



STATE OF INDIANA
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April 14, 2023

To: The Officials of the Peru Community Schools
Peru Community Schools
35 W 3rd Street
Peru, IN 46970

This report is supplemental to the audit report of Peru Community Schools (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 Peru Community Schools 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 black ink that reads 'Tammy R. White'.

Tammy R. White, CPA
Deputy State Examiner

COMPLIANCE EXAMINATION OF
PERU COMMUNITY SCHOOLS
Miami County, Indiana
July 1, 2020 to June 30, 2022

PERU COMMUNITY SCHOOLS

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

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PERU COMMUNITY SCHOOLS
SCHEDULE OF OFFICIALS
July 1, 2020 to June 30, 2022

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dan Durrwachter	07-01-20 to 06-30-22
Superintendent of Schools	Sam Watkins	07-01-20 to 06-30-22
President of the School Board	Ron Mullett	07-01-20 to 06-30-22

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the Peru Community Schools

We have examined the Peru Community Schools' ("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 through 2022-003 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, 2020 to June 30, 2022.


Crowe LLP

Indianapolis, Indiana
March 28, 2023

PERU COMMUNITY SCHOOLS
 SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
 July 1, 2020 to June 30, 2022

FINDING 2022-001: 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 cost-reimbursement grant based with a cash balance below zero as of June 30, 2021 or June 30, 2022:

Fund	Amount Overdrawn June 30, 2021	Amount Overdrawn June 30, 2022
Fringe Benefits	\$ 42,892	\$ 117,223
Book Rental	4,061	3,917
United Way Fund	499	499
Retirees-Term Life Insurance	518	1,575
Section 125 Reimbursement	14,489	14,489
American Funds Repayment	4,212	4,212
Local Tax	68	68
State Tax	92	92
Hot Lunch Clearing	1,702	-

FINDING 2022-002: PREPAID SCHOOL MEAL ACCOUNTS

Criteria: At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

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 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 the 8400 fund be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

Condition: The School Corporation was unable to provide subsidiary student account records that reconcile to the School Lunch Clearing fund (fund 8220). The School Corporation had not properly reconciled on a monthly basis the balance of the School Lunch Clearing fund with the total of the individual meal accounts. The balance of the School Lunch Clearing fund has a negative balance of \$1,702, while the subsidiary ledger has a negative balance of \$11,378 at June 30, 2021. For the year ended June 30, 2022, the School Lunch Clearing fund has a negative balance of \$7,511, while the subsidiary ledger has a negative balance of \$11,478.

(Continued)

PERU COMMUNITY SCHOOLS
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2020 to June 30, 2022

FINDING 2022-003: ANNUAL FINANCIAL REPORT

Criteria: 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."*

Condition: During testing of Annual Financial Report submissions, we noted the Fiscal Year 2021 Annual Financial Report was submitted on September 21, 2021, 21 days after the due date. We noted the Fiscal Year 2022 Annual Financial Report was submitted on September 1, 2022, one day after the due date.

PERU COMMUNITY SCHOOLS
EXIT CONFERENCE
July 1, 2020 to June 30, 2022

The contents of this report were discussed on March 28, 2023, with Dan Durrwachter, Assistant Superintendent of Schools, Sam Watkins, Superintendent of Schools, Hillary Smith, Deputy Treasurer, and Ron Mullett, former President of the School Board.