

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

FINANCIAL STATEMENT REVIEW REPORT

OF

NORTHWEST INDIANA PUBLIC SCHOOL STUDY COUNCIL

LAKE COUNTY, INDIANA

July 1, 2017 to June 30, 2019



FILED
03/26/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Stacey Schmidt Nicholas Brown	07-01-17 to 06-30-18 07-01-18 to 06-30-20
Assistant Treasurer	Amy Tarr	07-01-17 to 06-30-20
President of the Study Council Board	Larry Veracco Aaron Case Stacey Schmidt	07-01-17 to 06-30-18 07-01-18 to 06-30-19 07-01-19 to 06-30-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE NORTHWEST INDIANA PUBLIC
SCHOOL STUDY COUNCIL, LAKE COUNTY, INDIANA

We have reviewed the accompanying financial statement of the Northwest Indiana Public School Study Council (Council), for the period of July 1, 2017 to June 30, 2019. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Council's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with a regulatory 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 comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This includes determining that the basis of accounting the Council uses is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statement on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statement for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statement in order for it to be in accordance with the prescribed basis of accounting described in Note 1.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared in accordance with 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 comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

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

February 24, 2020

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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NORTHWEST INDIANA PUBLIC SCHOOL STUDY COUNCIL
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended June 30, 2018 and 2019

Fund	Cash and Investments 07-01-17	Receipts	Disbursements	Cash and Investments 06-30-18	Receipts	Disbursements	Cash and Investments 06-30-19
General	<u>\$ 77,756</u>	<u>\$ 23,194</u>	<u>\$ 20,442</u>	<u>\$ 80,508</u>	<u>\$ 23,376</u>	<u>\$ 16,903</u>	<u>\$ 86,981</u>

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

NORTHWEST INDIANA PUBLIC SCHOOL STUDY COUNCIL
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Council was established under the laws of the State of Indiana, pursuant to Indiana Code 35-1-1 and Indiana Code 20-5-4 on April 5, 1984. The Council organized for the purpose of promoting the "Joint Study of Educational Issues" and is governed by a Board of Directors.

The accompanying financial statement presents the financial information for the Council.

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, Council activities, revenue from community services activities, and other revenue from local sources.

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 general administration and professional development sources.

NORTHWEST INDIANA PUBLIC SCHOOL STUDY COUNCIL
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Fund Accounting

The General fund is established, maintained, and reported by the Council and is used to account for money received from and used for specific sources and uses as determined by various regulations. The money accounted for in the General fund may only be available for use for certain legally restricted purposes.

Note 2. Budgets

The General fund of the Council is not required to be budgeted.

Note 3. 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 Council 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.

NORTHWEST INDIANA PUBLIC SCHOOL STUDY COUNCIL
REVIEW RESULTS AND COMMENTS

ADOPTION OF INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B50144, entitled *ADOPTION AND TRAINING ON INTERNAL CONTROL STANDARDS*.

Condition and Context

An internal control policy was not adopted by the Council as required by Indiana Code 5-11-1-27(g).

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and . . ."

COUNCIL BOARD MINUTES NOT PROVIDED

Condition and Context

Memoranda (minutes) for 3 of 16 meetings held were not provided for review. The election of officers for fiscal year 2019-2020 occurred at one of these meetings, for which the minutes were not provided.

Additionally, the minutes beginning with the September 25, 2019 meeting did not document the members present or absent.

Criteria

Indiana Code 5-14-1.5-4 states in part:

". . . (b) As the meeting progresses, the following memoranda shall be kept:

NORTHWEST INDIANA PUBLIC SCHOOL STUDY COUNCIL
REVIEW RESULTS AND COMMENTS
(Continued)

- (1) The date, time, and place of the meeting.
 - (2) The members of the governing body recorded as either present or absent.
 - (3) The general substance of all matters proposed, discussed, or decided.
 - (4) A record of all votes take, by individual members if there is a roll call.
 - (5) Any additional information required under section 3.5 of 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication.
- (c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

LATE SUBMISSION OF ANNUAL FINANCIAL REPORT

The Council's Annual Financial Report for fiscal year 2018-2019 was not filed electronically until January 24, 2020, which was 148 days past the due date.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

NORTHWEST INDIANA PUBLIC SCHOOL STUDY COUNCIL
EXIT CONFERENCE

The contents of this report were discussed on February 24, 2020, with Nicholas Brown, Treasurer, and Stacey Schmidt, President of the Study Council Board.