

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

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

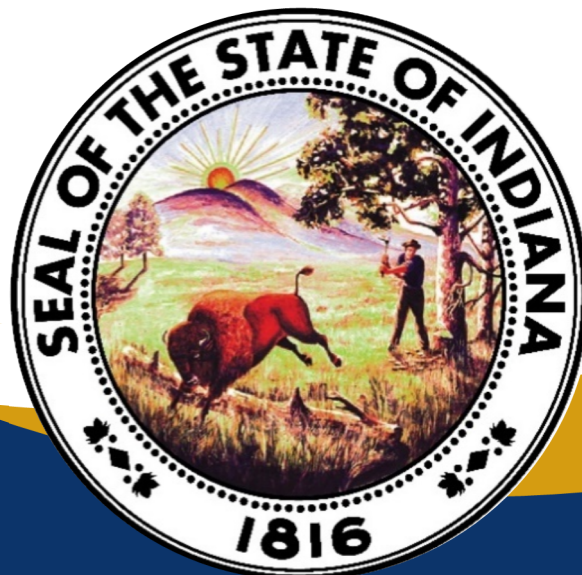
COMPLIANCE EXAMINATION REPORT

OF

ARGOS COMMUNITY SCHOOLS

MARSHALL COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

04/02/2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

April 2, 2025

To: The Officials of the Argos Community Schools
Argos Community Schools
Marshall County, Indiana

This report is supplemental to the audit report of the Argos 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 findings contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the supplemental report for the Argos 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 through 5.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA
Deputy State Examiner

COMPLIANCE EXAMINATION OF
ARGOS COMMUNITY SCHOOLS
Marshall County, Indiana
July 1, 2022 through June 30, 2024

ARGOS COMMUNITY SCHOOLS

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

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

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jennifer Lee	07-01-22 to 08-31-22
	Kelli VanDerWeele	09-01-22 to 06-30-24
Superintendent of Schools	Ned Speicher	07-01-22 to 06-30-24
President of the School Board	Angela Smith	01-01-22 to 12-31-22
	Patricia Rensberger	01-01-23 to 12-31-24

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined Argos 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, 2024-002, 2024-003 and 2024-004 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 of July 1, 2022 through June 30, 2024.


Crowe LLP

Indianapolis, Indiana
March 28, 2025

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

FINDING 2024-001: ANNUAL GATEWAY UPLOADS

Criteria: The Indiana State Board of Accounts (SBOA) Directive 2018-1 states in part, " Beginning with July 2018 files, which will be due September 15, 2018, all cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. The Directive was amended with additional required uploads effective December 2023.

The following files and governmental unit information are required to be uploaded monthly by all units:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund

The following files and governmental unit information are required to be uploaded annually by all units:

- Year-end investment statements and register of investments
- Excel Data Capture/ Data Dump
- Detail of Receipts by fund and account
- Detail of Disbursements by fund and account
- Current year Salary Ordinance (or Schedule) and Amendments (except Schools)
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund
- Accounts Payable/ Accounts Receivable Schedule support
- Direct Federal Grant Agreements/Award Letters and Amendments initiated during the year
- Agreements for Subawards made to Subrecipients for all Federal Grants initiated during the year
- Personnel Policy (to be uploaded in 2023 and in future years if updated)

Condition: During testing, we noted the School Corporation did not upload the following required items:

- The Approved Salary Schedule for Noncertified Employees and Amendments, Annual vendor history report, Annual payroll history without SS#, and school lunch prepaid balance report for FY23 Annual Uploads
- All FY24 Annual Uploads
- Bank Reconcilements from October 2022 through June 2024
- Bank Statements from January 2024 through June 2024
- Approved Board Minutes for July and August of 2023, and March and June of 2024

(Continued)

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

FINDING 2024-002: SCHEDULES IN ANNUAL FINANCIAL REPORT - OTHER INFORMATION

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 errors:

Schedule of Leases and Debt

- The School Corporation understated the annual lease payments by \$127,279 compared to the underlying amortization schedules.

Adjustments were posted to the Schedule of Leases and Debt in the financial statement to correct these items.

Schedule of Payables and Receivables

- The School Corporation reported outstanding Accounts Payable of \$1,039,554 and \$0 in Accounts Receivable on the AFR as of June 30, 2024. These amounts were materially incorrect. As of June 30, 2024, the School Corporation had Accounts Payable of \$692,267 and reimbursable grant activity with negative fund balances totaling \$819,339 which represent grant receivables outstanding.

Adjustments were posted to the Schedule of Payables and Receivables in the financial statement to present Accounts Receivable for this activity.

Capital Assets

The School Corporation reported \$26,566,518 in capital assets which did not agree to the underlying capital asset ledger amount of \$24,494,110.

FINDING 2024-003: RECONCILEMENT OF THE PREPAID SCHOOL LUNCH ACCOUNT

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

(Continued)

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

FINDING 2024-003: RECONCILEMENT OF THE PREPAID SCHOOL LUNCH ACCOUNT (Continued)

Condition: The School Corporation maintains a Prepaid Lunch fund (8400 fund). There was no reconciliation performed between the subsidiary ledger tracking prepaid student balances and the School Corporation's fund ledgers. At June 30, 2023, the subsidiary ledger had a prepaid balance of \$4,616 compared to the funds ledger balance of \$11,528. At June 30, 2024, the subsidiary ledger had a prepaid balance of \$4,163 compared to the funds ledger balance of \$14,726.

FINDING 2024-004: INTERNAL CONTROLS – BANK ACCOUNT RECONCILIATIONS

Criteria: 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. . . ."*

Condition: During testing, we noted that the School Corporation was not preparing bank reconciliations timely or on a monthly basis. It was also noted there was no formal, documented review on the bank reconcilements.

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

The contents of this report were discussed on March 20, 2025, with Kelli VanDerWeele, Treasurer, Ned Speicher, Superintendent, and Patricia Rensberger, Board President.