

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

EXAMINATION REPORT
OF
CROTHERSVILLE COMMUNITY SCHOOLS
JACKSON COUNTY, INDIANA
July 1, 2004 to June 30, 2006



FILED
02/12/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Financial Information:	
Government-Wide Financial Statements:	
Statement of Cash and Investments	4-5
Statement of Cash Activities	6-7
Fund Financial Statements:	
Governmental Funds:	
Statement of Receipts, Disbursements, and Cash and Investment Balances	
– Governmental Funds.....	8-9
Statement of Receipts, Disbursements, and Changes in Cash and Investments	
– Fiduciary Funds.....	10-11
Statement of Cash and Investments –Fiduciary Funds.....	12-13
Notes to Financial Information.....	14-18
Required Supplementary Information:	
Schedule of Funding Progress	19
Supplementary Information:	
Schedule of Long-Term Debt.....	20
Examination Results and Comments:	
Capital Asset Records	21
Honors Diploma – Incorrect Reporting to the State	21
ECA Deposits	21
Disbursement Documentation	21-22
Contracts	22
Federal and State Agencies - Compliance Requirements.....	22
Exit Conference.....	23

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Terry L. Richey	07-01-04 to 06-30-07
Superintendent of Schools	Dr. Terry A. Goodin	07-29-03 to 07-28-09
President of the School Board	Robert E. Spicer	07-01-04 to 06-30-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Crothersville Community Schools (School Corporation), for the period of July 1, 2004 to June 30, 2006. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above present fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

December 18, 2006

CROTHERSVILLE COMMUNITY SCHOOLS
STATEMENT OF CASH AND INVESTMENTS
June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 1,327,656
Restricted assets:	
Cash and investments	<u>358,721</u>
Total assets	<u>\$ 1,686,377</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 358,721
Unrestricted	<u>1,327,656</u>
Total net assets	<u>\$ 1,686,377</u>

The accompanying notes are an integral part of the financial statements.

CROTHERSVILLE COMMUNITY SCHOOLS
STATEMENT OF CASH AND INVESTMENTS
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 2,034,758
Restricted assets:	
Cash and investments	<u>406,979</u>
Total assets	<u>\$ 2,441,737</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 406,979
Unrestricted	<u>2,034,758</u>
Total net assets	<u>\$ 2,441,737</u>

The accompanying notes are an integral part of the financial statements.

CROTHERSVILLE COMMUNITY SCHOOLS
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2005

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 1,997,526	\$ -	\$ 38,911	\$ (1,958,615)
Support services	2,267,956	147,675	77,921	(2,042,360)
Community services	2,772	-	-	(2,772)
Nonprogrammed charges	685,833	-	-	(685,833)
Debt service	2,651,577	-	-	(2,651,577)
Total governmental activities	<u>\$ 7,605,664</u>	<u>\$ 147,675</u>	<u>\$ 116,832</u>	<u>(7,341,157)</u>
General receipts:				
Property taxes				2,101,538
Other local sources				438,757
State aid				2,655,600
Grants and contributions not restricted				117,853
Bonds and loans				1,845,000
Sale of property, adjustments, and refunds				13,429
Investment earnings				13,928
Intergovernmental transfers				<u>646,235</u>
				Total general receipts and intergovernmental transfers
				<u>7,832,340</u>
				Change in cash and investments
				491,183
				Net assets - beginning
				<u>1,195,194</u>
				Net assets - ending
				<u><u>\$ 1,686,377</u></u>

The accompanying notes are an integral part of the financial statements.

CROTHERSVILLE COMMUNITY SCHOOLS
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 1,939,681	\$ -	\$ 32,651	\$ (1,907,030)
Support services	2,365,566	139,695	77,403	(2,148,468)
Community services	1,794	-	-	(1,794)
Nonprogrammed charges	96,468	-	-	(96,468)
Debt service	674,625	-	-	(674,625)
Total governmental activities	\$ 5,078,134	\$ 139,695	\$ 110,054	(4,828,385)
General receipts:				
Property taxes				2,200,716
Other local sources				416,548
State aid				2,753,184
Grants and contributions not restricted				133,940
Sale of property, adjustments, and refunds				2,447
Investment earnings				20,937
Intergovernmental transfers				55,973
Total general receipts and intergovernmental transfers				5,583,745
Change in cash and investments				755,360
Net assets - beginning				1,686,377
Net assets - ending				\$ 2,441,737

The accompanying notes are an integral part of the financial statements.

