

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
STARKE COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**  
03/27/2019



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Guy Richie	07-01-16 to 06-30-19
Superintendent of Schools	Dr. Annette Zupin	07-01-16 to 06-30-19
President of the School Board	Patricia Goin Sheila Akers	07-01-16 to 06-30-17 07-01-17 to 06-30-19



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTH JUDSON-SAN PIERRE  
SCHOOL CORPORATION, STARKE COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the North Judson-San Pierre School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement as listed in the Table of Contents.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 to the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2016 to June 30, 2018.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2016 to June 30, 2018, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


*Other Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated February 21, 2019, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

February 21, 2019



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE NORTH JUDSON-SAN PIERRE  
SCHOOL CORPORATION, STARKE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the North Judson-San Pierre School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated February 21, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a material weakness.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

**North Judson-San Pierre School Corporation's Response to Findings**

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

February 21, 2019

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH  
AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-16	Receipts	Disbursements		06-30-17	Receipts	Disbursements		
General	\$ 297,790	\$ 7,310,694	\$ 6,515,222	\$ 7,695	\$ 1,100,957	\$ 7,375,182	\$ 6,757,895	\$ 30,564	\$ 1,748,808
Debt Service	752,038	1,117,297	1,388,607	-	480,728	1,203,921	1,336,782	-	347,867
Retirement/Severance Bond Debt Service	45,494	68,462	70,417	-	43,539	64,704	68,004	-	40,239
Capital Projects	544,028	1,295,489	1,076,302	-	763,215	1,109,265	1,216,673	-	655,807
School Transportation	901,579	831,959	1,016,324	-	717,214	829,007	605,435	-	940,786
School Bus Replacement	232,185	164,695	155,520	-	241,360	250,125	226,491	-	264,994
Rainy Day	905,512	-	436,699	-	468,813	-	-	-	468,813
Retirement/Severance Bond	3,032	-	-	-	3,032	-	-	-	3,032
Construction	829,921	20,809	396,997	-	453,733	223,348	442,483	1,107,032	1,341,630
School Lunch	221,454	620,912	536,618	-	305,748	625,139	577,684	-	353,203
Textbook Rental	148,881	30,059	32,921	-	146,019	70,117	50,077	-	166,059
Levy Excess	-	-	-	-	-	-	-	-	-
Educational License Plates	9,525	63	-	-	9,588	56	4,837	-	4,807
Comprehensive Counseling Initiative	-	8,302	7,456	-	846	-	846	-	-
Extra-Curricular Activities	-	1,858	1,858	-	-	-	-	-	-
NIC Foundation Donation	-	700	51	-	649	-	31	-	618
Kindergarten Countdown 2016	5,869	-	4,722	-	1,147	-	1,147	-	-
Kindergarten Countdown 2017	-	7,000	-	-	7,000	-	4,993	-	2,007
Kindergarten Countdown 2018	-	-	-	-	-	7,000	-	-	7,000
Elementary Supplies	2,568	-	2,568	-	-	-	-	-	-
Formative Assessment	842	-	842	-	-	12,266	12,266	-	-
Special Education Excess Costs	-	13,515	13,515	-	-	-	-	-	-
Instruction Support	6,700	29,128	32,888	-	2,940	28,938	28,586	-	3,292
Medicaid Reimbursement	980	18,342	-	(6,582)	12,740	18,452	-	(30,206)	986
Non-English Speaking Programs	2,214	-	100	-	2,114	-	-	-	2,114
School Technology	11,199	21,108	24,790	-	7,517	7,770	11,740	-	3,547
Career and Technical Performance Grant	-	7,941	-	-	7,941	7,016	11,065	-	3,892
Teacher Appreciation Grant 2015-16	-	16,063	16,063	-	-	-	-	-	-
Teacher Appreciation Grant 2016-17	-	-	-	-	-	30,649	30,649	-	-
Miscellaneous Programs	768	-	-	-	768	-	768	-	-
ISTA Settlement	-	-	-	-	-	-	-	-	-
Title I 2015-16	(7,095)	94,646	87,551	-	-	-	-	-	-
Title I Grant 2016-17	-	183,054	227,475	-	(44,421)	101,941	57,520	-	-
Title I Grant 2017-18	-	-	-	-	-	172,569	181,614	-	(9,045)
Title I School Improvement Grant IDEA	(2,600)	7,830	5,230	-	-	-	-	-	-
Special Ed Regular 2015-16	(23,486)	77,333	53,847	-	-	-	-	-	-
Special Education Grant 2016-17	-	218,528	240,368	-	(21,840)	69,544	47,704	-	-
Special Education Grant 2017-18	-	-	-	-	-	207,952	251,809	-	(43,857)
Special Ed Pre-School Grant 2016-17	-	11,725	11,725	-	-	-	-	-	-
Special Ed Pre-School Grant 2017-18	-	-	-	-	-	11,581	11,581	-	-
Technology Related Assistance for Individuals With Disabilities	-	-	-	-	-	-	-	-	-
Medicaid Reimbursement - Federal	25,330	33,857	6,382	-	52,805	32,706	60,644	-	24,867
Title II Part A 2015-16	(8,966)	21,584	12,618	-	-	-	-	-	-
Title II Part A 2017-18	-	22,015	30,131	-	(8,116)	50,577	43,794	-	(1,333)
Rural & Low Income Grant 2014-16	-	-	-	-	-	-	(55)	-	55
Prepaid Meals	215	239,915	239,430	-	700	227,384	226,439	-	1,645
Payroll Clearing	-	5,453,442	5,453,425	-	17	5,371,769	5,371,786	-	-
<b>Totals</b>	<b>\$ 4,905,977</b>	<b>\$ 17,948,325</b>	<b>\$ 18,098,662</b>	<b>\$ 1,113</b>	<b>\$ 4,756,753</b>	<b>\$ 18,108,978</b>	<b>\$ 17,641,288</b>	<b>\$ 1,107,390</b>	<b>\$ 6,331,833</b>

The notes to the financial statement are an integral part of this statement.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

School Corporation, as used herein, shall include, but is not limited to, the following: school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

*Local sources.* Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

*Intermediate sources.* Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*State sources.* Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Federal sources.* Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Temporary loans.* Amounts received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

*Instruction.* Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

*Support services.* Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

*Noninstructional services.* Amounts disbursed for food service operations and community service operations.

