



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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April 12, 2023

To: The Officials of the North Judson-San Pierre School Corporation
North Judson-San Pierre School Corporation
801 Campbell Drive
North Judson, IN 46366

This report is supplemental to the audit report of North Judson-San Pierre School Corporation (School Corporation), for the period July 1, 2020 to June 30, 2022. 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 North Judson-San Pierre School Corporation prepared by Crowe LLP, Independent Public Accountants, for the period July 1, 2020 to June 30, 2022. 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.

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
NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
Starke County, Indiana
July 1, 2020 to June 30, 2022

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION

Starke County, Indiana
July 1, 2020 to June 30, 2022

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NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF OFFICIALS
July 1, 2020 to June 30, 2022

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Guy Richie Dalton Tunis	07-01-20 to 02-28-21 03-01-21 to 06-30-22
Superintendent of Schools	Annette Zupin	07-01-20 to 06-30-22
President of the School Board	Derrick Stalbaum	07-01-20 to 06-30-22



INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the North Judson-San Pierre School Corporation

We have examined the North Judson-San Pierre 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, 2020 to June 30, 2022. 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, 2020 to June 30, 2022, as described in items 2022-001, 2022-002, 2022-003, and 2022-004 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, 2020 to June 30, 2022.


Crowe LLP

Indianapolis, Indiana
March 24, 2023

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2020 to June 30, 2022

FINDING 2022-001: FINANCIAL TRANSACTIONS

Criteria: The Indiana State Board of Accounts 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. . . ."

Condition: There were deficiencies in the internal control system of the School Corporation related to financial transactions. The School Corporation had not designed or implemented effective internal controls related to payroll and fringe benefit disbursements.

Context: The School Corporation had not properly designed or implemented internal controls over recording transactions for payroll and fringe benefit disbursements to ensure the accuracy and classification of the payroll disbursements.

One employee was responsible for processing payroll. Payroll reports were submitted to the School Board and Treasurer for review and approval; however, the reports only provided a total gross amount paid from each fund.

The lack of internal controls was a systemic issue that occurred specifically during the period from July 1, 2020 through February 28, 2021. The issue was resolved when the Treasurer started to review and approve a detailed payroll distribution report broken out by fund and employee for each pay period starting March 5, 2021. No reportable findings were noted for the remainder of the audit period.

FINDING 2022-002: CAPITAL ASSETS

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidance Manual states in part, "*Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records.*"

Condition: During testing of capital assets, we noted the Unit did not have a detail listing of capital assets owned by the unit which agreed to amounts reported in Gateway. We noted that a physical inventory is not taken at least every two years.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
 SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
 July 1, 2020 to June 30, 2022

FINDING 2022-003: PREPAID MEALS ACCOUNT RECONCILIATIONS

Criteria: When a student puts money into their individual meal account, it should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while money is in the student's individual account, the balance should not be included in Fund 800 School Lunch. A school should set up a clearing account with the fund number of 8400 Prepaid School Lunch Accounts which is included in Chapter 4 of the State Board of Accounts Uniform Compliance Guidelines for Indiana Public School Corporations. When a student brings in a deposit the receipt should be recorded to Fund 8400 using receipt account 1630 Special Functions. After the student has charged meals, you should disburse the amount charged from Fund 8400 using expenditure account 31900 Other Food Services and receipt this into Fund 800 using the Food Services receipt accounts 1611-1623 at the time established in a written school policy to ensure accurate monthly reporting. At this point the receipts are considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis it is required that the balance of Fund 8400 be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

Condition: During testing of prepaid meals account balances, we noted that monthly reconciliations of all the students' individual meal account balances to the Prepaid Meals fund (clearing account) were not performed. A comparison of the Prepaid Meals fund balance to the students' individual meal account balances at June 30, 2021 and 2022 is as follows:

	As of June 30,	
	2021	2022
Cash and Investment Balance		
- Pre-Paid Meals fund	\$ 14,347	\$ 14,144
All Students' Individual Meal Account Balances	12,998	11,430
Variance in Unreconciled Funds	\$ 1,349	\$ 2,714

FINDING 2022-004: OVERDRAWN CASH BALANCES

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 cash fund balances, we noted the following funds that were not grant cost reimbursement related funds with a cash balance below zero as of June 30, 2021 or June 30, 2022.

	Amount	Amount
Fund	Overdrawn at	Overdrawn at
	June 30, 2021	June 30, 2022
Payroll Clearing	\$ -	\$ 1,198
American Fidelity Flex	770	2,156
Texas Life	-	75
American Fidelity HSA	990	-

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
EXIT CONFERENCE
July 1, 2020 to June 30, 2022

The contents of this report were discussed on March 24, 2023 with Dalton Tunis, Corporation Business Manager/Treasurer, Annette Zupin, Superintendent, and Sheila Akers, Board Member.