

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
CROTHERSVILLE COMMUNITY SCHOOLS
JACKSON COUNTY, INDIANA
July 1, 2012 to June 30, 2014



FILED
08/11/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Terry L. Richey	07-01-12 to 06-30-16
Superintendent of Schools	Dr. Terry A. Goodin	07-01-12 to 06-30-18
President of the School Board	Dale L. Schmelzle Robert Spicer	07-01-10 to 12-31-15 01-01-16 to 12-31-16



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TO: THE OFFICIALS OF THE CROTHERSVILLE COMMUNITY SCHOOLS, JACKSON COUNTY, INDIANA

This report is supplemental to our examination report of the Crothersville Community Schools (School Corporation), for the period from July 1, 2012 to June 30, 2014. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement Examination Report of the School Corporation, which provides our opinion 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 Examination Results and Comments contained herein describe the identified reportable instances 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

April 27, 2016

CROTHERSVILLE COMMUNITY SCHOOLS
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for examination indicated the Retirement/Severance Bond fund had \$2,627 of expenditures in excess of budgeted appropriations for the year 2012.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

PREPAID SCHOOL LUNCH ACCOUNTS

There was no prepaid meal control account being kept to reconcile to the subsidiary student meal account records. All prepaid meals were accounted for in the School Lunch fund.

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student).

Subsidiary records by student should be routinely reconciled to the cash balance at month end. The School Food Prescribed Forms and any approved computerized forms will be required to be maintained in the following manner to accurately account for prepaid items:

A column titled "Prepaid Food" is added to the Daily Record of Cash Received, Form SF-2, for recording prepaid amounts received which have not been identified as to revenue type, i.e., lunch, breakfast, etc. Amounts will be entered both in "Prepaid Food" and "Total Cash Received" for each day because cash has been received.

Another column "Prepaid Food Applied" is also added to Form SF-2, which will show periodic (and monthly) activity whenever prepaid meals are identified (charged to breakfast, lunch, etc.). Amounts in "Prepaid Food Applied" should at all times equal for each day, the amounts charged to various categories, i.e., student lunch, adult breakfast, etc. that were not paid for in cash. Amounts will not be added to "Total Cash Received" because cash has been previously entered and recognized in "Prepaid Food." You are merely transferring "Prepaid Food" to the applicable categories.

The final column added to SF-2 is "Prepaid Food Trust," which is the running balance column which shows the difference between "Prepaid Food" and "Prepaid Food Applied." The amounts in "Prepaid Food Trust" are deducted from the "Balance" column in SF-3 Form, School Food Service Cash Disbursements which then should equal the amount in the new SF-3 column "Available Cash Balance." Amounts are not entered in "Total Cash Received" because "Prepaid Food Trust" is merely a balance column. Computerized systems should provide a list, by student, of cash balances which should sum to the "Prepaid Food Trust."

The ledger of Receipt, Disbursement, and Balances, SF-4 Form should also show appropriate columns for those transactions. (The School Administrator and Uniform Compliance Guidelines Vol. 183)

CROTHERSVILLE COMMUNITY SCHOOLS
EXAMINATION RESULTS AND COMMENTS
(Continued)

TRAVEL POLICY

Although the School Corporation reimbursed employees for travel expenses while on School Corporation business, the School Corporation had not adopted a formal travel policy authorizing the amounts to be reimbursed for those types of expenses.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. Reimbursement for lodging and meals should be based upon actual receipts for amounts paid unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CREDIT CARD POLICY

The School Corporation used credit cards to purchase items without an approved credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CROTHERSVILLE COMMUNITY SCHOOLS

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OFFICIAL RESPONSE

The official response to the results and comments of the recent State Board of Accounts audit of Crothersville Community Schools is as follows:

APPRORIATIONS

Crothersville Community School's liability for the Retirement/Severance Bond Fund was correctly reported to the DLGF for the budget year 2012. The DLGF shorted our account causing it to be necessary to take the shorted funds from our General Fund. Crothersville Community Schools notified the DLGF of their mistake on the 1782 notice. They refused to fund as required by law. Due to the DLGF's ineptness, we were forced to spend above the allowed appropriated amount.

PREPAID SCHOOL LUNCH ACCOUNTS

Even though no problems were found, we will take the recommendation of the SBOA to change the way we receipt and account for prepaid meals.

TRAVEL POLICY

Even though no problems were found, we will follow the recommendation of the SBOA and develop and adopt a Travel Policy at our May 2016 school board meeting.

CREDIT CARD POLICY

Even though Crothersville Community Schools does not have credit cards, we will follow the recommendation of the SBOA and develop and adopt a Credit Card/Vendor Account Policy at our May 2016 school board meeting.

CROTHERSVILLE COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on April 27, 2016, with Terry L. Richey, Treasurer; Dr. Terry A. Goodin, Superintendent of Schools; and Dale L. Schmelzle, Vice President of the School Board.