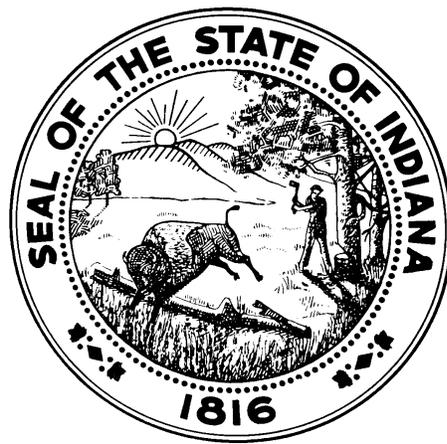


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
FLANNER HOUSE ELEMENTARY SCHOOL  
MARION COUNTY, INDIANA  
July 1, 2005 to June 30, 2007



**FILED**  
03/06/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	DaNeen Collins Frances Malone	07-01-05 to 01-12-06 01-13-06 to 06-30-08
Executive Director	Cynthia Diamond Frances Malone	07-01-05 to 01-12-06 01-13-06 to 06-30-08
President of the School Board	Myron K. Richardson Patricia Roe	07-01-05 to 06-30-07 07-01-07 to 06-30-08



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INDIANAPOLIS, INDIANA 46204-2769

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Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF FLANNER HOUSE ELEMENTARY SCHOOL, MARION COUNTY, INDIANA

We have examined the financial information presented herein of Flanner House Elementary School (School Corporation), for the period of July 1, 2005 to June 30, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

January 8, 2008

FLANNER HOUSE ELEMENTARY SCHOOL  
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 857,757	\$ -	\$ 2,213	\$ (855,544)
Support services	871,800	5,750	49,246	(816,804)
Nonprogrammed charges	<u>2,027</u>	<u>-</u>	<u>-</u>	<u>(2,027)</u>
Total governmental activities	<u>\$ 1,731,584</u>	<u>\$ 5,750</u>	<u>\$ 51,459</u>	<u>(1,674,375)</u>
General receipts:				
Property taxes				472,268
Other local sources				176,390
State aid				990,894
Grants and contributions not restricted to specific programs				<u>116,323</u>
Total general receipts				<u>1,755,875</u>
Change in net assets				81,500
Net assets - beginning				<u>245,397</u>
Net assets - ending				<u>\$ 326,897</u>
<u>Assets</u>				
Cash and investments				<u>\$ 326,897</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 326,897</u>

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

FLANNER HOUSE ELEMENTARY SCHOOL  
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net</u> <u>(Disbursement)</u> <u>Receipts and</u> <u>Changes in</u> <u>Net Assets</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 679,689	\$ -	\$ 1,396	\$ (678,293)
Support services	<u>980,435</u>	<u>7,135</u>	<u>44,537</u>	<u>(928,763)</u>
Total governmental activities	<u>\$ 1,660,124</u>	<u>\$ 7,135</u>	<u>\$ 45,933</u>	<u>(1,607,056)</u>
General receipts:				
Property taxes				445,887
Other local sources				31,683
State aid				964,041
Grants and contributions not restricted to specific programs				116,045
Sale of property, adjustments, and refunds				2,690
Investment earnings				<u>3,910</u>
Total general receipts				<u>1,564,256</u>
Change in net assets				(42,800)
Net assets - beginning				<u>326,897</u>
Net assets - ending				<u>\$ 284,097</u>
<u>Assets</u>				
Cash and investments				<u>\$ 284,097</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 284,097</u>

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

FLANNER HOUSE ELEMENTARY SCHOOL  
SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2006

