

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PIKE COUNTY SCHOOL CORPORATION

PIKE COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/19/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Chelsea Yon	07-01-21 to 06-30-24
Superintendent of Schools	Dr. Suzanne Blake	07-01-21 to 06-30-24
President of the School Board	Steve Potter Christopher D. McKinney	07-01-21 to 12-31-23 01-01-24 to 06-30-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE PIKE COUNTY SCHOOL CORPORATION, PIKE COUNTY, INDIANA

This report is supplemental to the audit report of the Pike County School Corporation (School Corporation), for the period from July 1, 2021 to June 30, 2023. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with the Financial Statement Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

March 12, 2024

PIKE COUNTY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT

Condition and Context

Financial, supplemental, and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The School Corporation had not established effective internal controls over the AFR information entered into Gateway, which resulted in errors of the financial data as follows:

Curricular Materials Rental Fund

The beginning cash and investments balance, receipts, and disbursements for the Textbook Rental Extra-Curricular Activities funds of each school were not reported on the financial statement. This resulted in the following errors:

- Cash and Investments beginning balance at July 1, 2021, was understated by \$328,862.
- Receipts for fiscal year 2021-2022 were understated by \$112,158.
- Disbursements for 2021-2022 were understated by \$157,611.
- Cash and Investments ending balance at June 30, 2022, was understated by \$283,409.
- Receipts for 2022-2023 were understated by \$144,626.
- Disbursements for 2022-2023 were understated by \$398,447.
- Cash and Investments ending balance at June 30, 2023, was understated by \$29,588.

Retirement/Severance Bond Debt Service fund

The Retirement/Severance Bond Debt Service fund was omitted from the financial statement. The beginning cash and investments balance at July 1, 2021, was understated by \$24,280 and the Other Financing Uses for 2021-2022 was understated by \$24,280.

Adjustments were proposed, accepted by the School Corporation, and made to the Financial Statement and to the Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report for the School Corporation.

PIKE COUNTY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT
(Continued)

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 Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Indiana Public School Corporations, Chapter 1)

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. . . ."

PIKE COUNTY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 12, 2024, with Chelsea Yon, Treasurer; Dr. Suzanne Blake, Superintendent of Schools; Christopher D. McKinney, President of the School Board; and Steven Hamilton, School Board member.