

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

SOUTH NEWTON SCHOOL CORPORATION

NEWTON COUNTY, INDIANA

July 1, 2019 to June 30, 2021



**FILED**

05/11/2022



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
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 <i>Government Auditing Standards</i> .....	3-4
Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance .....	5-7
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards .....	11-13
Notes to Schedule of Expenditures of Federal Awards.....	14
Schedule of Findings and Questioned Costs.....	15
Auditee-Prepared Document:	
Summary Schedule of Prior Audit Findings.....	18-19
Other Reports.....	20

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Marci Hall	07-01-19 to 12-31-22
Superintendent of Schools	Casey Hall	07-01-19 to 12-31-22
President of the School Board	Amanda Berenda	07-01-19 to 12-31-22



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 SOUTH NEWTON SCHOOL  
CORPORATION, NEWTON 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 South Newton School Corporation (School Corporation), for the period of July 1, 2019 to June 30, 2021, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated May 3, 2022, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***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.



Beth Kelley, CPA, CFE  
Deputy State Examiner

May 3, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE SOUTH NEWTON SCHOOL CORPORATION, NEWTON COUNTY, INDIANA

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

We have audited the South Newton 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 its major federal program for the period of July 1, 2019 to June 30, 2021. The School Corporation's major federal program is 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 the School Corporation's major federal program based on our audit of the types of compliance requirements referred to above. 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 the major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

**Opinion on the Major Federal Program**

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 its major federal program for the period of July 1, 2019 to June 30, 2021.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

**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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2019 to June 30, 2021, and the related notes to the financial statement. We issued our report thereon dated May 3, 2022, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 as a whole.



Beth Kelley, CPA, CFE  
Deputy State Examiner

May 3, 2022

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## 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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SOUTH NEWTON SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2020 and 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	2019-20	\$ -	\$ 75,265	\$ -	\$ -
School Breakfast Program							
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553	2019-20	-	4,817	-	-
School Breakfast Program			2020-21	-	-	-	8,083
School Breakfast Program							
Total - School Breakfast Program				-	80,082	-	8,083
National School Lunch Program							
School Lunch	Indiana Department of Education	10.555	2019-20	-	222,860	-	-
After School Snack Program			2019-20	-	3,400	-	-
After School Snack Program			2020-21	-	-	-	540
School Lunch - Commodities			2019-20	-	45,771	-	-
School Lunch - Commodities			2020-21	-	-	-	47,005
Subtotal - National School Lunch Program				-	272,031	-	47,545
COVID-19 - National School Lunch Program							
School Lunch	Indiana Department of Education	10.555	2019-20	-	14,207	-	-
After School Snack Program			2019-20	-	46	-	-
School Lunch			2020-21	-	-	-	21,888
After School Snack Program			2020-21	-	-	-	765
Subtotal - COVID-19 - National School Lunch Program				-	14,253	-	22,653
Total - National School Lunch Program				-	286,284	-	70,198
Summer Food Service Program for Children							
Summer School Lunch	Indiana Department of Education	10.559	2019-20	-	17,955	-	-
Summer School Lunch			2020-21	-	-	-	456,572
COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559	2019-20	-	132,748	-	-
Summer School Lunch			2020-21	-	-	-	116,175
Summer School Lunch							
Total - Summer Food Service Program for Children				-	150,703	-	572,747

SOUTH NEWTON SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2020 and 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21
Total - Child Nutrition Cluster				-	517,069	-	651,028
Total - Department of Agriculture				-	517,069	-	651,028
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
Special Ed Part B 611 FY2019		Indiana Department of Education	84.027	19611-049-PN01	-	66,484	-
Special Ed Part B 611 FY2020				20611-047-PN01	-	126,874	94,946
Special Ed Part B 611 FY2021				21611-047-PN01	-	-	130,676
Total - Special Education Grants to States				-	193,358	-	225,622
Special Education Preschool Grants							
Special Ed Preschool Grant FY2019		Indiana Department of Education	84.173	19619-049-PN01	-	12,073	-
Special Ed Preschool Grant FY2020				20619-047-PN01	-	691	11,210
Total - Special Education Preschool Grants				-	12,764	-	11,210
Total - Special Education Cluster(IDEA)				-	206,122	-	236,832
Title I Grants to Local Educational Agencies							
Title I		Indiana Department of Education	84.010	S010A180014	-	83,966	-
Title I				S010A190014	-	130,083	61,104
Title I				S010A200014	-	-	124,012
Total - Title I Grants to Local Educational Agencies				-	214,049	-	185,116
Rural Education							
Rural & Low Income FY18		Indiana Department of Education	84.358	S358A180015	-	9,371	1,029
Rural & Low Income FY19				S358A190015	-	6,224	5,539
Rural & Low Income FY20				S358A200015	-	-	2,662
Total - Rural Education				-	15,595	-	9,230