	General	Walton Grant	Title 1 FY 2005-2006	ESEA Title V	Other	Totals
Receipts:						
Local sources	\$ 648,637	\$ -	\$ -	\$ -	\$ 5,772	\$ 654,409
State sources	993,106	-	-	-	3,281	996,387
Federal sources	-	-	116,323	-	45,965	162,288
<b>Total receipts</b>	<b>1,641,743</b>	<b>-</b>	<b>116,323</b>	<b>-</b>	<b>55,018</b>	<b>1,813,084</b>
Disbursements:						
Current:						
Instruction	731,420	6,221	49,270	64,838	6,008	857,757
Support services	622,014	54,154	12,201	84,469	98,962	871,800
Nonprogrammed charges	2,027	-	-	-	-	2,027
<b>Total disbursements</b>	<b>1,355,461</b>	<b>60,375</b>	<b>61,471</b>	<b>149,307</b>	<b>104,970</b>	<b>1,731,584</b>
Excess (deficiency) of receipts over disbursements	286,282	(60,375)	54,852	(149,307)	(49,952)	81,500
Other financing sources (uses):						
Transfers in	-	-	12,093	-	10,000	22,093
Transfers out	(10,000)	-	-	-	(12,093)	(22,093)
<b>Total other financing sources (uses)</b>	<b>(10,000)</b>	<b>-</b>	<b>12,093</b>	<b>-</b>	<b>(2,093)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	276,282	(60,375)	66,945	(149,307)	(52,045)	81,500
Cash and investments - beginning	(87,180)	123,329	-	212,325	(3,077)	245,397
Cash and investments - ending	<u>\$ 189,102</u>	<u>\$ 62,954</u>	<u>\$ 66,945</u>	<u>\$ 63,018</u>	<u>\$ (55,122)</u>	<u>\$ 326,897</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ 189,102</u>	<u>\$ 62,954</u>	<u>\$ 66,945</u>	<u>\$ 63,018</u>	<u>\$ (55,122)</u>	<u>\$ 326,897</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ 189,102</u>	<u>\$ 62,954</u>	<u>\$ 66,945</u>	<u>\$ 63,018</u>	<u>\$ (55,122)</u>	<u>\$ 326,897</u>

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

FLANNER HOUSE ELEMENTARY SCHOOL  
SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Walton Grant	Title 1 FY 2005-2006	Title 1 FY 2006-2007	ESEA Title V	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 454,037	\$ -	\$ -	\$ -	\$ -	\$ 34,578	\$ 488,615
State sources	965,437	-	-	-	-	2,663	968,100
Federal sources	-	-	-	116,045	-	41,874	157,919
Sale of property, adjustments and refunds	2,690	-	-	-	-	-	2,690
<b>Total receipts</b>	<b>1,422,164</b>	<b>-</b>	<b>-</b>	<b>116,045</b>	<b>-</b>	<b>79,115</b>	<b>1,617,324</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	592,929	140	33,366	37,929	-	15,325	679,689
Support services	925,381	10	14,875	29,984	-	10,185	980,435
<b>Total disbursements</b>	<b>1,518,310</b>	<b>150</b>	<b>48,241</b>	<b>67,913</b>	<b>-</b>	<b>25,510</b>	<b>1,660,124</b>
Excess (deficiency) of receipts over disbursements	(96,146)	(150)	(48,241)	48,132	-	53,605	(42,800)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	18,704	-	-	18,704
Transfers out	-	-	(18,704)	-	-	-	(18,704)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(18,704)</b>	<b>18,704</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(96,146)	(150)	(66,945)	66,836	-	53,605	(42,800)
Cash and investments - beginning	189,102	62,954	66,945	-	63,018	(55,122)	326,897
Cash and investments - ending	<u>\$ 92,956</u>	<u>\$ 62,804</u>	<u>\$ -</u>	<u>\$ 66,836</u>	<u>\$ 63,018</u>	<u>\$ (1,517)</u>	<u>\$ 284,097</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ 92,956</u>	<u>\$ 62,804</u>	<u>\$ -</u>	<u>\$ 66,836</u>	<u>\$ 63,018</u>	<u>\$ (1,517)</u>	<u>\$ 284,097</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ 92,956</u>	<u>\$ 62,804</u>	<u>\$ -</u>	<u>\$ 66,836</u>	<u>\$ 63,018</u>	<u>\$ (1,517)</u>	<u>\$ 284,097</u>

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

FLANNER HOUSE ELEMENTARY SCHOOL  
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

A. Government-Wide and Fund Financial Schedules

Government-Wide Financial Schedules

The Schedules of Activities and Net Assets - Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Schedules

Fund financial schedules of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial schedules are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial schedules. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial schedules.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Walton grant fund accounts for financial resources donated to the school from the Walton Foundation.

The Title 1 funds account for financial resources received through the federal Title 1 program.