CROTHERSVILLE COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2005

	General	Transportation Operating	Special Education Preschool	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,098,905	\$ 168,111	\$ 3,066	\$ 715,002	\$ 394,858	\$ 69,011	\$ 252,665	\$ 2,701,618
Intermediate sources	148	-	-	-	-	-	132	280
State sources	2,683,293	-	18,319	-	-	-	24,703	2,726,315
Federal sources	28	-	-	-	-	-	163,942	163,970
Bonds and loans	729,203	79,267	-	807,563	228,967	-	-	1,845,000
Sale of property, adjustments and refunds	7,600	-	-	-	-	-	5,829	13,429
Intergovernmental transfers	38,165	-	160,000	319,165	100,000	21,000	7,905	646,235
Total receipts	4,557,342	247,378	181,385	1,841,730	723,825	90,011	455,176	8,096,847
Disbursements:								
Current:								
Instruction	1,827,691	-	4,040	-	-	-	165,795	1,997,526
Support services	1,587,282	186,334	-	-	228,510	37,575	228,255	2,267,956
Community services	926	-	-	-	-	-	1,846	2,772
Nonprogrammed charges	77,763	-	160,000	319,165	100,000	21,000	7,905	685,833
Debt services	848,375	79,267	-	1,494,968	228,967	-	-	2,651,577
Total disbursements	4,342,037	265,601	164,040	1,814,133	557,477	58,575	403,801	7,605,664
Excess (deficiency) of total receipts over (under) total disbursements	215,305	(18,223)	17,345	27,597	166,348	31,436	51,375	491,183
Cash and investments - beginning	211,198	38,130	159,810	331,124	154,530	58,782	241,620	1,195,194
Cash and investments - ending	<u>\$ 426,503</u>	<u>\$ 19,907</u>	<u>\$ 177,155</u>	<u>\$ 358,721</u>	<u>\$ 320,878</u>	<u>\$ 90,218</u>	<u>\$ 292,995</u>	<u>\$ 1,686,377</u>

The accompanying notes are an integral part of the financial statements.

CROTHERSVILLE COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006

	General	Transportation Operating	Special Education Preschool	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,265,405	\$ 178,310	\$ 2,999	\$ 722,883	\$ 352,827	\$ 44,694	\$ 210,325	\$ 2,777,443
Intermediate sources	114	-	-	-	-	-	338	452
State sources	2,774,601	-	16,597	-	-	-	22,912	2,814,110
Federal sources	-	-	-	-	-	-	183,069	183,069
Sale of property, adjustments and refunds	2,447	-	-	-	-	-	-	2,447
Intergovernmental transfers	-	25,000	25,000	-	-	-	5,973	55,973
Total receipts	<u>4,042,567</u>	<u>203,310</u>	<u>44,596</u>	<u>722,883</u>	<u>352,827</u>	<u>44,694</u>	<u>422,617</u>	<u>5,833,494</u>
Disbursements:								
Current:								
Instruction	1,771,403	-	9,688	-	-	-	158,590	1,939,681
Support services	1,613,922	195,625	-	-	316,313	-	239,706	2,365,566
Community services	300	-	-	-	-	-	1,494	1,794
Nonprogrammed charges	43,957	25,000	25,000	-	-	-	2,511	96,468
Debt services	-	-	-	674,625	-	-	-	674,625
Total disbursements	<u>3,429,582</u>	<u>220,625</u>	<u>34,688</u>	<u>674,625</u>	<u>316,313</u>	<u>-</u>	<u>402,301</u>	<u>5,078,134</u>
Excess (deficiency) of total receipts over (under) total disbursements	612,985	(17,315)	9,908	48,258	36,514	44,694	20,316	755,360
Cash and investments - beginning	<u>426,503</u>	<u>19,907</u>	<u>177,155</u>	<u>358,721</u>	<u>320,878</u>	<u>90,218</u>	<u>292,995</u>	<u>1,686,377</u>
Cash and investments - ending	<u>\$ 1,039,488</u>	<u>\$ 2,592</u>	<u>\$ 187,063</u>	<u>\$ 406,979</u>	<u>\$ 357,392</u>	<u>\$ 134,912</u>	<u>\$ 313,311</u>	<u>\$ 2,441,737</u>

The accompanying notes are an integral part of the financial statements.

CROTHERSVILLE COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2005

	Private-Purpose Trust Funds
Additions:	
Local sources	\$ 1,507
Deductions:	
Instruction	2,264
Deficiency of total additions under total deductions	(757)
Cash and investments - beginning	2,228
Cash and investments - ending	\$ 1,471

The accompanying notes are an integral part of the financial statements.

CROTHERSVILLE COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2006

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Local sources	\$ -	\$ 7
Bonds and loans	<u>2,400,000</u>	<u>-</u>
Total additions	<u>2,400,000</u>	<u>7</u>
Excess of total additions over total deductions	<u>2,400,000</u>	<u>7</u>
Cash and investments - beginning	<u>-</u>	<u>1,471</u>
Cash and investments - ending	<u><u>\$ 2,400,000</u></u>	<u><u>\$ 1,478</u></u>

The accompanying notes are an integral part of the financial statements.

