

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

EXAMINATION REPORT
OF
YORKTOWN COMMUNITY SCHOOLS
DELAWARE COUNTY, INDIANA
August 1, 2009 to January 29, 2010



FILED
08/16/2010

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SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
School Corporation Treasurer	Sharon Lankford	08-01-09 to 01-29-10
Superintendent of Schools	Zachariah D. Rozelle Jennifer McCormick	06-02-08 to 06-30-10 07-01-10 to 06-30-11
President of the School Board	Pat Lavelle Steve Smith	07-01-09 to 06-30-10 07-01-10 to 06-30-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE YORKTOWN COMMUNITY SCHOOLS, DELAWARE COUNTY, INDIANA

We have examined the records of the Yorktown Community Schools for the period from August 1, 2009 to January 29, 2010, and certify that the records and accountability for month ending cash balances and transfer tuition collections are satisfactory to the best of our knowledge and belief, except as stated in the Examination Results and Comments. The financial transactions of this office are reflected in the Annual Report of Delaware County for the year 2010.

STATE BOARD OF ACCOUNTS

July 13, 2010

YORKTOWN COMMUNITY SCHOOLS
DELAWARE COUNTY
EXAMINATION RESULTS AND COMMENTS

MALFEASANCE

Three checks were written in January 2010 for personal expenses of Sharon Lankford, former School Corporation Treasurer.

A check made payable to PNC Mortgage was dated January 6, 2010, in the amount of \$1,486.68. School Corporation Officials have conveyed the School Corporation has never had an obligation of \$1,486.68 to PNC Mortgage. The check was not recorded in the accounting system. The name of the payee on the cancelled check was typed rather than automatically generated from the accounting system.

A check made payable to Citibank was dated January 8, 2010, in the amount of \$1,100. School Corporation Officials have conveyed the School Corporation has never had an obligation of \$1,100 to Citibank. Both the payee and the check were recorded in the accounting system and included on the Claims Docket, which was approved by the School Board.

A check dated January 8, 2010, in the amount of \$1,720 was recorded in the accounting system with the payee noted as Kerlin Bus Sales & Leasing. School Corporation Officials have conveyed the School Corporation has never had an obligation of \$1,720 to Kerlin Bus Sales & Leasing. The check was also included on the Claims Docket. A review of the cancelled check indicated the check was actually made payable to Sharon Lankford, former School Corporation Treasurer.

Sharon Lankford, former School Corporation Treasurer, remitted to the School Corporation a cashier's check dated January 30, 2010, in the amount of \$4,100 and a personal check dated February 1, 2010, in the amount of \$279. No receipt was issued to the former School Corporation Treasurer for the amount received. Sharon Lankford, former School Corporation Treasurer, did sign a Repayment Agreement which states she does agree to reimburse the School Corporation and that she will cooperate with an audit by the State Board of Accounts.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9) (See Summary, page 7)

FAILURE TO DEPOSIT

Transfer tuition was originally collected by the School Corporation Secretary who entered the collections on a spreadsheet which noted student name, grade, amount collected, date collected, and payment method (check number/cash, whichever was applicable). The School Corporation Secretary also documented the date received, payment, and payment method (check or cash) on the back of the Application for Cash Tuition Status. A copy of the Application for Cash Tuition Status was given to individuals who paid at the School Corporation Administration Office.

The former School Corporation Treasurer also maintained a spreadsheet which noted student name, grade, amount due, date collected, amount collected, and balance due. The former School Corporation Treasurer issued receipts and made deposits for collections received in December 2009. One receipt was issued for several individuals. The former School Corporation Treasurer made deposits for collections received from the beginning of 2010 to her ending work date. Receipts for the period were

YORKTOWN COMMUNITY SCHOOLS
DELAWARE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

issued subsequent to the former School Corporation Treasurer's ending work date by an individual hired to assist in bookkeeping duties. These receipts were dated the same date as the deposit. Receipts were not deposited by the next business day. There were instances where collections received on December 10, 2009 were not deposited until January 13, 2010.

A cash collection in the amount of \$81 was received on December 16, 2009, according to the spreadsheet maintained by the School Corporation Secretary and the Application for Cash Tuition Status. The \$81 payment was also documented on the spreadsheet maintained by the former School Corporation Treasurer. The Superintendent verified with the parent on July 8, 2010, that the parent did pay \$81 in cash to the School Corporation. A review of all deposits was made for the period December 16, 2009 through January 29, 2010. The review indicated that all deposits prepared by the former School Corporation Treasurer consisted only of checks except for one deposit dated January 26, 2010. The deposit slip noted \$215 cash was deposited. Analysis of the deposit indicated the \$215 consisted of a donation in the amount of \$190 and the collection of a nonsufficient funds check in the amount of \$25.

IC 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . ."

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9) (See Summary, page 7)

BANK ACCOUNT RECONCILIATIONS

A Reconciliation Report was provided every month to the School Board except for October and November 2009. The detail of outstanding checks for the months of July, October and November of 2009 did not agree with the amount of outstanding checks disclosed on the Reconciliation Report. The actual bank balance for the months of August, September and October 2009 did not agree with the bank balance amount disclosed on the Reconciliation report.

An adjustment to the records on December 31, 2009, was made in the amount of \$12,047.29. No detailed explanation was provided for examination regarding the adjustment.

IC 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

YORKTOWN COMMUNITY SCHOOLS
DELAWARE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 13, 2010, with Sharon Lankford, former School Corporation Treasurer; Leslie Rittenhouse, Treasurer; Jennifer McCormick, Superintendent of Schools; and Steve Smith, President of the School Board.

YORKTOWN COMMUNITY SCHOOLS
 DELAWARE COUNTY
 SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Sharon Lankford, former School Corporation Treasurer: Malfeasance, page 4	\$ 4,306.68	\$	\$
Failure to Deposit, pages 4 and 5	81.00		
Reimbursement from Sharon Lankford, former School Corporation Treasurer, Deposited February 5, 2010		4,379.00	
Reimbursement from Sharon Lankford, former School Corporation Treasurer, Deposited July 15, 2010	<u>-</u>	<u>8.68</u>	<u>-</u>
Totals	<u>\$ 4,387.68</u>	<u>\$ 4,387.68</u>	<u>\$ -</u>