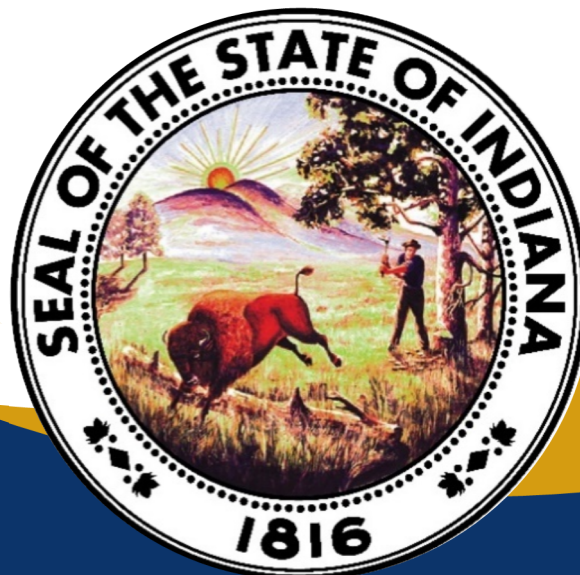


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

**Paul D. Joyce, CPA
State Examiner**

COMPLIANCE ENGAGEMENT REPORT
OF
PORTER COUNTY EDUCATION SERVICES
PORTER COUNTY, INDIANA
July 1, 2020 to June 30, 2024



FILED
05/22/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Quinnlyn Van Rys	07-01-20 to 06-30-25
Executive Director	Elizabeth Prieboy Sandra Bodnar	07-01-20 to 06-30-21 07-01-21 to 06-30-25
President of the Board of Directors	Amanda Alaniz Jim McCall	07-01-20 to 06-30-22 07-01-22 to 06-30-25



Paul D. Joyce, CPA
State Examiner

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TO: THE OFFICIALS OF THE PORTER COUNTY EDUCATION
SERVICES, PORTER COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Porter County Education Services (School Corporation), for the period of July 1, 2020 to June 30, 2024. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the School Corporation as this engagement was not conducted in accordance with any standards established by an authoritative standard-setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the School Corporation's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

Beth Kelley, CPA, CFE
Deputy State Examiner

May 8, 2025

PORTER COUNTY EDUCATION SERVICES
COMMENT

ANNUAL FINANCIAL REPORT

Condition and Context

The School Corporation is required to report financial and other information annually in the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system, which was the source of the Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis. The School Corporation had not established effective internal controls to ensure the accuracy and completeness of the financial data, capital assets, and accounts payables and receivables information submitted in the AFR.

Financial Data

The information reported in the AFRs did not accurately reflect the financial activity of the School Corporation. The Clearing Control fund financial activity and ending cash and investment balance was omitted in the AFRs for the years ending June 30, 2022, 2023, and 2024. This resulted in the receipts, disbursements, and ending cash and investment balance to be understated by the following amounts:

Financial Activity	Understatements For the Years ending June 30,		
	2022	2023	2024
Receipts	\$ 4,904,350	\$ 5,163,203	\$ 2,594,410
Disbursements	4,828,291	5,147,042	2,637,778
Ending Cash and Investment Balance	83,142	99,303	55,935

Capital Assets

Amounts were reported in the AFRs for the value of the capital assets owned by the School Corporation; however, the amounts reported were determined to not agree with the detailed listings of capital assets as follows:

For Fiscal Years Ending June 30,	AFR Reported	Detailed Listing	Over (Under) Reported
2021	\$ 8,017,091	\$ 8,032,386	\$ (15,295)
2022	8,348,672	8,074,277	274,395
2023	8,371,901	8,446,356	(74,455)
2024	10,243,923	10,421,197	(177,274)

Accounts Payable and Receivables

Amounts were reported in the AFRs for accounts payable and receivable at the end of each fiscal year. However, the amounts reported were determined to not agree with the supporting documentation provided as follows:

PORTER COUNTY EDUCATION SERVICES
COMMENT
(Continued)

- For the fiscal year ending June 30, 2023, the AFR reported \$337,585 of accounts payable, but the supporting document totaled \$372,333. This resulted in an understatement of accounts payable by \$34,748.
- For the fiscal year ending June 30, 2024, the AFR reported \$809,306 of accounts receivable, but the supporting documentation totaled \$1,059,587. This resulted in an understatement of accounts receivable by \$250,281.

Grants

The School Corporation serves as the fiscal agent for federal grants for its member schools. The grant agreements for federal funds are between the Indiana Department of Education and the member school corporations; therefore, these grants should not be reported on the fiscal agent grant schedule but on each member School Corporation's grant schedule. This resulted in the overstatement of the School Corporations' grant information in the AFR for fiscal years ending June 30, 2021, 2022, 2023, and 2024, by \$5,685,823, \$6,289,318, \$2,194,108, and \$7,966,093, respectively.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. 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](#)."

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.

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. . . ."