*Facilities acquisition and construction.* Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

*Debt service.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

*Nonprogrammed charges.* Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

*F. Other Financing Sources and Uses*

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Proceeds of long-term debt.* Amounts received in relation to the issuance of bonds or other long-term debt issues.

*Sale of capital assets.* Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

*Transfers in.* Amounts received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

*Transfers out.* Amounts paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

**G. Fund Accounting**

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

**B. Teachers' Retirement Fund**

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursement for expenditures made by the School Corporation were not received by June 30, 2018.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8.  *Holding Corporation***

The School Corporation has entered into a capital lease with the North Judson-San Pierre Multi-School Building Corporation (the lessor). The lessor was organized as not-for-profit Corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during fiscal year 2018 totaled \$270,500.

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#### OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
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 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 297,790	\$ 752,038	\$ 45,494	\$ 544,028	\$ 901,579	\$ 232,185	\$ 905,512
Receipts:							
Local sources	234,990	1,117,297	68,462	960,489	831,959	164,695	-
Intermediate sources	81	-	-	-	-	-	-
State sources	7,075,539	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	335,000	-	-	-
Other receipts	84	-	-	-	-	-	-
Total receipts	7,310,694	1,117,297	68,462	1,295,489	831,959	164,695	-
Disbursements:							
Instruction	4,286,924	-	-	-	-	-	214,696
Support services	2,051,690	-	-	621,840	646,324	155,520	221,728
Noninstructional services	176,608	-	-	-	-	-	275
Facilities acquisition and construction	-	-	-	105,452	-	-	-
Debt service	-	1,388,607	70,417	349,010	370,000	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	6,515,222	1,388,607	70,417	1,076,302	1,016,324	155,520	436,699
Excess (deficiency) of receipts over disbursements	795,472	(271,310)	(1,955)	219,187	(184,365)	9,175	(436,699)
Other financing sources (uses):							
Sale of capital assets	1,113	-	-	-	-	-	-
Transfers in	6,582	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	7,695	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	803,167	(271,310)	(1,955)	219,187	(184,365)	9,175	(436,699)
Cash and investments - ending	\$ 1,100,957	\$ 480,728	\$ 43,539	\$ 763,215	\$ 717,214	\$ 241,360	\$ 468,813

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Retirement/ Severance Bond	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Comprehensive Counseling Initiative
Cash and investments - beginning	\$ 3,032	\$ 829,921	\$ 221,454	\$ 148,881	\$ -	\$ 9,525	\$ -
Receipts:							
Local sources	-	20,809	249,593	25,739	-	-	8,302
Intermediate sources	-	-	-	-	-	63	-
State sources	-	-	3,359	4,320	-	-	-
Federal sources	-	-	367,960	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	20,809	620,912	30,059	-	63	8,302
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	374,637	2,661	32,921	-	-	7,456
Noninstructional services	-	-	533,957	-	-	-	-
Facilities acquisition and construction	-	22,360	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	396,997	536,618	32,921	-	-	7,456
Excess (deficiency) of receipts over disbursements	-	(376,188)	84,294	(2,862)	-	63	846
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(376,188)	84,294	(2,862)	-	63	846
Cash and investments - ending	\$ 3,032	\$ 453,733	\$ 305,748	\$ 146,019	\$ -	\$ 9,588	\$ 846

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
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 For the Year Ended June 30, 2017

	Extra- Curricular Activities	NIC Foundation Donation	Kindergarten Countdown 2016	Kindergarten Countdown 2017	Kindergarten Countdown 2018	Elementary Supplies	Formative Assessment
Cash and investments - beginning	\$ -	\$ -	\$ 5,869	\$ -	\$ -	\$ 2,568	\$ 842
Receipts:							
Local sources	1,858	700	-	7,000	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	1,858	700	-	7,000	-	-	-
Disbursements:							
Instruction	-	51	4,193	-	-	2,568	-
Support services	-	-	529	-	-	-	842
Noninstructional services	1,858	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,858	51	4,722	-	-	2,568	842
Excess (deficiency) of receipts over disbursements	-	649	(4,722)	7,000	-	(2,568)	(842)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	649	(4,722)	7,000	-	(2,568)	(842)
Cash and investments - ending	\$ -	\$ 649	\$ 1,147	\$ 7,000	\$ -	\$ -	\$ -

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
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 For the Year Ended June 30, 2017

	Special Education Excess Costs	Instruction Support	Medicaid Reimbursement	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Teacher Appreciation Grant 2015-16
Cash and investments - beginning	\$ -	\$ 6,700	\$ 980	\$ 2,214	\$ 11,199	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	13,515	29,128	18,342	-	21,108	7,941	16,063
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>13,515</u>	<u>29,128</u>	<u>18,342</u>	<u>-</u>	<u>21,108</u>	<u>7,941</u>	<u>16,063</u>
Disbursements:							
Instruction	6,256	31,427	-	100	-	-	16,063
Support services	7,259	1,461	-	-	24,790	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>13,515</u>	<u>32,888</u>	<u>-</u>	<u>100</u>	<u>24,790</u>	<u>-</u>	<u>16,063</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(3,760)</u>	<u>18,342</u>	<u>(100)</u>	<u>(3,682)</u>	<u>7,941</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(6,582)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(6,582)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(3,760)</u>	<u>11,760</u>	<u>(100)</u>	<u>(3,682)</u>	<u>7,941</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,940</u>	<u>\$ 12,740</u>	<u>\$ 2,114</u>	<u>\$ 7,517</u>	<u>\$ 7,941</u>	<u>\$ -</u>

