 06-30-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE GREATER JASPER CONSOLIDATED
SCHOOLS, DUBOIS COUNTY, INDIANA

This report is supplemental to the audit report of the Greater Jasper Consolidated Schools (School Corporation), for the period from July 1, 2021 to June 30, 2023. 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

February 21, 2024

GREATER JASPER CONSOLIDATED SCHOOLS
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The School Corporation had not established effective internal controls over the AFR information entered into Gateway. Although the Treasurer compiled, reviewed, and entered the School Corporation's information in Gateway, and the Superintendent of Schools reviewed and certified the information entered was accurate, the internal control was not effective and did not detect and allow correction of the following errors prior to submission:

Financial Data

- The activity of the Construction Fund - 2023 Bond fund was not reported on the AFR or financial statement. The School Corporation entered into a Lease Rental agreement on March 28, 2022, with the Greater Jasper School Building Corporation (Building Corporation) for renovation of and improvements to various buildings of the School Corporation. The Building Corporation issued the Greater Jasper School Building Corporation Ad Valorem Property Tax First Mortgage Bonds, Series 2023, in the amount of \$40,000,000 on May 11, 2023. Per the Trust Indenture executed on April 1, 2023, between the Building Corporation and the Springs Valley Bank and Trust Company, \$10,000,000 of the proceeds will be used to purchase the Real Estate from the School Corporation on the closing date of the original bonds. Moneys paid to the School Corporation for the real estate will be treated as Available Construction Proceeds and tracked by the School Corporation until spent. On May 11, 2023, \$10,000,000 was deposited into a Greater Jasper Consolidated Schools - Construction bank account. As these funds were considered the responsibility of the School Corporation, they should have been reported on the School Corporation's financial statement.

Failure to report these transactions caused other receipts, other financing sources, and ending cash and investments balance to be understated by \$47,598, \$10,000,000, and \$10,047,598, respectively.

- The School Corporation did not report all of the activity of the Self-Insurance fund. The School Corporation utilized a third-party administrator to administer the Greater Jasper Consolidated Schools Employee Benefit Trust (Self-Insurance fund). The administrator provided the School Corporation with a detailed reconciliation worksheet showing the trust's monthly income, expenditures, and ending cash balances.

For the years ended June 30, 2022 and 2023, the beginning cash and investments balance was understated \$4,076,080 and \$3,586,524, respectively; cash receipts were understated \$5,314,845 and \$6,275,206, respectively; cash disbursements were understated \$5,804,401 and \$6,859,441, respectively; and the ending cash and investments balance was understated \$3,586,524 and \$3,002,289, respectively.

Adjustments were proposed, accepted by the School Corporation, and made to the financial statement and to the Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report for the School Corporation.

GREATER JASPER CONSOLIDATED SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Grant Information

- The Child Nutrition Cluster expenditures were overstated by \$220,797.
- The Supporting Effective Instruction State Grants expenditures were understated by \$28,396
- Other errors included incorrect program names, identifying numbers, and pass-through identification numbers.

Audit adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Expenditures of Federal Awards presented in the Federal Compliance Audit Report for the School Corporation.

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](#)."

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Indiana Public School Corporations, Chapter 1)

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. . . ."

GREATER JASPER CONSOLIDATED SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

PREPAID MEAL ACCOUNTS

This same comment appeared in a Management Letter addressed to the Officials of the School Corporation for the audit period ending June 30, 2021.

Condition and Context

The School Lunch Prepaid Clearing fund (fund 8400), was established by the School Corporation during the audit period, and transfers were made from the School Lunch fund to properly establish Prepaid Student Meal Accounts for each school building. Monthly transfers were being made from fund 8400 to the School Lunch fund; however, the subsidiary student account listings were not being reconciled to the summary reports on a monthly basis, or at the end of each school year, and amounts were being transferred to make it balance each year-end.

Criteria

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 the balance it should not be included in the School Lunch fund. It is required that you 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, you 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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 10)

RECORD OF HOURS WORKED

This same comment appeared in a Management Letter addressed to the Officials of the School Corporation for the audit period ending June 30, 2021.

Condition and Context

During the review of payroll, it was noted that some full-time, non-certified staff were not maintaining any type of time records. There were no records provided showing which hours were worked by each employee and no attendance or service records were being maintained for these employees.

Criteria

Indiana Code 5-11-9-4(b) states:

"The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees:

- (1) covered by section 1 or 2 of this chapter; and
- (2) employed by more than one (1) public agency or in more than one (1) position by the same public agency described in section 1 or 2 of this chapter."

GREATER JASPER CONSOLIDATED SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

GREATER JASPER CONSOLIDATED SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 21, 2024, with Monica Young, Treasurer; Dr. Tracy Lorey, Superintendent of Schools; Greg Eckerle, President of the School Board; Steve Lukemeyer, School Board member; and Sara Schmidt, School Board member.