

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

EXAMINATION REPORT
OF
DECATUR DISCOVERY ACADEMY
MARION COUNTY, INDIANA
January 1, 2005 to June 30, 2006



FILED
01/26/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cathy Fisher Kris Greene	01-01-05 to 10-08-06 10-09-06 to 06-30-07
Principal of Schools	John Pietrzak Kevin Leineweber	01-01-05 to 06-30-06 07-01-06 to 06-30-07
President of the Board	Anthony Scott Chris Wilkes	01-01-05 to 06-30-06 07-01-06 to 06-30-07



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF DECATUR DISCOVERY ACADEMY, MARION COUNTY, INDIANA

We have examined the financial information presented herein of Decatur Discovery Academy (School Corporation), for the period of January 1, 2005 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 presents 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.

STATE BOARD OF ACCOUNTS

December 14, 2006

DECATUR DISCOVERY ACADEMY
STATEMENT OF CASH AND INVESTMENTS
June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 96,376
Total assets	<u>\$ 96,376</u>
<u>Net Assets</u>	
Unrestricted	\$ 96,376
Total net assets	<u>\$ 96,376</u>

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

DECATUR DISCOVERY ACADEMY
STATEMENT OF CASH AND INVESTMENTS
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 97,108
Total assets	<u>\$ 97,108</u>
 <u>Net Assets</u>	
Unrestricted	\$ 97,108
Total net assets	<u>\$ 97,108</u>

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

DECATUR DISCOVERY ACADEMY
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2005

Functions/Programs	Disbursements	Program Receipts	Net (Disbursement) Receipts Total
Governmental activities:			
Instruction	\$ 390	\$ -	\$ (390)
Support services	137,234	-	(137,234)
Total governmental activities	\$ 137,624	\$ -	(137,624)
General receipts:			
Other local sources			234,000
			96,376
Change in cash and investments			96,376
Net assets - beginning			-
Net assets - ending			\$ 96,376

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

DECATUR DISCOVERY ACADEMY
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts Operating Grants and Contributions	Net (Disbursement) Receipts Total
Governmental activities:			
Instruction	\$ 297,099	\$ 3,398	\$ (293,701)
Support services	548,295	409	(547,886)
Total governmental activities	\$ 845,394	\$ 3,807	(841,587)
General receipts:			
Property taxes			87,013
Other local sources			250,896
State aid			504,410
Total general receipts			842,319
Change in cash and investments			732
Net assets - beginning			96,376
Net assets - ending			\$ 97,108

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

DECATUR DISCOVERY ACADEMY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 GOVERNMENTAL FUNDS
 For The Year Ended June 30, 2005

	General	Greater Indianapolis Seed Grant	NESSI Design and Prep Grant	Planning and Implementation	Implementation II	Capital Projects	Other	Totals
Receipts:								
Local sources	\$ -	\$ 70,000	\$ 105,000	\$ 59,000	\$ -	\$ -	\$ -	\$ 234,000
Disbursements:								
Current:								
Instruction	-	390	-	-	-	-	-	390
Support services	920	64,729	50,000	20,270	-	1,315	-	137,234
Total disbursements	920	65,119	50,000	20,270	-	1,315	-	137,624
Excess (deficiency) of total receipts over (under) total disbursements	(920)	4,881	55,000	38,730	-	(1,315)	-	96,376
Cash and investments - beginning	-	-	-	-	-	-	-	-
Cash and investments - ending	<u>\$ (920)</u>	<u>\$ 4,881</u>	<u>\$ 55,000</u>	<u>\$ 38,730</u>	<u>\$ -</u>	<u>\$ (1,315)</u>	<u>\$ -</u>	<u>\$ 96,376</u>

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

DECATUR DISCOVERY ACADEMY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 GOVERNMENTAL FUNDS
 For The Year Ended June 30, 2006

	General	Greater Indianapolis Seed Grant	NESSI Design and Prep Grant	Planning and Implementation	Implementation II	Capital Projects	Other	Totals
Receipts:								
Local sources	\$ 91,025	\$ -	\$ 60,000	\$ -	\$ 180,083	\$ -	\$ 6,801	\$ 337,909
State sources	<u>508,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>508,217</u>
Total receipts	<u>599,242</u>	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>180,083</u>	<u>-</u>	<u>6,801</u>	<u>846,126</u>
Disbursements:								
Current:								
Instruction	295,221	98	-	-	1,780	-	-	297,099
Support services	<u>292,493</u>	<u>4,259</u>	<u>55,000</u>	<u>38,730</u>	<u>159,082</u>	<u>(1,315)</u>	<u>46</u>	<u>548,295</u>
Total disbursements	<u>587,714</u>	<u>4,357</u>	<u>55,000</u>	<u>38,730</u>	<u>160,862</u>	<u>(1,315)</u>	<u>46</u>	<u>845,394</u>
Excess (deficiency) of total receipts over (under) total disbursements	11,528	(4,357)	5,000	(38,730)	19,221	1,315	6,755	732
Cash and investments - beginning	<u>(920)</u>	<u>4,881</u>	<u>55,000</u>	<u>38,730</u>	<u>-</u>	<u>(1,315)</u>	<u>-</u>	<u>96,376</u>
Cash and investments - ending	<u>\$ 10,608</u>	<u>\$ 524</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 19,221</u>	<u>\$ -</u>	<u>\$ 6,755</u>	<u>\$ 97,108</u>

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

DECATUR DISCOVERY ACADEMY
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

The School Corporation uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. 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 4. Pension Plans

A. 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.

DECATUR DISCOVERY ACADEMY
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

B. 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:

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.

DECATUR DISCOVERY ACADEMY
EXAMINATION RESULTS AND COMMENTS

FEES

The School Corporation requires a student fee to be paid by each student of \$100. School Officials could not always provide documentation to verify students received consumable goods or services equal to the fee charged.

The Constitution of the State of Indiana, Article 8, Section 1 states: "Knowledge and learning, generally diffused throughout a community, being essential to the preservation of a free government; it shall be the duty of the General Assembly to encourage, by all suitable means, moral, intellectual, scientific, and agricultural improvement; and to provide, by law, for a general and uniform system of Common Schools, wherein tuition shall be without charge, and equally open to all."

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the School Corporation had money due from the School Corporation, but a list of such employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "on or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

OFFICIAL BOND

The following official bonds were not filed in the Office of the County Recorder:

Cathy Fisher, Treasurer

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

CAPITAL ASSET RECORDS

Information presented for examination did not indicate an inventory or record of capital assets using Form 369.

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 Asset 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)

DECATUR DISCOVERY ACADEMY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PREScribed FORMS

The following prescribed or approved forms were not always in use:

Receipt Form 517

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

- (1) Claim forms were not filled out properly (front of claim forms were not filled out).
- (2) Claims were not certified before payment was made by the entity's fiscal officer.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer examines and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

OVERDRAWN FUND BALANCES

The General Fund and Capital Projects Fund were overdrawn at June 30, 2005.

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

DECATUR DISCOVERY ACADEMY
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2006, with Kevin Leineweber, Principal of Schools/Superintendent; Kris Greene, Treasurer; and Thomas VanWinkle, School Designer. The officials concurred with our findings.