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
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	Teacher Appreciation Grant 2016-17	Miscellaneous Programs	ISTA Settlement	Title I 2015-16	Title I Grant 2016-17	Title I Grant 2017-18	Title I School Improvement Grant
Cash and investments - beginning	\$ -	\$ 768	\$ -	\$ (7,095)	\$ -	\$ -	\$ (2,600)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	94,646	183,054	-	7,830
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	94,646	183,054	-	7,830
Disbursements:							
Instruction	-	-	-	58,776	159,802	-	3,571
Support services	-	-	-	28,775	67,673	-	1,659
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	-	87,551	227,475	-	5,230
Excess (deficiency) of receipts over disbursements	-	-	-	7,095	(44,421)	-	2,600
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	7,095	(44,421)	-	2,600
Cash and investments - ending	\$ -	\$ 768	\$ -	\$ -	\$ (44,421)	\$ -	\$ -

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
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	IDEA	Special Ed Regular 2015-16	Special Education Grant 2016-17	Special Education Grant 2017-18	Special Ed Pre-School Grant 2016-17	Special Ed Pre-School Grant 2017-18	Technology Related Assistance for Individuals with Disabilities
Cash and investments - beginning	\$ -	\$ (23,486)	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	77,333	218,528	-	11,725	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	77,333	218,528	-	11,725	-	-
Disbursements:							
Instruction	-	53,847	240,368	-	-	-	-
Support services	-	-	-	-	11,725	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	53,847	240,368	-	11,725	-	-
Excess (deficiency) of receipts over disbursements	-	23,486	(21,840)	-	-	-	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	23,486	(21,840)	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ (21,840)	\$ -	\$ -	\$ -	\$ -

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
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	Medicaid Reimbursement - Federal	Title II Part A 2015-16	Title II Part A 2017-18	Rural & Low Income Grant 2014-16	Prepaid Meals	Payroll Clearing	Totals
Cash and investments - beginning	\$ 25,330	\$ (8,966)	\$ -	\$ -	\$ 215	\$ -	\$ 4,905,977
Receipts:							
Local sources	-	-	-	-	-	-	3,691,893
Intermediate sources	-	-	-	-	-	-	144
State sources	-	-	-	-	-	-	7,189,315
Federal sources	33,857	21,584	22,015	-	-	-	1,038,532
Temporary loans	-	-	-	-	-	-	335,000
Other receipts	-	-	-	-	239,915	5,453,442	5,693,441
Total receipts	33,857	21,584	22,015	-	239,915	5,453,442	17,948,325
Disbursements:							
Instruction	805	11,730	30,131	-	-	-	5,121,308
Support services	5,577	888	-	-	-	-	4,265,955
Noninstructional services	-	-	-	-	-	-	712,698
Facilities acquisition and construction	-	-	-	-	-	-	127,812
Debt service	-	-	-	-	-	-	2,178,034
Nonprogrammed charges	-	-	-	-	239,430	5,453,425	5,692,855
Total disbursements	6,382	12,618	30,131	-	239,430	5,453,425	18,098,662
Excess (deficiency) of receipts over disbursements	27,475	8,966	(8,116)	-	485	17	(150,337)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	1,113
Transfers in	-	-	-	-	-	-	6,582
Transfers out	-	-	-	-	-	-	(6,582)
Total other financing sources (uses)	-	-	-	-	-	-	1,113
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	27,475	8,966	(8,116)	-	485	17	(149,224)
Cash and investments - ending	\$ 52,805	\$ -	\$ (8,116)	\$ -	\$ 700	\$ 17	\$ 4,756,753

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
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	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 1,100,957	\$ 480,728	\$ 43,539	\$ 763,215	\$ 717,214	\$ 241,360	\$ 468,813
Receipts:							
Local sources	291,098	1,203,921	64,704	879,265	829,007	250,125	-
Intermediate sources	81	-	-	-	-	-	-
State sources	7,084,003	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	230,000	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>7,375,182</u>	<u>1,203,921</u>	<u>64,704</u>	<u>1,109,265</u>	<u>829,007</u>	<u>250,125</u>	<u>-</u>
Disbursements:							
Instruction	4,529,493	-	-	-	-	-	-
Support services	2,050,682	-	-	809,488	605,435	226,491	-
Noninstructional services	177,720	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	72,185	-	-	-
Debt service	-	1,336,782	68,004	335,000	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>6,757,895</u>	<u>1,336,782</u>	<u>68,004</u>	<u>1,216,673</u>	<u>605,435</u>	<u>226,491</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>617,287</u>	<u>(132,861)</u>	<u>(3,300)</u>	<u>(107,408)</u>	<u>223,572</u>	<u>23,634</u>	<u>-</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	358	-	-	-	-	-	-
Transfers in	30,206	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>30,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>647,851</u>	<u>(132,861)</u>	<u>(3,300)</u>	<u>(107,408)</u>	<u>223,572</u>	<u>23,634</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,748,808</u>	<u>\$ 347,867</u>	<u>\$ 40,239</u>	<u>\$ 655,807</u>	<u>\$ 940,786</u>	<u>\$ 264,994</u>	<u>\$ 468,813</u>

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
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	Retirement/ Severance Bond	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Comprehensive Counseling Initiative
Cash and investments - beginning	\$ 3,032	\$ 453,733	\$ 305,748	\$ 146,019	\$ -	\$ 9,588	\$ 846
Receipts:							
Local sources	-	223,348	243,711	27,307	-	-	-
Intermediate sources	-	-	-	-	-	56	-
State sources	-	-	3,684	42,810	-	-	-
Federal sources	-	-	377,744	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	223,348	625,139	70,117	-	56	-
Disbursements:							
Instruction	-	-	115	-	-	-	-
Support services	-	278,827	1,361	50,077	-	4,837	846
Noninstructional services	-	-	576,208	-	-	-	-
Facilities acquisition and construction	-	163,656	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	442,483	577,684	50,077	-	4,837	846
Excess (deficiency) of receipts over disbursements	-	(219,135)	47,455	20,040	-	(4,781)	(846)
Other financing sources (uses):							
Proceeds of long-term debt	-	1,107,032	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	1,107,032	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	887,897	47,455	20,040	-	(4,781)	(846)
Cash and investments - ending	\$ 3,032	\$ 1,341,630	\$ 353,203	\$ 166,059	\$ -	\$ 4,807	\$ -