The ESEA Title V fund accounts for the financial resources received from the implementation grant from the Department of Education.

FLANNER HOUSE ELEMENTARY SCHOOL  
NOTES TO FINANCIAL INFORMATION  
(Continued)

B. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial schedules are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial schedules.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial schedules for governmental funds would use the modified accrual basis of accounting, while the fund financial schedules for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund schedules to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The School Corporation has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial schedules.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any proprietary funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

Note 3. Budgets

The operating budget is prepared and approved at the local level.

FLANNER HOUSE ELEMENTARY SCHOOL  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to December 31 of the year collected.

Note 5. 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 6. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006</u>	<u>2007</u>
General Fund	Other governmental funds	\$ 10,000	\$ -
Title 1 2005-2006 Fund	Title 1 2006-2007 Fund	-	18,704
Other governmental funds	Title 1 2005-2006 Fund	<u>12,093</u>	<u>-</u>
Totals		<u>\$ 22,093</u>	<u>\$ 18,704</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

FLANNER HOUSE ELEMENTARY SCHOOL  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 7. 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.

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. Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' 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.

FLANNER HOUSE ELEMENTARY SCHOOL  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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:

Teachers' 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.

FLANNER HOUSE ELEMENTARY SCHOOL  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006

	Special Education Preschool	School Lunch	Textbook Rental	Donations	MS Walton Grant	Title 1 FY 2004-2005	Totals
Receipts:							
Local sources	\$ -	\$ 3,398	\$ 2,374	\$ -	\$ -	\$ -	\$ 5,772
State sources	-	437	2,844	-	-	-	3,281
Federal sources	-	45,965	-	-	-	-	45,965
Total receipts	-	49,800	5,218	-	-	-	55,018
Disbursements:							
Current:							
Instruction	-	-	(3,476)	-	-	9,484	6,008
Support services	-	98,962	-	-	-	-	98,962
Total disbursements	-	98,962	(3,476)	-	-	9,484	104,970
Excess (deficiency) of receipts over disbursements	-	(49,162)	8,694	-	-	(9,484)	(49,952)
Other financing sources (uses):							
Transfers in	-	-	-	-	10,000	-	10,000
Transfers out	-	-	-	-	-	(12,093)	(12,093)
Total other financing sources (uses)	-	-	-	-	10,000	(12,093)	(2,093)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(49,162)	8,694	-	10,000	(21,577)	(52,045)
Cash and investments - beginning	2,750	(43,678)	15,560	714	-	21,577	(3,077)
Cash and investments - ending	<u>\$ 2,750</u>	<u>\$ (92,840)</u>	<u>\$ 24,254</u>	<u>\$ 714</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ (55,122)</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 2,750</u>	<u>\$ (92,840)</u>	<u>\$ 24,254</u>	<u>\$ 714</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ (55,122)</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 2,750</u>	<u>\$ (92,840)</u>	<u>\$ 24,254</u>	<u>\$ 714</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ (55,122)</u>

FLANNER HOUSE ELEMENTARY SCHOOL  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Donations	MS Walton Grant	Miscellaneous Programs	Totals
Receipts:							
Local sources	\$ -	\$ 2,769	\$ 4,366	\$ 25,174	\$ -	\$ 2,269	\$ 34,578
State sources	-	604	2,059	-	-	-	2,663
Federal sources	-	41,874	-	-	-	-	41,874
Total receipts	<u>-</u>	<u>45,247</u>	<u>6,425</u>	<u>25,174</u>	<u>-</u>	<u>2,269</u>	<u>79,115</u>
Disbursements:							
Current:							
Instruction	-	-	15,325	-	-	-	15,325
Support services	-	-	-	10	10,000	175	10,185
Total disbursements	<u>-</u>	<u>-</u>	<u>15,325</u>	<u>10</u>	<u>10,000</u>	<u>175</u>	<u>25,510</u>
Excess (deficiency) of receipts over disbursements	-	45,247	(8,900)	25,164	(10,000)	2,094	53,605
Cash and investments - beginning	<u>2,750</u>	<u>(92,840)</u>	<u>24,254</u>	<u>714</u>	<u>10,000</u>	<u>-</u>	<u>(55,122)</u>
Cash and investments - ending	<u>\$ 2,750</u>	<u>\$ (47,593)</u>	<u>\$ 15,354</u>	<u>\$ 25,878</u>	<u>\$ -</u>	<u>\$ 2,094</u>	<u>\$ (1,517)</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 2,750</u>	<u>\$ (47,593)</u>	<u>\$ 15,354</u>	<u>\$ 25,878</u>	<u>\$ -</u>	<u>\$ 2,094</u>	<u>\$ (1,517)</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 2,750</u>	<u>\$ (47,593)</u>	<u>\$ 15,354</u>	<u>\$ 25,878</u>	<u>\$ -</u>	<u>\$ 2,094</u>	<u>\$ (1,517)</u>

