



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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March 3, 2023

To: The Officials of Tri-Township Consolidated School Corporation
Tri-Township Consolidated School Corporation
309 School Drive
Wanatah, IN 46390

This report is supplemental to the audit report of Tri-Township Consolidated School Corporation (the 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 Tri-Township Consolidated 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 and 4. Management's Response is on page 6.

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
TRI-TOWNSHIP CONSOLIDATED
SCHOOL CORPORATION
LaPorte County, Indiana
July 1, 2019 to June 30, 2021

TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION

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

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TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF OFFICIALS
July 1, 2019 to June 30, 2021

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Judith Roslansky	07-01-19 to 06-30-21
Superintendent of Schools	Kelly Shepherd	07-01-19 to 06-30-21
President of the School Board	Tim Guse	01-01-19 to 12-31-22

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the Tri-Township Consolidated School Corporation

We have examined the Tri-Township Consolidated 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 and 2021-002 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 17, 2023

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

FINDING 2021-001: FINANCIAL TRANSACTIONS AND REPORTING

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."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Indiana Code 20-40-2-7(a) states: "On January 1, 2019, the balance, as of December 31, 2018, in the school corporation's general fund shall be transferred to the education fund."

Condition:

Cash and Investments

The internal control procedure in place for cash and investments was not effective, as the bank reconciliations were not completed accurately. The School Corporation completed bank reconciliations each month, but the reconciled bank balance did not agree to the ledger balance or the financial statement balance. Starting in 2017, the reconciliations included two erroneous reconciling items in the amounts of (\$465,000) and \$2,000, which caused the School Corporation to appear to have \$463,000 more than it had on hand. This error was due to 2012 entries into the financial system when the three Township School Corporations consolidated. The prior audited financial statement included an adjustment to correct financial statement balance as of June 30, 2019 for this matter. However, management has not action to update bank reconciliations and funds ledger balances for the Construction Fund as of June 30, 2021.

Financial Reporting

The School Corporation had a control over financial reporting; however, the control did not operate effectively. The General fund had a \$350,000 fund balance as of June 30, 2019, June 30, 2020, and June 30, 2021 as reported in the Annual Financial Report. The General fund should have been transferred into the Education fund as of December 31, 2018. Payroll Clearing fund receipts and disbursements were also noted reported for fiscal year 2021 in the Annual Financial Report.

This is a repeat finding from report B54761.

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

FINDING 2021-002: 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 on a monthly basis 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. At June 30, 2020, the funds ledger presented a fund balance of \$9,650. At June 30, 2021, the funds ledger presented a fund balance of \$11,998.

This is a repeat finding from report B54761.

TRI-TOWNSHIP SCHOOL CORPORATION
EXIT CONFERENCE
July 1, 2019 to June 30, 2021

The contents of this report were discussed on February 17, 2023 with Dara Guse, Treasurer, Kelly Shepherd, Superintendent, and Tim Guse, School Board President.

Tri-Township Jr-Sr High School
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Wanatah, IN 46390
Phone # 219-733-2815
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Tri-Township Schools

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Phone # 219-754-2709 Fax # 219-754-2793
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Tri-Township Elementary School
309 School Drive
Wanatah, IN 46390
Phone # 219-733-2815
Fax # 219-733-9974

Brian McMahan, PK-12 Principal

M. Kelly Shepherd, Superintendent

Rick Snodgrass, Athletic Director

February 20, 2023

OFFICIAL RESPONSE

FINANCIAL TRANSACTIONS AND REPORTING

Cash and Investments:

The error in our cash and investment totals was originally discovered in our prior audit. This occurred as a result of an error on an entry in 2012 when three townships consolidated. Since that time we have been appropriately reporting our investment and financial balances to our board. The investment (CD) which the error was made on matured 10/30/2021. The steps which were advised by our prior auditor to document the maturity properly were followed.

Financial Reporting:

The General Fund has now been closed as required.

Pre-Paid School Meal Accounts:

A corrective action plan has been put in place to properly track, document and reconcile funds being deposited into fund 8400 and transferred into fund 0800.