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
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	Extra- Curricular Activities	NIC Foundation Donation	Kindergarten Countdown 2016	Kindergarten Countdown 2017	Kindergarten Countdown 2018	Elementary Supplies	Formative Assessment
Cash and investments - beginning	\$ -	\$ 649	\$ 1,147	\$ 7,000	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	7,000	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	12,266
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	7,000	-	12,266
Disbursements:							
Instruction	-	31	971	3,567	-	-	-
Support services	-	-	176	1,426	-	-	12,266
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	31	1,147	4,993	-	-	12,266
Excess (deficiency) of receipts over disbursements	-	(31)	(1,147)	(4,993)	7,000	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(31)	(1,147)	(4,993)	7,000	-	-
Cash and investments - ending	\$ -	\$ 618	\$ -	\$ 2,007	\$ 7,000	\$ -	\$ -

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Special Education Excess Costs	Instruction Support	Medicaid Reimbursement	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Teacher Appreciation Grant 2015-16
Cash and investments - beginning	\$ -	\$ 2,940	\$ 12,740	\$ 2,114	\$ 7,517	\$ 7,941	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	28,938	18,452	-	7,770	7,016	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	28,938	18,452	-	7,770	7,016	-
Disbursements:							
Instruction	-	26,165	-	-	-	11,065	-
Support services	-	2,421	-	-	11,740	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	28,586	-	-	11,740	11,065	-
Excess (deficiency) of receipts over disbursements	-	352	18,452	-	(3,970)	(4,049)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(30,206)	-	-	-	-
Total other financing sources (uses)	-	-	(30,206)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	352	(11,754)	-	(3,970)	(4,049)	-
Cash and investments - ending	\$ -	\$ 3,292	\$ 986	\$ 2,114	\$ 3,547	\$ 3,892	\$ -

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Teacher Appreciation Grant 2016-17	Miscellaneous Programs	ISTA Settlement	Title I 2015-16	Title I Grant 2016-17	Title I Grant 2017-18	Title I School Improvement Grant
Cash and investments - beginning	\$ -	\$ 768	\$ -	\$ -	\$ (44,421)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	30,649	-	-	-	-	-	-
Federal sources	-	-	-	-	101,941	172,569	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	30,649	-	-	-	101,941	172,569	-
Disbursements:							
Instruction	30,649	-	-	-	41,554	177,067	-
Support services	-	768	-	-	15,966	4,547	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	30,649	768	-	-	57,520	181,614	-
Excess (deficiency) of receipts over disbursements	-	(768)	-	-	44,421	(9,045)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(768)	-	-	44,421	(9,045)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,045)	\$ -

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	IDEA	Special Ed Regular 2015-16	Special Education Grant 2016-17	Special Education Grant 2017-18	Special Ed Pre-School Grant 2016-17	Special Ed Pre-School Grant 2017-18	Technology Related Assistance for Individuals with Disabilities
Cash and investments - beginning	\$ -	\$ -	\$ (21,840)	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	69,544	207,952	-	11,581	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	69,544	207,952	-	11,581	-
Disbursements:							
Instruction	-	-	47,704	229,662	-	-	-
Support services	-	-	-	22,147	-	11,581	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	47,704	251,809	-	11,581	-
Excess (deficiency) of receipts over disbursements	-	-	21,840	(43,857)	-	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	21,840	(43,857)	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (43,857)	\$ -	\$ -	\$ -

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Medicaid Reimbursement - Federal	Title II Part A 2015-16	Title II Part A 2017-18	Rural & Low Income Grant 2014-16	Prepaid Meals	Payroll Clearing	Totals
Cash and investments - beginning	\$ 52,805	\$ -	\$ (8,116)	\$ -	\$ 700	\$ 17	\$ 4,756,753
Receipts:							
Local sources	-	-	-	-	-	-	4,019,486
Intermediate sources	-	-	-	-	-	-	137
State sources	-	-	-	-	-	-	7,235,588
Federal sources	32,706	-	50,577	-	-	-	1,024,614
Temporary loans	-	-	-	-	-	-	230,000
Other receipts	-	-	-	-	227,384	5,371,769	5,599,153
Total receipts	<u>32,706</u>	<u>-</u>	<u>50,577</u>	<u>-</u>	<u>227,384</u>	<u>5,371,769</u>	<u>18,108,978</u>
Disbursements:							
Instruction	55,519	-	42,961	(55)	-	-	5,196,468
Support services	5,125	-	833	-	-	-	4,117,040
Noninstructional services	-	-	-	-	-	-	753,928
Facilities acquisition and construction	-	-	-	-	-	-	235,841
Debt service	-	-	-	-	-	-	1,739,786
Nonprogrammed charges	-	-	-	-	226,439	5,371,786	5,598,225
Total disbursements	<u>60,644</u>	<u>-</u>	<u>43,794</u>	<u>(55)</u>	<u>226,439</u>	<u>5,371,786</u>	<u>17,641,288</u>
Excess (deficiency) of receipts over disbursements	<u>(27,938)</u>	<u>-</u>	<u>6,783</u>	<u>55</u>	<u>945</u>	<u>(17)</u>	<u>467,690</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	1,107,032
Sale of capital assets	-	-	-	-	-	-	358
Transfers in	-	-	-	-	-	-	30,206
Transfers out	-	-	-	-	-	-	(30,206)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,107,390</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(27,938)</u>	<u>-</u>	<u>6,783</u>	<u>55</u>	<u>945</u>	<u>(17)</u>	<u>1,575,080</u>
Cash and investments - ending	<u>\$ 24,867</u>	<u>\$ -</u>	<u>\$ (1,333)</u>	<u>\$ 55</u>	<u>\$ 1,645</u>	<u>\$ -</u>	<u>\$ 6,331,833</u>

