

**Galion City School District**  
**Crawford County, Ohio**  
**Verbal Recommendations**  
**June 30, 2020**

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1. Ohio Revised Code §9.38 - While testing athletic receipts, we noted one of the five receipts tested was not timely deposited in accordance with Ohio Revised Code §9.38. We noted this receipt (#191487) was over \$1,000 and was not deposited in one of the District's bank accounts by the end of the following business day. We recommend the District develop additional policies and procedures to help properly safeguard receipts and implement Ohio Revised Code §9.38 relative to depositing requirements to lessen the likelihood of daily receipts being lost, stolen, or misplaced without being detected in timely manner.
2. T-shirt Sales – While testing athletic receipts, we noted there was a receipt for the sale of t-shirts (190462) which lacked proper support. We recommend a reconciliation, similar to that with ticket stubs for an athletic event, is maintained to provide support for the number of t-shirts sold going forward.
3. Athletic Donations – While testing athletic receipts, we noted a donation receipt (#192059) was signed only by the Athletic Director and not by the Donor. We recommend that the District ensure they get the Donor's signature on the donation slip going forward.
4. Property Taxes Recorded Net of Fees – While testing property taxes, we noted one out of eleven receipts tested was recorded net of fees rather than recording the property tax receipts at gross and then recording the fees as expenditures. We recommend the District recording property tax receipts at gross and recording the fees as expenditures.
5. Debt Proceeds – While testing sale of assets, we noted the debt proceeds were recorded net of the expenses for debt issuance costs, when they should have been recorded gross and then the debt issuance costs recorded as expenditures. We noted this issue was corrected in the compilation, but recommend that the District consults with the USAS manual to ensure proper recording.
6. Sales Tax Payment - While testing credit card expenditures, we noted that there were two instances of sale tax being paid for a total of \$16.39. While this amount is highly immaterial and this only occurred twice, as a Tax-Exempt Entity, we recommend the District take care as to avoid paying sales tax on any invoices.
7. Expenditures Exceeding Appropriations - Ohio Revised Code Sections 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. The District had expenditures that exceeded final budgeted appropriations for various Grant Funds. We recommend the District closely monitor all budgetary activity in order to ensure the District does not expend money unless it has been appropriated.
8. Sale of Assets – It was noted during testing of capital asset deletions that there was a deletion for a bus that was traded in towards the purchase of a new bus. This trade in was recorded net with the purchase of the new bus, when the purchase should have been recorded gross and the trade in should have been recorded as a separate receipt. We recommend that the District ensure they record a receipt for trade in of capital assets going forward.

9. Credit Card Compliance – During testing for Credit Card Compliance with House Bill 312 it was noted that the District had adopted a new policy that was in compliance with the requirements set by House Bill 312 and had chosen to set in place the Custody and Control Model. Per House Bill 312, the Custody and Control Model is a system in which the treasurer or fiscal officer maintains physical control over all credit cards of the entity and may use a system requiring the cards to be “signed out” by authorized, designated users. It was found that this was not the case in the District and that some credit cards were not kept in the physical control of the Treasurer. We recommend the District places all credit cards back into the physical control of the Treasurer or switches to the Compliance Officer Model that allows for the credit cards to be in the control of others in order to be in compliance with House Bill 312 going forward.
10. Budgeted and Actual Variances – It was noted during budgetary testing that there were sizeable variances between the final budgeted amounts and the actual amounts at the function level. Although the District is only required to budget to the Fund Level, however we recommend that the District improve the budgeting process to ensure proper spending.
11. Foundation Payments – It was noted during the testing of foundation payments that several receipts were improperly posted between the tuition and intergovernmental – state receipt codes. We recommend the District consult with the USAS manual and foundation settlement reports when posting foundation receipts.

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Charlene Parkinson, Treasurer

Date