



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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February 28, 2023

To: The Officials of the Northeast School Corporation
Northeast School Corporation
620 N. Washington Street
Shelburn, IN 47879

This report is supplemental to the audit report of Northeast School Corporation (School Corporation), for the period July 1, 2019 to June 30, 2021. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the School Corporation. It should be read in conjunction with the financial statement audit report of the School Corporation, which provides an opinion on the School Corporation's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the School Corporation and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Northeast School Corporation prepared by Crowe LLP, Independent Public Accountants, for the period July 1, 2019 to June 30, 2021. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report on pages 3 through 4.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

COMPLIANCE EXAMINATION OF
NORTHEAST SCHOOL CORPORATION
Sullivan County, Indiana
July 1, 2019 to June 30, 2021

NORTHEAST SCHOOL CORPORATION

Sullivan County, Indiana
July 1, 2019 to June 30, 2021

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NORTHEAST SCHOOL CORPORATION
SCHEDULE OF OFFICIALS
July 1, 2019 to June 30, 2021

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vikki Huntworth	07-01-19 to 06-30-21
Superintendent of Schools	Dr. Mark A. Baker	07-01-19 to 06-30-21
President of the School Board	Norman Santus Jeremy Swalls	01-01-17 to 12-31-20 01-01-21 to 12-31-22

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the Northeast School Corporation

We have examined the Northeast School Corporation ("School Corporation") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* during the period July 1, 2019 to June 30, 2021. Management of the School Corporation is responsible for the School Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the School Corporation's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the School Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the School Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* applicable to the School Corporation during the period July 1, 2019 to June 30, 2021, as described in items 2021-001 through 2021-003 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the aforementioned requirements during the period July 1, 2019 to June 30, 2021.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
February 16, 2023

NORTHEAST SCHOOL CORPORATION
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2019 to June 30, 2021

FINDING 2021-001: OVERDRAWN CASH BALANCE

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations states in part, "The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit."

Condition: During testing of the cash fund balances, we noted following fund that is not related to a grant fund, with a cash balance below zero as of June 30, 2020 and 2021, respectively.

<u>Fund</u>	<u>Amount Overdrawn June 30, 2020</u>	<u>Amount Overdrawn June 30, 2021</u>
School Lunch	\$ (440,941)	\$ (334,381)

FINDING 2021-002: MISSING GATEWAY UPLOADS

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

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

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

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

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

Condition: During testing, we noted the School Corporation did not upload 2020 or the 2021 Approved Salary Schedule for Noncertified Employees and Amendments or the 2021 School Lunch Prepaid Account Balance Report.

NORTHEAST SCHOOL CORPORATION
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2019 to June 30, 2021

FINDING 2021-003: PREPAID SCHOOL MEAL ACCOUNTS

Criteria: Prepaid school meals should not be considered income to the child nutrition program until students are charged a meal to their account. When a student deposits money into their school account the balance of their individual account it should not be included in Fund 800 School Lunch. The school should have a clearing account with the fund number 8400 Prepaid School Lunch Accounts, which is included in Chapter 5 of the State Board of Accounts Uniform Compliance Guidelines for Indiana Public School Corporations. The student deposits for school meals into their account should be recorded to fund 8400 using receipt account 1630 Special Functions. Once the student is charged meals, disburse that amount using expenditure account 31900 Other Food Services from fund 8400 and receipt this into fund 800 using the Food and Serviced receipt accounts 1611-1623 at the time established in a written policy to ensure accurate monthly reporting. The receipt at this point is considered program income and should be reported as such.

It is also a requirement that the balance of fund 8400 to be reconciled monthly to the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019).

Condition: A monthly reconciliation between Fund 8400, Prepaid Meals fund, and the detailed records by student was not presented for the audit. The detailed records were not provided for fiscal year 2020 or 2021. The ending balance of the funds ledger showed a balance of \$5,915 at June 30, 2020 and \$8,005 at June 30, 2021.

NORTHEAST SCHOOL CORPORATION
EXIT CONFERENCE
July 1, 2019 to June 30, 2021

The contents of this report were discussed on February 16, 2023, with Jennifer Pinkston, President of the School Board, Dr. Mark Baker, Superintendent of Schools, and Angel Riley, Present Treasurer.