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NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: North Judson-San Pierre Multi-School Building Corporation	Lease Rental	\$ <u>703,000</u>	06/30/2018	12/31/2024

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Common School Loan A1837	\$ 55,000	\$ 22,495
General obligation bonds	Pension/Severance Bond	493,199	65,527
General obligation bonds	Taxable General Obligation Bonds of 2016	405,000	407,329
General obligation bonds	Taxable General Obligation Bonds of 2018	<u>1,100,000</u>	<u>-</u>
Totals		<u>\$ 2,053,199</u>	<u>\$ 495,351</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE NORTH JUDSON-SAN PIERRE  
SCHOOL CORPORATION, STARKE COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

We have audited the North Judson-San Pierre School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. Except as discussed below, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

***Basis for Qualified Opinion on Special Education Cluster (IDEA)***

As described in items 2018-004 and 2018-005 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Special Education Cluster (IDEA) regarding Allowable Costs/Cost Principles; Matching, Level of Effort, Earmarking; and Reporting. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

***Qualified Opinion on Special Education Cluster (IDEA)***

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) for the period of July 1, 2016 to June 30, 2018.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2016 to June 30, 2018.

***Other Matters***

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002, 2018-003, 2018-004, and 2018-005, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

February 21, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

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NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2017 and 2018

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
Breakfast Program			FY 16/17	\$ -	\$ 87,521	\$ -	\$ -
Breakfast Program			FY 17/18	-	-	-	85,683
Total - School Breakfast Program				-	87,521	-	85,683
National School Lunch Program							
Lunch Program	Indiana Department of Education	10.555					
Lunch Program			FY 16/17	-	278,673	-	-
Commodities			FY 17/18	-	-	-	282,142
			FY 16-17, FY 17/18	-	39,115	-	48,153
Total - National School Lunch Program				-	317,788	-	330,295
Summer Food Service Program for Children							
Summer Food	Indiana Department of Education	10.559					
Summer Food			FY 16/17	-	1,766	-	-
			FY 17/18	-	-	-	4,979
Total - Summer Food Service Program for Children				-	1,766	-	4,979
Total - Child Nutrition Cluster				-	407,075	-	420,957
Total - Department of Agriculture				-	407,075	-	420,957
<u>Department of Education</u>							
Title I Grants to Local Educational Agencies							
Title I 2015-16 #4117	Indiana Department of Education	84.010					
Title I 2016-17 #4118			S010A150014	-	115,918	-	-
Title I 2017-18 #4119			S010A160014	-	169,612	-	101,941
			S010A170014	-	-	-	172,569
Total - Title I Grants to Local Educational Agencies				-	285,530	-	274,510
Special Education Cluster (IDEA)							
Special Education Grants to States							
Spec Ed Reg #5216	Indiana Department of Education	84.027					
Spec Ed Reg #5217			14216-109-PN01	-	77,333	-	-
Spec Ed Reg #5218			14217-109-PN01	-	218,528	-	69,544
			18611-109-PN01	-	-	-	207,952
Total - Special Education Grants to States				-	295,861	-	277,496
Special Education Preschool Grants							
Spec Ed FY17 #5417	Indiana Department of Education	84.173					
Spec Ed Pre #5418			45717-109-PN01	-	11,725	-	-
			18619-109-PN01	-	-	-	11,581
Total - Special Education Preschool Grants				-	11,725	-	11,581
Total - Special Education Cluster (IDEA)				-	307,586	-	289,077
Supporting Effective Instruction State Grants							
Title II Part 15-17 #6847	Indiana Department of Education	84.367					
Title II Part 16-18 #6848			S367A150013	-	21,584	-	-
			S367A160013	-	22,015	-	50,577
Total - Supporting Effective Instruction State Grants				-	43,599	-	50,577
Total - Department of Education				-	636,715	-	614,164
Total federal awards expended				\$ -	\$ 1,043,790	\$ -	\$ 1,035,121

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified
Special Education Cluster (IDEA)	Qualified
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	no

**Section II - Financial Statement Findings**

**FINDING 2018-001**

Subject: Financial Transactions and Reporting  
Audit Findings: Material Weakness, Noncompliance

*Condition*

The School Corporation did not have a proper system of internal controls related to disbursements for fringe benefits. There were no controls in place to ensure that disbursements were properly documented and supported. One employee was responsible for payment of fringe benefits and retention of invoices supporting the validity of the disbursements without oversight, review, or other controls to ensure accuracy and completeness.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Supporting documentation was not retained to support the disbursements for fringe benefits, such as health, dental, and vision insurance coverage. Health, dental, and vision benefits paid for the 2016-2017 and 2017-2018 school years totaled \$1,027,531 and \$ 1,033,735, respectively. Subsequently, officials were able to contact vendors to obtain documentation and provide payroll deduction reports to support the disbursements made.

*Context*

The lack of controls was a systemic issue throughout the audit period.

*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. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators."

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

*Cause*

Management of the School Corporation had not established a proper system of internal control that would have ensured that documentation of disbursements of fringe benefits was retained. An evaluation of the School Corporation's system of internal control had not been conducted.

*Effect*

The failure to establish and monitor controls related to the payment of fringe benefits allowed for material noncompliance to remain undetected.

*Recommendation*

We recommended that the School Corporation's management establish and properly monitor the system of internal controls to ensure that financial transactions will be properly supported.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2018-002**

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 16/17, FY 17/18

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,  
Cash Management, Eligibility, Program Income,  
Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat of Findings 2016-003 and 2016-004 from the immediately prior audit regarding cash management and eligibility.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements:

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
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(Continued)

*Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Program Income*

The School Corporation had not designed or implemented adequate internal controls to ensure that payroll disbursements were only for food service operating costs. There were no controls in place to ensure that payroll disbursements were supported by timesheets and time cards, or time and effort reports for all employees paid from the School Lunch fund.