FLANNER HOUSE ELEMENTARY SCHOOL  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Retroactive reporting of general infrastructure assets is not required. General infrastructure assets completed in the future will be reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 112,111
Machinery and equipment	<u>104,208</u>
Total governmental activities, capital assets not being depreciated	<u><u>\$ 216,319</u></u>

FLANNER HOUSE ELEMENTARY SCHOOL  
EXAMINATION RESULTS AND COMMENTS

PUBLIC RECORDS RETENTION

The following records were not presented for examination:

- (1) Supporting documentation for school lunch program reimbursement claims for fiscal year 2005-2006;
- (2) Supporting documentation for textbook rental charges for fiscal years 2005-2006 and 2006-2007;
- (3) Optical images of cancelled vendor checks for the fiscal year 2005-2006;
- (4) Direct deposit listing and/or optical images of cancelled checks for payroll transactions for fiscal years 2005-2006 and 2006-2007.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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)

COLLECTION OF AMOUNTS DUE

Meals were served and textbooks were provided to all students regardless of whether payment was received. Accurate records were not maintained for delinquent school lunch and textbook rental amounts owed. Amounts due from students for school lunches and textbook rental charges were not always pursued.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN CASH BALANCES

The cash balance of the School Lunch Fund was overdrawn at June 30, 2006 and June 30, 2007, by \$92,840 and \$47,593, respectively. A similar comment appeared in prior Report B26960.

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

FLANNER HOUSE ELEMENTARY SCHOOL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

SCHOOL LUNCH REPORTS

Monthly school lunch reimbursement reports were not submitted to the Indiana Department of Education in a timely manner. Indiana Department of Education requests that reports are filed by the tenth of the month following the reporting period for reimbursements to be made in a timely manner. Fifteen out of twenty-two reports were filed later than the tenth of the month following the reporting period for fiscal years 2005-2006 and 2006-2007.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

REIMBURSEMENT OVERPAYMENT

The Director of Education was reimbursed twice for the same purchase. A check was issued on July 29, 2005, using the original receipt from Staples for the total amount of \$87.79. The \$87.79 included tax preparation software costing \$39.95 purchased by the Director for personal use and sales tax of \$4.97. A second check was issued on August 12, 2005, for \$47.84 using the Staples rebate receipt for the same purchase. The second reimbursement was for the correct amount and excluded the reimbursement of sales tax. The overpayment was brought to the attention of the Director of Education and the Business Coordinator on November 13, 2007, and repayment was made immediately in the amount of \$87.79.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

EMPLOYEE COMPENSATION

Payments were made to employees that were not supported by labor contracts or salary schedules. Some certified teachers were paid for services provided for summer school and before and after school programs that were not included in the teacher's contracts. Noncertified employees were paid salaries and wages that were not supported by salary schedules. A similar comment appeared in prior Reports B26960 and B23316.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

FLANNER HOUSE ELEMENTARY SCHOOL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

PRESCRIBED FORMS

Official Receipt – Individual Textbook Rental List (Form TBR-2) was not in use for the fiscal years 2005-2006 or 2006-2007.

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)

OFFICIAL BOND

The official bond for the Treasurer was not filed in the Office of the County Recorder for fiscal years 2005-2006 or 2006-2007.

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 . . ."

FLANNER HOUSE ELEMENTARY SCHOOL,  
EXIT CONFERENCE

The contents of this report were discussed on January 8, 2008, with Frances Malone, Treasurer/  
Executive Director; and Tanjla Lawrence, Business Coordinator. The officials concurred with our findings.