SOUTH NEWTON SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2020 and 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A			S367A170013	-	4,944	-	-
Title II Part A			S367A180013	-	21,354	-	9,133
Title II Part A			S367A190013	-	1,100	-	20,318
Total - Supporting Effective Instruction State Grants				-	27,398	-	29,451
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV Part A			S424A190015	-	5,000	-	-
Title IV Part A			S424A180015	-	2,358	-	-
Total - Student Support and Academic Enrichment Program				-	7,358	-	-
Education Stabilization Fund Cares Act ESSER	Indiana Department of Education	84.425					
			S425D200013	-	-	-	44,504
Total - Department of Education				-	470,522	-	505,133
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Family and Social Services Administration	93.778					
			2019-20	-	5,503	-	-
			2020-21	-	-	-	4,558
Total - Medical Assistance Program				-	5,503	-	4,558
Total - Medicaid Cluster				-	5,503	-	4,558
Total - Department of Health and Human Services				-	5,503	-	4,558
Total federal awards expended				\$ -	\$ 993,094	\$ -	\$ 1,160,719

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

SOUTH NEWTON SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

**A. 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, 2020 and 2021. 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.

**B. Other 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.

**Note 2. Indirect Cost Rate**

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. Cooperative School Services**

The School Corporation is a member of the Cooperative School Services (Cooperative). As a result, some of the activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is presented in the financial statement of the Cooperative's fiscal agent.

SOUTH NEWTON 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 weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

No matters are reportable.

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

No matters are reportable.

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AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

**South Newton School Corporation**  
**13232 S 50 E**  
**Kentland, IN 47951**

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Casey Hall  
Superintendent

Kim Wright  
Payroll & Personnel

Marci Hall  
Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2019-001 Internal Controls over Financial Transactions***

Fiscal year in which the finding initially occurred: 2017

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: Marci Hall

Contact Phone Number: 219-474-5184

Status of Audit Finding: The areas of concern have been corrected.

Receipts: The treasurer completes the bank deposit and initializes it. The payroll manager reviews the deposit and initializes it. Deposits are taken to the bank by either party. Most corporation deposits are made through EFT and deposits that are actually carried to the bank are very minimal. Due to our limited staff internal controls continue to be difficult to correct and we are continually striving to establish better controls.

Disbursements: The accounts payable process is completed by the treasurer. The vouchers for payment are prepared by the department head and presented to the treasurer for payment. Materials that are purchased using a purchase order are signed off by the party for receipt of materials and the treasurer verifies the amount to be paid. The voucher report is signed and approved by the school board. The payroll manager randomly selects, reviews and documents verification of monthly claims. Due to our limited staff internal controls continue to be difficult to correct and we are continually striving to establish better controls.

Other Financing Sources and Uses: Transfers are approved by the school board. When transfers are made the disbursement and receipt procedure above is used.

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

\_\_\_\_\_  
March 28, 2022  
(Date)

**Rebel Family – United We Grow**

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Phone: 219.474.5184  
Phone: 219.474.5185

Fax: 219.474.6966  
Email: [sncorp@newton.k12.in.us](mailto:sncorp@newton.k12.in.us)

**South Newton School Corporation**  
13232 S 50 E  
Kentland, IN 47951

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Casey Hall  
Superintendent

Kim Wright  
Payroll & Personnel

Marci Hall  
Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2019-002      *Child Nutrition Cluster – Internal Controls***

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

Fiscal year in which the finding initially occurred: 2019

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education

Contact Person Responsible for Corrective Action: Marci Hall

Contact Phone Number: 219-474-5184

Status of Audit Finding: The areas of concern have been corrected.

Program Income: The treasurer prepares a document from the school software for prepaid lunch payments, signs the document and sends to the food service director (FSD) for verification. The FSD verifies and signs the document and returns to the treasurer to make the transfer of prepaid income to the school lunch account.

Paid Lunch Equity (National School Lunch Program only): The Food Service Director prepares the Paid Lunch Equity worksheet. The corporation treasurer reviews and signs the document.

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

\_\_\_\_\_  
March 28, 2022  
(Date)

**Rebel Family – United We Grow**

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Phone: 219.474.5184  
Phone: 219.474.5185

Fax: 219.474.6966  
Email: [sncorp@newton.k12.in.us](mailto:sncorp@newton.k12.in.us)

## 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/>.