*Cash Management - School Breakfast and National School Lunch Programs*

The School Corporation established controls and procedures to monitor the School Lunch fund monthly cash balances to ensure that they were limited to three months average expenditures; however, the review and monitoring process was not documented.

*Eligibility - School Breakfast and National School Lunch Programs*

One employee entered the direct certified students into the food service software system without any evidence of an independent oversight, review, or approval process to ensure all direct certified students were entered correctly.

*Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program only)*

The Food Service Treasurer completed the paid lunch equity calculation. There was no evidence of an oversight, review, or approval process to ensure the accuracy and completeness of the calculation.

*Context*

The lack of controls was a systemic issue throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

The School Corporation's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the compliance requirements listed above.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the compliance requirements listed above.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2018-003**

Subject: Special Education Cluster (IDEA) - Internal Controls

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-109-PN01, 14217-109-PN01,  
18611-109-PN01, 45717-109-PN01,  
18619-109-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Period of Performance, Reporting

Audit Finding: Material Weakness

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements:

*Activities Allowed or Unallowed, Period of Performance*

The School Corporation did not have a system of internal controls in place to ensure that amounts for payroll withholdings and employee fringe benefits made by electronic fund transfers were documented, reviewed, verified, and incurred during the period of performance.

*Reporting*

The Child Count Report was completed by the Treasurer and signed by the Superintendent/Special Education Director; however, the Superintendent/Special Education Director did not review the report for accuracy or ensure that it agreed to supporting documentation.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

The lack of controls was a systemic issue throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

The School Corporation had not developed a system of internal controls to ensure compliance with the grant agreement and the compliance requirements listed above.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the compliance requirements listed above.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2018-004***

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-109-PN01, 14217-109-PN01,  
18611-109-PN01, 45717-109-PN01,  
18619-109-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. The School Corporation had not established controls to ensure that supporting documentation was retained to support the payment of employee fringe benefits related to insurance. Additionally, controls had not been established to ensure appropriate time records were maintained in support of compensation paid to employees from grant funds.

The School Corporation was unable to provide supporting documentation for the payment of employee fringe benefits related to health, vision, and dental insurance for 9 of the 40 claims tested. These undocumented disbursements resulted in questioned costs of \$2,177. When the sample errors were projected to the population as a whole, additional likely errors of \$16,679 were identified.

The School Corporation did not provide documentation that would have served as a certification of days or hours worked for the special education program for one employee.

*Context*

The lack of controls was a systemic issue throughout the audit period. The lack of adequate supporting documentation prevented the determination of the School Corporation's compliance with the Allowable Costs/Cost Principles compliance requirement.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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(Continued)

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

2 CFR 200.431 states in part:

"(a) Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, non-Federal entity-employee agreement, or an established policy of the non-Federal entity. . . .

(c) The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in § 200.447 Insurance and indemnification); pension plan costs (see paragraph (i) of this section); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits, must be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities, and charged as direct or indirect costs in accordance with the non-Federal entity's accounting practices. . . ."

2 CFR 200.430(i) states in part:

*"Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which allocated using different allocation bases; or an unallowable activity and a direct or indirect costs activity. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured that adequate supporting documentation was maintained related to the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system and failure to maintain adequate supporting documentation prevented the determination of the School Corporation's compliance with the Allowable Costs/Cost Principles compliance requirement.

*Questioned Costs*

Known questioned costs in the amount of \$2,177 have been identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that appropriate records are developed and maintained to support costs related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2018-005**

Subject: Special Education Cluster (IDEA) - Level of Effort, Earmarking, Reporting

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-109-PN01, 14217-109-PN01,  
18611-109-PN01, 45717-109-PN01,  
18619-109-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Matching, Level of Effort, Earmarking; Reporting

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat of Findings 2016-010 and 2016-011 from the immediately prior audit.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the level of effort, earmarking, and reporting requirements.

The School Corporation had not designed or implemented effective internal controls to ensure that amounts considered in maintaining the level of effort, earmarked for private schools, and reported for proportionate shares for the non-public school services were accurate and supported by the School Corporation records.

Amounts reported for compliance with level of effort - maintenance of effort were not supported by the School Corporation's records. A proportionate share of special education funds was earmarked to the local private school. The School Corporation could not provide records to substantiate that services were provided, and that the dollar amount of the services were reported accurately on the Quarterly Monitoring Report for Proportional Shares for Non-Public Schools.

*Context*

The lack of controls and failure to maintain records to document compliance were systemic issues throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

34 CFR 300.203(b) states:

*"Compliance standard.*

- (1) Except as provided in §§ 300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.
- (2) An LEA meets this standard if it does not reduce the level of expenditures for the education of children with disabilities made by the LEA from at least one of the following sources below the level of those expenditures from the same source for the preceding fiscal year, except as provided in §§ 300.204 and 300.205:
  - i. Local funds only;
  - ii. The combination of State and local funds;

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- iii. Local funds only on a per capita basis; or
  - iv. The combination of State and local funds on a per capita basis.
- (3) Expenditures made from funds provided by the Federal government for which the SEA is required to account to the Federal government or for which the LEA is required to account to the Federal government directly or through the SEA may not be considered in determining whether an LEA meets the standard in paragraphs (b)(1) and (2) of this section."

511 IAC 7-34-7(b) states:

"The public agency, in providing special education and related services to students in nonpublic schools and facilities, must expend at least an amount that is the same proportion of the public agency total subgrant under 20 U.S.C. 1411(f) as the number of nonpublic school students with disabilities, who are enrolled by their parents in nonpublic schools or facilities within its boundaries, is to the total number of students with disabilities of the same age range."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:  
. . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured that records and supporting documentation were maintained to support compliance with the compliance requirements listed above.

*Effect*

The failure to establish an effective internal control system and failure to maintain adequate supporting documentation prevented the determination of the School Corporation's compliance with the compliance requirements listed above.