CROTHERSVILLE COMMUNITY SCHOOLS
STATEMENT OF CASH AND INVESTMENTS
FIDUCIARY FUNDS
June 30, 2005

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>
Cash and investments	\$ 1,471
<u>Net Assets</u>	
Held in trust for employee benefits and other purposes	\$ 1,471

The accompanying notes are an integral part of the financial statements.

CROTHERSVILLE COMMUNITY SCHOOLS
 STATEMENT OF CASH AND INVESTMENTS
 FIDUCIARY FUNDS
 June 30, 2006

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Cash and investments	\$ 2,400,000	\$ 1,478
<u>Net Assets</u>		
Held in trust for employee benefits and other purposes	\$ 2,400,000	\$ 1,478

The accompanying notes are an integral part of the financial statements.

CROTHERSVILLE COMMUNITY SCHOOLS
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. However, there are no business-type activities to report at this time.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The special education preschool fund may only be used for special education programs for preschool aged children.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

CROTHERSVILLE COMMUNITY SCHOOLS
NOTES TO FINANCIAL INFORMATION
(Continued)

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for the activities of the post-retirement/severance benefits fund, which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the art program, special needs students, and student needs as a whole.

B. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The School Corporation has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

CROTHERSVILLE COMMUNITY SCHOOLS
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Interfund Transfers

Interfund transfers for the years ended June 30, 2005 and 2006, were as follows:

Transfer From	Transfer To	2005	2006
General Fund	Debt Service	\$ 38,165	\$ -
	Other governmental	-	3,462
Transportation Operating	Special Education Preschool	-	25,000
Special Education Preschool	Transportation Operating	-	25,000
	Debt Service	160,000	-
Debt Service	General Fund	38,165	-
	Special Education Preschool	160,000	-
	Capital Projects	100,000	-
	School Bus Replacement	21,000	-
Capital Projects	Debt Service	100,000	-
School Bus Replacement	Debt Service	21,000	-
Other governmental	Other governmental	7,905	2,511
Totals		<u>\$ 646,235</u>	<u>\$ 55,973</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

CROTHERSVILLE COMMUNITY SCHOOLS
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 7. Pension Plans

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Teacher's Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teacher's Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

CROTHERSVILLE COMMUNITY SCHOOLS
NOTES TO FINANCIAL INFORMATION
(Continued)

Teacher's Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

CROTHERSVILLE COMMUNITY SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 546,565	\$ 362,883	\$ 183,682	151%	\$ 313,226	59%
07-01-04	542,181	381,560	160,621	142%	301,460	53%
07-01-05	548,406	426,744	121,662	129%	286,997	42%

CROTHERSVILLE COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

June 30, 2006

Description of Debt	Ending Balance	Due Within One Year
Capital lease:		
Crothersville 2000 school building corporation	\$ 9,185,000	\$ 290,000
Bonds payable:		
General obligation bonds:		
Pension bonds - retirement and severance payments	2,400,000	-
Total long-term debt	\$ 11,585,000	\$ 290,000

CROTHERSVILLE COMMUNITY SCHOOLS
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

Information presented for examination did not indicate an inventory or record of capital assets is maintained.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

HONORS DIPLOMA - INCORRECT REPORTING TO THE STATE

The information presented for examination indicates the number of students receiving academic honors diplomas as reported by the School Corporation to the Indiana Department of Education on Form DOE-GR, Graduate Report, were incorrect for the school year ending June 30, 2004.

<u>School Year</u>	<u>Grade</u>	<u>Academic Honors Count as Reported on DOE -GR</u>	<u>Actual Figures</u>	<u>Difference</u>
2003-04	12th	17	12	5

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

ECA DEPOSITS (Applies to Textbook Rental)

Receipts were not always deposited within a reasonable time. Receipts in some instances were being held for periods of 14 days to 79 days before being deposited.

Indiana Code 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

DISBURSEMENT DOCUMENTATION (Applies to Crothersville Jr/Sr High School)

Several payments were observed which did not contain adequate supporting documentation such as receipts, and invoices.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

CROTHERSVILLE COMMUNITY SCHOOLS
EXAMINATION RESULTS AND COMMENTS
(Continued)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CONTRACTS (Applies to Jr/Sr High School)

Records presented for examination indicate payments were made without a contract to non-school employee bus drivers for extra-curricular bus trips.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS (Applies to Jr/Sr High School)

The School did not issue to the Internal Revenue Service Form 1099 for compensation paid to extra-curricular bus drivers.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CROTHERSVILLE COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on January 3, 2007, with Dr. Terry A. Goodin, Superintendent of Schools; Robert E. Spicer, President of the School Board; and Terry L. Richey, Treasurer. The officials concurred with our findings.