

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

COMPLIANCE EXAMINATION REPORT

OF

UNION-NORTH UNITED SCHOOL CORPORATION

ST. JOSEPH COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

04/04/2024



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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April 4, 2024

To: The Officials of Union-North United School Corporation
Union-North United School Corporation
St. Joseph County, Indiana

This report is supplemental to the audit report of Union-North United School Corporation (School Corporation), for the period July 1, 2021 to June 30, 2023. It has been provided as a separate report so that the reader may easily identify any Examination 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 Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Union-North United School Corporation prepared by Crowe LLP, Independent Public Accountants, for the period July 1, 2021 to June 30, 2023. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report on pages 3 through 5.

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

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

COMPLIANCE EXAMINATION OF
UNION-NORTH UNITED SCHOOL CORPORATION
St. Joseph County, Indiana
July 1, 2021 to June 30, 2023

UNION-NORTH UNITED SCHOOL CORPORATION

St. Joseph County, Indiana
July 1, 2021 to June 30, 2023

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UNION-NORTH UNITED SCHOOL CORPORATION
SCHEDULE OF OFFICIALS
July 1, 2021 to June 30, 2023

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Beth Mangus	07-01-21 to 03-01-22
	Vacant	03-02-22 to 06-30-22
	Abby Doyle	07-01-22 to 03-04-23
	Vacant	03-05-23 to 06-02-23
	Valerie Moore	06-03-23 to 06-30-23
Deputy Treasurer	Jill Wagoner	07-01-21 to 06-30-23
President of the School Board	Karman Eash	07-01-21 to 12-31-22
	Tom Smith	01-01-23 to 06-30-23
Superintendent of Schools	Mitch Mawhorter	07-01-21 to 08-13-21
	Vacant	08-14-21 to 08-31-21
	Diane Woodworth	09-01-21 to 12-31-21
	Dr. Angela Piazza	01-01-22 to 06-30-23



INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the Union-North United School Corporation

We have examined the Union-North United School Corporation ("School Corporation") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* during the period July 1, 2021 to June 30, 2023. 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.

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

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 disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* applicable to the School Corporation during the period July 1, 2021 to June 30, 2023, as described in items 2023-001 through 2023-007 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 July 1, 2021 to June 30, 2023.

A handwritten signature in black ink that reads "Crowe LLP".
Crowe LLP

Indianapolis, Indiana
March 28, 2024

UNION-NORTH UNITED SCHOOL CORPORATION
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2021 to June 30, 2023

FINDING 2023-001: MISSING GATEWAY UPLOADS

Criteria: The Indiana State Board of Accounts (SBOA) Directive 2018-1 states in part, " Beginning with July 2018 files, which will be due September 15, 2018, all cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients.

The following files and governmental unit information are required to be uploaded monthly by all units:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund

The following files and governmental unit information are required to be uploaded annually by all units:

- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule)
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund

Condition: During testing, we noted the School Corporation did not upload monthly bank reconcilements, bank statements, outstanding check lists, annual receipt listings, annual disbursement listings, or the annual funds ledger for either year.

FINDING 2023-002: BANK ACCOUNT RECONCILIATIONS

Criteria: 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.*"

Condition: During testing, management was not able to provide bank reconciliations for any of the months during the audit period. Management asserts that the reconciliations were performed, but management was unable to provide completed bank reconciliations.

FINDING 2023-003: 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."

This is a repeat finding from the prior year report (B60140).

Condition: During testing of cash, we noted the following funds with a cash balance below zero, which are not grant related funds, as June 30, 2022 or June 30, 2023.

(Continued)

UNION-NORTH UNITED SCHOOL CORPORATION
 SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
 July 1, 2021 to June 30, 2023

FINDING 2023-003: OVERDRAWN CASH BALANCES (Continued)

Fund	Amount Overdrawn June 30, 2022	Amount Overdrawn June 30, 2023
Operations	\$ -	\$ (47,998)
2020 Bonds	(1,707)	(22,145)
2021 Construction Bond	-	(104,815)
American Fidelity/Med Reimburs	(539)	-
Health Savings Account	(1,907)	-
Horace Mann Authority	(944)	-
Ing Tax Sheltered Annuity	(1,199)	-
Aig/Valic Annuity	(1,807)	-
Axa/Equitable Annuity	(475)	-
Life Ins Co Of Southwest Ann	(245)	-
American Fidelity Annuity	(133)	-
Employee Support Deduction	(346)	-
Covid-19 Clearing Account	(31,981)	-

FINDING 2023-004: PENALTIES, INTEREST AND OTHER CHARGES

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

Condition: During testing, we noted one instance, in a sample of 17, in which penalties, interest or other charges were paid as a result of late payment. The total amount of this finding related to penalties, interest or other charges was \$147.

FINDING 2023-005: SALES TAX PAID ON PURCHASES

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations states in part, *“Sales taxes that are paid on qualifying purchases by the unit may be the personal obligation of the responsible official or employee.”*

This is a repeat finding from the prior year report (B60140).

Condition: During testing of disbursements, we noted one instance, in a sample of 17, in which sales tax was paid by the unit. The total amount of sales tax paid was \$206.

(Continued)

UNION-NORTH UNITED SCHOOL CORPORATION
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2021 to June 30, 2023

FINDING 2023-006: 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 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.”*

This is a repeat finding from the prior year report (B60140).

Condition: During testing of capital assets, we noted the School Corporation did not have a detail listing of capital assets owned by the unit which agreed to amounts reported to Gateway. We noted that there is no documentation of physical inventory being taken every 2 years in order to verify account balances carried in the accounting records.

FINDING 2023-007: CLASSIFICATION OF CLEARING FUND

Criteria: Chapter 7 of the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations notes that “Clearing Accounts serve as control accounts for certain areas of the accounting system. Therefore, they must be supported by receipt and disbursement entries in the general ledger and subsidiary ledgers or other supporting records. The clearing accounts are subsidiary records only and should not be used in lieu of proper and prescribed reporting of receipts, disbursements and balances of funds of the school corporation in accordance IC 5-11-1-2...”

This is a repeat finding from the prior year report (B60140).

Condition: During fiscal year 2021, a clearing fund (Fund 9891) was created to capture COVID-19 pandemic related expenditures with the intention of getting reimbursed by a federal grant. This activity should have been set up as a federal program with a 4000, 5000, 6000 or 7000 series fund number in accordance with the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations.

UNION-NORTH UNITED SCHOOL CORPORATION
EXIT CONFERENCE
July 1, 2021 to June 30, 2023

The contents of this report were discussed on March 28, 2024, with Jill Wagoner, Treasurer, Dr. Angela Piazza, Superintendent of Schools, Tom Smith, President of the School Board, Eric Knebel, Director of Grants and Assessment, and Kristin Bedock, Deputy Treasurer.