

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
AUDIT RESULTS AND COMMENTS

QUESTIONED COST – PROPERTY TAXES PAID

Based on information presented for audit, the School Corporation failed to record one of their property tax exemptions timely. The exemption relates to a specific property which was acquired by the School Corporation in November of 2006. If the related property tax exemption would have been filed timely with the Marion County Auditor's Office prior to May of 2007 then the School Corporation would have been exempt from paying any property taxes on the property.

The School Corporation did not file for their exemption until May of 2011.

During the audit period, the School Corporation has paid \$279,512.13 in property taxes and \$13,986.78 in penalty to the Marion County Treasurer. The School Corporation made an additional property tax payment in October of 2011 in the amount of \$45,436.50, resulting in total property tax and penalty payments in the amount of \$338,935.41. No additional property taxes should be charged as the exemption filed in May of 2011 will be in effect for the May 2012 property tax cycle. Current officials are seeking a way to refund these payments to the School Corporation.

Below is a summary of the taxes and penalties paid by the School Corporation:

Tax Period	Check Date	Amount
2007 payable 2008 Fall Provisional	01-22-10	\$ 45,439.03
Penalty 2007 payable 2008 Fall Provisional	01-22-10	9,087.80
2008 payable 2009 Spring Tax	01-22-10	48,989.80
2008 payable 2009 Fall Tax	01-22-10	48,989.80
Penalty 2008 payable 2009 Spring Tax	01-22-10	4,898.98
2009 payable 2010 Spring Tax	04-14-10	45,328.50
2009 payable 2010 Fall Tax	10-06-10	45,328.50
2010 payable 2011 Spring Tax	04-29-11	45,436.50
2010 payable 2011 Fall Tax	10-14-11	45,436.50
		<u>45,436.50</u>
Total Property Taxes paid		<u>\$ 338,935.41</u>

(See Summary of Questioned Costs, page 64)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance 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)

QUESTIONED COST - PENALTIES, INTEREST, AND OTHER CHARGES

Information presented for audit indicated that, in one instance, the amount payable for state income tax withholdings was not remitted timely. Penalties and interest totaling \$13,771.48 were paid to the Indiana Department of Revenue on October 8, 2010, for the late filing of state income tax withholdings from August of 2010.

(See Summary of Questioned Costs, page 64)

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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 governmental 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 governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

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

CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS

A comparison of the records to the bank account indicated cash necessary to balance of \$1,701.20 at June 30, 2011. A similar comment appeared in prior Report B35979. A number of previous errors were identified and corrected during the current audit period which reduced the cash necessary to balance to its current level.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPORTING DOCUMENTATION FOR TRAVEL CLAIMS

The School Corporation has credit card and travel policies but the policies and guidelines were not always followed. The credit card policy required submission of an original detailed receipt. The original receipt and/or a detailed receipt were not always provided for inspection.

The travel policy also required all original detailed receipts to be submitted, but in some instances original detailed receipts were not provided. Additionally, there was a separate School Corporation policy for travel expenses related to federal grants. The policy for federal grants limited the tip amount to 15 percent. The School Corporation travel policy for general expenses did not include guidelines for tips. The travel policies or guidelines do not define travel status and what meals are appropriate for in-district meetings.

Credit card and travel claims were tested. We identified the following deficiencies:

- On the majority of claims tested, meals were either reimbursed or charged to the district credit card without adequate supporting documentation. These items totaled \$761.96.
- On the majority of claims tested, meals were paid for in or around Indianapolis totaling \$1,257.33.
- On the claims tested tips were paid in excess of 15 percent. The maximum tip given was 36 percent.

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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 Indiana Public School Corporations, Chapter 9)

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

AVERAGE DAILY MEMBERSHIP (ADM) - CLASSROOM LISTS

The School Corporation did not retain the student lists by classroom that support the ADM Count figures for the 2009-2010 and the 2010-2011 school years. The State Board of Accounts' position is that these student lists should be signed by the principals or other administrators at the individual building level and retained for inspection. The School Corporation has made changes designed to retain these records in the future.

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations for the 2010 Budget Year:

<u>Fund</u>	<u>Amount</u>
Retirement/Severance Bond Debt Service	\$ 389,865
Capital Projects	694,640
School Transportation	1,320,677

The School Corporation adopted an additional appropriation ordinance on December 14, 2010, for the Transportation Fund and the School Pension Debt Fund but these actions were denied by the Department of Local Government and Finance.

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."