*Questioned Costs*

There were no questioned costs identified.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that supporting documentation and financial records will be maintained to support compliance related to the grant agreement and the compliance requirements listed above.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



# NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION

801 Campbell Drive • North Judson, IN 46366 • Ph (574) 896-2155 • Fax (574) 896-2156

Dr. Annette Zupin  
Superintendent

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number: 2016-01  
SBA Audit Report Number: B48778  
Fiscal Year: 7/1/14-6/30/16  
Pass Through Entity: IDOE  
Contact person: Guy Richie  
Title: Treasurer  
Phone Number: 574-896-2155 ext. #504  
Status of Findings: Material Weaknesses

The NJ-SP School Corporation has implemented internal controls to oversee that the daily bank deposit book is reviewed and initialed, by a second individual, to confirm that the daily receipts match the amount that was deposited into the corporation bank account. This was corrected beginning August 1, 2017.

Finding Number: 2016-02  
SBA Audit Report Number: B48778  
Fiscal Year: 7/1/14-6/30/16  
Pass Through Entity: IDOE  
Contact person: Guy Richie  
Title: Treasurer  
Phone Number: 574-896-2155 ext. #504  
Status of Findings: Material Weakness, Other Matters

The NJ-SP School Corporation has implemented internal controls to oversee that the SEFA report is being prepared by one individual and then another individual is reviewing and verifying the SEFA information is correct prior to submission. This is documented on the annual financial review and approval form. This has been corrected August 2018 for the 2017-18 SEFA report.

Finding Number: 2016-03  
SBA Audit Report Number: B48778  
Fiscal Year: 7/1/14-6/30/16  
Pass Through Entity: IDOE  
Contact person: Guy Richie

**Title: Treasurer**

**Phone Number: 574-896-2155 ext. #504**

**Status of Findings: Eligibility, Reporting, Special Tests and Provisions-Verification of Free and Reduced Price Applications (NSLP)**

**Status of Findings: Material Weakness**

**Eligibility:**

The Food Service Director/Corporation Treasurer will review the direct certified students entered into the food service software system by the Food Service Treasurer. This will be completed beginning July 2019.

**Reporting:**

The NJ-SP School Corporation has internal controls in place for the annual financial report and verification report. For the annual financial report the Food Service Director/Corporation Treasurer and the Food Service treasurer complete the annual financial report which is reviewed by the Superintendent indicated on the annual financial report review and approval form. This has been completed by August 2017. For the verification report, the Food Service Treasurer completes the report and the Food Service Director/Treasurer reviews the report indicated with his initials on the report. This has been completed by October 2017.

**Special Tests and Provisions:**

The NJ-SP School Corporation has implemented internal controls of the verification of free and reduced priced lunch applications. The Food Service Treasurer completes the verification on the application and the Food Service Director/Corporation Treasurer reviews the verification with his initials next to the verification box on the application. This has been completed as of October 2017.

**Finding Number: 2016-04**

**SBA Audit Report Number: B48778**

**Fiscal Year: 7/1/14-6/30/16**

**Pass Through Entity: IDOE**

**Contact person: Guy Richie**

**Title: Treasurer**

**Phone Number: 574-896-2155 ext. #504**

**Status of Findings: Material Weakness, Other Matters**

The NJ-SP School Corporation monitors the Food Service Program three month maximum cash balance allowed on a monthly basis on the Food Service Receipt/Expenditure/Balance

Spreadsheet. The NJ-SP Treasurer has contacted the IDOE and met with a representative from the IDOE regarding this allowance. The NJ-SP Treasurer has submitted a plan to the IDOE on how to possibly bring this area within compliance. The NJ-SP School Corporation will continue to make all efforts needed to meet the allowed standards within the Food Service. The Food Service Director/Corporation Treasurer completed the food service receipt, expense, balance spreadsheet which will be reviewed by the Food Service Treasurer on a monthly basis with her initials on the spreadsheet. This will be completed by February 2019.

Finding Number: 2016-05  
SBA Audit Report Number: B48778  
Fiscal Year: 7/1/14-6/30/16  
Pass Through Entity: IDOE  
Contact person: Guy Richie  
Title: Treasurer  
Phone Number: 574-896-2155 ext. #504  
Status of Findings: Material Weakness, Other Matters

The NJ-SP School Corporation will be maintained and reviewed to assure that the items listed in the inventory report are the current NJ-SP Corporation fixed assets. The NJ-SP fixed asset vendor is being contacted to conduct an updated inventory of the entire school corporation. The new inventory will be added to the current inventory on monthly basis. This form will be reviewed and confirmed by a second employee who initials the inventory form. This form will be forwarded to the NJ-SP inventory vendor to add to the NJ-SP inventory records. This process will begin July 2019.

Finding Number: 2016-06  
SBA Audit Report Number: B48778  
Fiscal Year: 7/1/14-6/30/16  
Pass Through Entity: IDOE  
Contact person: Guy Richie  
Title: Treasurer  
Phone Number: 574-896-2155 ext. #504  
Status of Findings: Material Weakness, Other Matters/Modified Opinion

The NJ-SP School Corporation is part of a cooperative with NIESC and our NIESC representative uses the Systems Award Management System to assure that vendors have not been disbarred, disqualified, or suspended. This has been completed as of August 2017.

Finding Number: 2016-07  
SBA Audit Report Number: B48778  
Fiscal Year: 7/1/14-6/30/16  
Pass Through Entity: IDOE  
Contact person: Guy Richie  
Title: Treasurer  
Phone Number: 574-896-2155 ext. #504  
Status of Findings: Material Weakness, Other Matters/Modified Opinion

The NJ-SP School Corporation uses time recording systems for employees to record their time working in federal and non-federal positions. These time cards are then reviewed and confirmed, in signature form, by the employee's immediate supervisor. The payroll manager notifies the appropriate supervisor's if or when there is a concern or if inadequate records are submitted. This was completed by August 2017.

