



STATE OF INDIANA
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May 20, 2022

To: The Officials of the Cannelton City School Corporation
Cannelton City School Corporation
109 S 3rd Street, Suite A
Cannelton, IN 47520

This report is supplemental to the audit report of Cannelton City School Corporation (the School Corporation), for the period July 1, 2018 to June 30, 2020. It has been provided as a separate report so that the reader may easily identify any Examination 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/.

We call your attention to the findings in the report on page 3.

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.

We have reviewed the Supplemental Audit Report for Cannelton City School Corporation prepared by Crowe LLP, Independent Public Accountants, for the period July 1, 2018 to June 30, 2020. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

COMPLIANCE EXAMINATION OF
CANNELTON CITY SCHOOL CORPORATION
Perry County, Indiana
July 1, 2018 to June 30, 2020

CANNELTON CITY SCHOOL CORPORATION

Perry County, Indiana
July 1, 2018 to June 30, 2020

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CANNELTON CITY SCHOOL CORPORATION
SCHEDULE OF OFFICIALS
July 1, 2018 to June 30, 2020

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Melissa Embry	07-01-18 to 06-30-20
Superintendent of Schools	Alva L. Sibbitt, Jr.	07-01-18 to 06-30-20
President of the School Board	William Garrett	07-01-18 to 06-30-20

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the Cannelton City School Corporation

We have examined the Cannelton City School Corporation ("School Corporation") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* during the period July 1, 2018 to June 30, 2020. 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.

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 July 1, 2018 to June 30, 2020, as described in items 2020-001 through 2020-003 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 July 1, 2018 to June 30, 2020.



Crowe LLP

Indianapolis, Indiana
May 18, 2022

CANNELTON CITY SCHOOL CORPORATION
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2018 to June 30, 2020

FINDING 2020-001: 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, we noted the School Lunch fund with a cash balance below zero as of 6/30/19 and 6/30/20. We also noted the Curricular Materials Rental and Payroll Clearing funds with a cash balance below zero as of 6/30/19 and 6/30/20. This is a repeat finding from report B52481.

FINDING 2020-002: PENALTIES, INTEREST, AND OTHER CHARGES

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations states in part, “*Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee.*”

Condition: The School Corporation paid penalties and interest in the amount of \$2,375 to the Indiana Department of Revenue for late payments of state and local payroll withholding taxes for the tax periods of October 2019 and December 2019. This is a repeat finding from report B52481. Per State Board of Accounts direction, any repeat instances of payment of penalties by an official shall be considered costs not reasonably incurred by the unit and are considered questioned costs.

FINDING 2020-003: BAD DEBT POLICY

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations states in part, “The governing body of a unit must have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balance. Documentation must exist for all efforts made by the unit to collect amounts owed prior to any write-offs. Write-offs or adjustments to records which are not documented or warranted may be the personal obligation of the responsible official or employee.”

Condition: During testing, we noted the School Corporation did not have a formal bad debt policy.

CANNELTON CITY SCHOOL CORPORATION
EXIT CONFERENCE
July 1, 2018 to June 30, 2020

The contents of this report were discussed on December 14th with Melissa Embry, Corporate Treasurer, Alva Sibbitt, Superintendent, and Bruce Myers, Board President.