STATEMENTS OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS

PORTER COUNTY EDUCATION SERVICES
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended June 30, 2021 and 2022

Fund	Cash and Investments 07-01-20	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-21	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-22
Special Ed Coop	\$ 4,648,013	\$ 18,201,909	\$ 18,371,062	\$ (10,000)	\$ 4,468,860	\$ 18,832,648	\$ 18,491,717	\$ (10,000)	\$ 4,799,791
Special Ed Capital	-	-	-	-	-	-	-	-	-
Vocational Coop	1,162,902	1,418,383	1,374,216	(1,116)	1,205,953	1,494,028	1,491,115	-	1,208,866
Transfer Vocational Tuition	2,144,597	3,764,874	4,056,965	(30,955)	1,821,551	4,041,574	3,796,064	-	2,067,061
Transfer Alternative Tuition	-	386,320	386,320	-	-	289,740	289,740	-	-
Vocational Accumulated Fund	109,901	-	-	30,955	140,856	-	-	-	140,856
Vocational Capital	-	-	-	-	-	-	-	-	-
Summer School	5,823	2,151	8,005	-	(31)	3,375	3,270	-	74
Medicaid State Funds	-	85,014	85,014	-	-	87,318	57,525	-	29,793
Technology Fund	299,287	-	32,736	-	266,551	-	26,281	-	240,270
Cte Performanece Grant	68,974	-	1,972	-	67,002	-	-	-	67,002
Prof Rights/Responsibilities	9,377	-	538	10,000	18,839	-	1,236	10,000	27,603
County Wide Inservice	25,043	14,998	-	-	40,041	13,284	3,074	-	50,251
Idea Part B 611	(434,466)	5,318,331	5,328,789	-	(444,924)	5,903,030	5,917,966	-	(459,860)
Idea Part B 619	(4,888)	148,558	153,468	-	(9,798)	156,161	154,516	-	(8,153)
Perkins	-	-	-	-	-	-	1,041	-	(1,041)
Perkins	(53,108)	389,364	425,980	1,116	(88,608)	415,980	380,196	-	(52,824)
Medicaid Federal Funds	227,159	218,934	119,830	-	326,263	230,428	135,389	-	421,302
Clearing	-	-	-	-	-	-	-	-	-
Fed-18003-Cares	-	-	74,128	-	(74,128)	112,363	38,240	-	(5)
Fema-Covid	-	-	28,322	-	(28,322)	32,850	4,528	-	-
Clearing Account	12,247	4,953,606	4,958,769	-	7,084	4,904,350	4,828,291	-	83,143
Totals	\$ 8,220,861	\$ 34,902,442	\$ 35,406,114	\$ -	\$ 7,717,189	\$ 36,517,129	\$ 35,620,189	\$ -	\$ 8,614,129

PORTER COUNTY EDUCATION SERVICES
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended June 30, 2023 and 2024

Fund	Cash and Investments 07-01-22	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-23	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-24
Special Ed Coop	\$ 4,799,797	\$ 21,635,202	\$ 21,411,757	\$ (10,000)	\$ 5,013,242	\$ 8,068,371	\$ 9,379,445	\$ (9,150)	\$ 3,693,018
Vocational Coop	1,208,866	1,436,842	1,776,051	-	869,657	1,889,240	1,879,225	-	879,672
Transfer Vocational Tuition	2,067,061	4,039,508	3,917,278	-	2,189,291	4,830,462	4,363,344	-	2,656,409
Transfer Alternative Tuition	-	482,900	386,320	-	96,580	289,740	386,320	-	-
Vocational Accumulated	140,855	-	-	-	140,855	-	-	-	140,855
Donations Gifts And Trusts	73	12,060	21,574	-	(9,441)	8,585	7,096	-	(7,952)
Medicaid Reimbursement	29,792	79,346	108,912	-	226	173,375	173,601	-	-
School Technology	240,271	-	14,413	-	225,858	-	27,811	-	198,047
Cte Performance Grant	67,002	-	-	-	67,002	-	7,534	-	59,468
Prof Rights/Responsibilities	27,603	-	2,123	10,000	35,480	-	36,099	9,150	8,531
County Wide Inservice	50,251	2,573	2,100	-	50,724	14,998	1,000	-	64,722
PI 101-476 Idea	(459,858)	5,742,996	6,317,298	-	(1,034,160)	6,528,485	6,036,368	-	(542,043)
PI 99-457 Preschool Handicap	(8,153)	162,405	161,725	-	(7,473)	127,688	135,296	-	(15,081)
Perkins	(1,041)	18,096	17,055	-	-	-	-	-	-
Perkins Clna	(52,824)	356,974	419,433	-	(115,283)	436,303	419,425	-	(98,405)
Medicaid Reimbursement - Federal	421,302	217,699	221,132	-	417,869	344,602	164,158	-	598,313
Idea Arp	-	173,077	173,077	-	-	1,212,663	1,212,663	-	-
Other Federal Programs	-	-	-	-	-	103,264	103,264	-	-
Fed-18003-Cares	(3)	-	(3)	-	-	-	-	-	-
Clearing Control	83,142	5,163,203	5,147,042	-	99,303	2,594,410	2,637,778	-	55,935
Totals	\$ 8,614,136	\$ 39,522,881	\$ 40,097,287	\$ -	\$ 8,039,730	\$ 26,622,186	\$ 26,970,427	\$ -	\$ 7,691,489

PORTER COUNTY EDUCATION SERVICES
EXIT CONFERENCE

The contents of this report were communicated to Quinnlyn Van Rys, Treasurer, and Jim McCall, President of the Board of Directors, on May 15, 2025.