Finding Number: 2016-08  
SBA Audit Report Number: B48778  
Fiscal Year: 7/1/14-6/30/16  
Pass Through Entity: IDOE  
Contact person: Guy Richie  
Title: Treasurer  
Phone Number: 574-896-2155 ext. #504  
Status of Findings: Material Weakness

The NJ-SP Treasurer prepares the Final Expenditure reports. This report will be presented to a second person to review the receipts, expenditures, and balances for accuracy. The Treasurer and the reviewer will both sign the report once confirmed to be accurate. This will be completed by October 2019.

Finding Number: 2016-09  
SBA Audit Report Number: B48778  
Fiscal Year: 7/1/14-6/30/16  
Pass Through Entity: IDOE  
Contact person: Guy Richie  
Title: Treasurer  
Phone Number: 574-896-2155 ext. #504  
Status of Findings: Material Weakness

The NJ-SP School Corporation has created a process to maintain an accurate documentation system. While the process for maintaining records of cohort withdraws has been implemented and followed, the

crosschecking of that documentation has not occurred. NJ-SP School Corporation will conduct the double/cross checking of this process in the following manner:

- Superintendent will meet with Registrar between June 1 and June 15
- Corporation spreadsheet will be used to select 5 random students who withdrew during the school year
- Files will be checked to ensure that records have been maintained and are on file

Completion Date: June 15, 2019

Finding Number: 2016-10  
SBA Audit Report Number: B48778  
Fiscal Year: 7/1/14-6/30/16  
Pass Through Entity: IDOE  
Contact person: Guy Richie  
Title: Treasurer  
Phone Number: 574-896-2155 ext. #504  
Status of Findings: Material Weakness

The NJ-SP School Corporation Treasurer prepares all Proportionate and Quarterly Reports. The reports along with documentation will be presented to a second person who reviews the reports for accuracy. Once accuracy is confirmed, the two employees sign off on the reports. This will be completed by July 2019.

Finding Number: 2016-11  
SBA Audit Report Number: B48778  
Fiscal Year: 7/1/14-6/30/16  
Pass Through Entity: IDOE  
Contact person: Guy Richie  
Title: Treasurer  
Phone Number: 574-896-2155 ext. #504  
Status of Findings: Material Weakness

The NJ-SP School Corporation is still establishing controls to assure that the compliance measures are met to maintain the matching, level of effort, and earmarking compliance levels. These controls should be completed by July 2019.

*Gay Beckie*

\_\_\_\_\_  
(Signature)

*Treasurer*

\_\_\_\_\_  
(Title)

*2-4-19*

\_\_\_\_\_  
(Date)

(Note to officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. office of Management and Budget (OMB) Circular A-133, Subpart C, section.315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR 200.511 (b).)



# **NORTH JUDSON-SAN PIERRE**

## **S C H O O L C O R P O R A T I O N**

801 Campbell Drive • North Judson, IN 46366 • Ph (574) 896-2155 • Fax (574) 896-2156

Dr. Annette Zupin  
Superintendent

February 13, 2019

### **CORRECTIVE ACTION PLAN**

#### **FINDING 2018-001**

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #504

Views of Responsible Official:

We concur with the finding.

Description of the Corrective Action Plan:

The NJ-SP School Corporation has already implemented controls, beginning in January 2019, that assure all invoices are being attached to the monthly claim form that they correspond to.

#### **FINDING 2018-002**

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #504

Views of Responsible Official:

We concur with the finding.

Description of the Corrective Action Plan:

The NJ-SP School Corporation will implement internal controls to oversee that the Food Service Program has at least two persons overseeing that direct certified students are being entered and approved properly along with paid lunch equity calculation. This process will go into effect beginning July 1, 2019.

The NJ-SP School Corporation continues to monitor the three month expenditure average on a monthly basis. This is currently being reviewed and signed off by two employees. The NJ-SP School Corporation has bought new equipment along with increasing salaries July 2018. The School Corporation will continue to find other ways to increase the expenditures that may include more equipment purchases, any additional required employees, or different food supplies.

The NJ-SP will use time sheets and/or time cards to monitor any employees paid from the food service fund. The NJ-SP School Corporation will also monitor employees to assure that all salaries and benefits paid from the food service fund are for food service related operating costs. These controls will be implemented by July 1, 2019.

**FINDING 2018-003**

Contact Person Responsible for Corrective Action: Guy Richie  
Contact Phone Number: 574-896-2155 ext. #504

Views of Responsible Official:  
We concur with the finding.

Description of the Corrective Action Plan:

The NJ-SP School Corporation has already implemented controls, beginning in January 2019, that assure all invoices are being attached to the monthly claim form that they correspond to. The NJ-SP School Corporation will implement internal controls that at least two employees are reviewing and signing off on the child count report to assure that the report agrees to the supporting documentation. A copy of this report and signature form will be filed at the Central Office. These controls will be implemented by July 1, 2019.

**FINDING 2018-004**

Contact Person Responsible for Corrective Action: Guy Richie  
Contact Phone Number: 574-896-2155 ext. #504

Views of Responsible Official:  
We concur with the finding.

Description of the Corrective Action Plan:

The NJ-SP School Corporation has already implemented controls, beginning in January 2019, that assure all invoices are being attached to the monthly claim form that they correspond to. The NJ-SP will use time sheets and/or time cards to monitor any employees paid from the special education grants. The NJ-SP School Corporation will implement internal controls to assure that the allowable costs/cost principles are met. This will be done with verification reports from the corporation financial system that will be reviewed and signed by two NJ-SP employees. These controls will be implemented by September 2019.

**FINDING 2018-005**

Contact Person Responsible for Corrective Action: Guy Richie  
Contact Phone Number: 574-896-2155 ext. #504

We concur with the finding.

Description of the Corrective Action Plan:

The NJ-SP will use time sheets and/or time cards to monitor any employees paid from the special education grants. The NJ-SP School Corporation will implement internal controls to assure that The proportionate amounts are being met and that the grant stipulations are adhered to. There will be two employees to monitor, review, and sign off on the monitoring reports. These controls will be implemented by September 2019.

Anticipated Completion Date: September 1, 2019



(Signature)



(Treasurer)



(Date)

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.