

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

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

COMPLIANCE EXAMINATION REPORT

OF

BAUGO COMMUNITY SCHOOLS

ELKHART COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

02/12/2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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February 12, 2025

To: The Officials of the Baugo Community Schools
Baugo Community Schools
Elkhart County, Indiana

This report is supplemental to the audit report of Baugo Community Schools (School Corporation), for the period July 1, 2022 to June 30, 2024. It has been provided as a separate report so that the reader may easily identify any 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 report for Baugo Community Schools prepared by Crowe LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2024. In our opinion, the supplemental report was prepared in accordance with the guidelines established by the Indiana 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.

Tammy R. White, CPA
Deputy State Examiner

BAUGO COMMUNITY SCHOOLS

Elkhart County, Indiana
July 1, 2022 through June 30, 2024

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BAUGO COMMUNITY SCHOOLS
SCHEDULE OF OFFICIALS
July 1, 2022 through June 30, 2024

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Nancy Winnicki	07-01-22 to 01-04-24
	Wyatt Schmicker	01-05-24 to 06-30-24
Superintendent of Schools	Byron Sanders	07-01-22 to 06-30-24
President of the School Board	Kris Seymore	01-01-22 to 12-31-22
	Chris Carithers	01-01-23 to 12-31-23
	Eric Ott	01-01-24 to 12-31-24

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined Baugo 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 of July 1, 2022 through June 30, 2024. 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 of July 1, 2022 through June 30, 2024, as described in items 2024-001 through 2024-005 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 of July 1, 2022 through June 30, 2024.


Crowe LLP

Indianapolis, Indiana
January 23, 2025

BAUGO COMMUNITY SCHOOLS
 SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
 July 1, 2022 through June 30, 2024

FINDING 2024-001: 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 fund that was not cost-reimbursement based with a cash balance below zero as of June 30, 2023 or June 30, 2024:

Fund	Amount Overdrawn June 30, 2023	Amount Overdrawn June 30, 2024
CI-Section 125	\$ -	\$ 4,650
Other/Miscellaneous	1,000	2,817
CI Misc	67,508	26,255

FINDING 2024-002: CAPITAL ASSETS

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations states in part, “Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. 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: The School Corporation was unable to produce evidence of a complete detailed listing of all capital assets owned by the School Corporation. It was also noted that a physical inventory of capital assets was not performed during the two-year period.

This is a repeat finding from report B61063.

FINDING 2024-003: SCHEDULES IN ANNUAL FINANCIAL REPORT – OTHER INFORMATOIN

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: Financial 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 information entered into Gateway contained the following error:

Capital Assets

The School Corporation reported \$56,093,752 in total capital assets on the Schedule of Capital Assets. The School Corporation was unable to produce a capital asset listing to support the reported balances.

(Continued)

BAUGO COMMUNITY SCHOOLS
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 through June 30, 2024

Accounts Receivable

The School Corporation reported \$499,929 in Accounts Receivables on the Schedule of Payables and Receivables at June 30, 2024 which was supported by grant fund receipts received in July 2024. At June 30, 2024, the School Corporation had a total negative fund balance of \$531,644 related to grant reimbursement funds which represents total outstanding accounts receivable balance. An adjustment was posted to the Schedule of Payables and Receivables to report \$531,644 in Accounts Receivable.

Leases and Debt

The School Corporation reported Annual Lease Payments of \$5,762,575 on the Schedule of Leases and Debt at June 30, 2024. Upon review of future lease payment schedules for each lease, adjustments were posted to reflect \$4,644,500 in Annual Lease Payments.

The School Corporation reported \$790,000 as Principal Due Within One Year for the 2023 GO Bond. Upon review of the bond amortization schedule, an adjustment was posted to reflect \$1,565,000 in principal due within one year.

FINDING 2024-004: CONTRACTS

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations states in part, *"Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts."*

Condition: During the testing of disbursements, we noted 11 instances, in a sample of 53 disbursement selected, in which management could not locate the written contract for the vendor selected.

FINDING 2024-005: AVERAGE DAILY MEMBERSHIP (ADM) TESTING

Criteria: The School Corporation is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public Schools, Part 9).

Indiana Code 20-33-2-24 states, *"The superintendent or an attendance officer having jurisdiction shall report a child who is habitually absent from school in violation of this chapter to an intake officer of the juvenile court or the department of child services. The intake officer or the department of child services shall proceed in accord with IC 31-30 through IC 31-40."*

Condition: During our testing of the brick-and-mortar ADM count, the following exception was noted during the testing of 28 students to verify the student was an eligible pupil. The February 2023 count date included one student that was not regularly attending class. The student was reported as absent, unexcused for the February 1, 2023 ADM count. Additionally, management was unable to locate student records supporting the student's enrollment and residency at the count date.

BAUGO COMMUNITY SCHOOLS
EXIT CONFERENCE
July 1, 2022 through June 30, 2024

The contents of this report were discussed on January 23, 2025, with Wyatt Schmicker, Business Manager, Byron Sanders, Superintendent, and Bill Gletty, President of the Board.