

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

EXAMINATION REPORT
OF
HERRON HIGH SCHOOL
MARION COUNTY, INDIANA
May 25, 2006 to June 30, 2007



FILED

04/30/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rex Bolinger Kathleen White	05-25-06 to 11-11-07 11-12-07 to 06-30-08
Director of the School	Rex Bolinger Janet H. McNeal	05-25-06 to 12-31-07 01-01-08 to 06-30-08
President of the School Board	Joanna Taft	05-25-06 to 06-30-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE HERRON HIGH SCHOOL, MARION COUNTY, INDIANA

We have examined the financial information presented herein of the Herron High School (School Corporation), for the period of May 25, 2006 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 period ended June 30, 2006 and year ended June 30, 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 and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 13, 2008

HERRON HIGH SCHOOL
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Period Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>
Governmental activities:	
Instruction	\$ (7,254)
Support services	<u>(202,139)</u>
Total governmental activities	<u>(209,393)</u>
General receipts:	
Other local sources	218,625
Loans	75,000
Sale of property, adjustments, and refunds	<u>7</u>
Total general receipts	<u>293,632</u>
Change in net assets	84,239
Net assets - beginning	<u>-</u>
Net assets - ending	<u>\$ 84,239</u>
<u>Assets</u>	
Cash and investments	<u>\$ 84,239</u>
<u>Net Assets</u>	
Unrestricted	<u>\$ 84,239</u>

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

HERRON HIGH 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 (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	\$ 333,352	\$ -	\$ 4,638	\$ (328,714)
Support services	<u>974,298</u>	<u>18,114</u>	<u>7,425</u>	<u>(948,759)</u>
Total governmental activities	<u>\$ 1,307,650</u>	<u>\$ 18,114</u>	<u>\$ 12,063</u>	<u>(1,277,473)</u>
General receipts:				
Property taxes				72,948
Other local sources				367,774
State aid				226,642
Loans				425,715
Grants and contributions not restricted to specific programs				377,293
Sale of property, adjustments, and refunds				89,134
Investment earnings				<u>756</u>
Total general receipts				<u>1,560,262</u>
Change in net assets				282,789
Net assets - beginning				<u>84,239</u>
Net assets - ending				<u>\$ 367,028</u>
<u>Assets</u>				
Cash and investments				<u>\$ 367,028</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 367,028</u>

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

HERRON HIGH SCHOOL
SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Period Ended June 30, 2006

	General	Walton Grant	Fairbanks Grant	LISC Loan	Totals
Receipts:					
Local sources	\$ 25	\$ 180,000	\$ 38,600	\$ -	\$ 218,625
Sale of property, adjustments and refunds	-	7	-	-	7
Total receipts	25	180,007	38,600	-	218,632
Disbursements:					
Current:					
Instruction	-	6,281	973	-	7,254
Support services	25	97,757	29,357	75,000	202,139
Total disbursements	25	104,038	30,330	75,000	209,393
Excess (deficiency) of receipts over disbursements	-	75,969	8,270	(75,000)	9,239
Other financing sources:					
Loan proceeds	-	-	-	75,000	75,000
Excess of receipts and other financing sources over disbursements and other financing uses	-	75,969	8,270	-	84,239
Cash and investments - beginning	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 75,969</u>	<u>\$ 8,270</u>	<u>\$ -</u>	<u>\$ 84,239</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ -</u>	<u>\$ 75,969</u>	<u>\$ 8,270</u>	<u>\$ -</u>	<u>\$ 84,239</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ -</u>	<u>\$ 75,969</u>	<u>\$ 8,270</u>	<u>\$ -</u>	<u>\$ 84,239</u>

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

HERRON HIGH 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	Fairbanks Grant	LISC Loan	Cell Grant
Receipts:					
Local sources	\$ 186,138	\$ -	\$ 1,590	\$ 15,000	\$ 218,500
State sources	231,281	-	-	-	-
Federal sources	-	-	-	-	-
Sale of property, adjustments and refunds	68,852	20,282	-	-	-
Total receipts	486,271	20,282	1,590	15,000	218,500
Disbursements:					
Current:					
Instruction	312,691	-	8,770	-	4,142
Support services	539,561	-	1,090	-	172,723
Total disbursements	852,252	-	9,860	-	176,865
Excess (deficiency) of receipts over disbursements	(365,981)	20,282	(8,270)	15,000	41,635
Other financing sources:					
Loan proceeds	425,715	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	59,734	20,282	(8,270)	15,000	41,635
Cash and investments - beginning	-	75,969	8,270	-	-
Cash and investments - ending	<u>\$ 59,734</u>	<u>\$ 96,251</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 41,635</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ 59,734</u>	<u>\$ 96,251</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 41,635</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ 59,734</u>	<u>\$ 96,251</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 41,635</u>

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

HERRON HIGH SCHOOL
SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year June 30, 2007
(Continued)

	National Governors Grant	Federal Programs	Other	Totals
Receipts:				
Local sources	\$ -	\$ -	\$ 38,364	\$ 459,592
State sources	-	-	896	232,177
Federal sources	50,000	307,000	26,821	383,821
Sale of property, adjustments and refunds	-	-	-	89,134
Total receipts	<u>50,000</u>	<u>307,000</u>	<u>66,081</u>	<u>1,164,724</u>
Disbursements:				
Current:				
Instruction	-	47	7,702	333,352
Support services	-	230,103	30,821	974,298
Total disbursements	<u>-</u>	<u>230,150</u>	<u>38,523</u>	<u>1,307,650</u>
Excess (deficiency) of receipts over disbursements	<u>50,000</u>	<u>76,850</u>	<u>27,558</u>	<u>(142,926)</u>
Other financing sources:				
Loan proceeds	-	-	-	425,715
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	50,000	76,850	27,558	282,789
Cash and investments - beginning	-	-	-	84,239
Cash and investments - ending	<u>\$ 50,000</u>	<u>\$ 76,850</u>	<u>\$ 27,558</u>	<u>\$ 367,028</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	<u>\$ 50,000</u>	<u>\$ 76,850</u>	<u>\$ 27,558</u>	<u>\$ 367,028</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Unrestricted	<u>\$ 50,000</u>	<u>\$ 76,850</u>	<u>\$ 27,558</u>	<u>\$ 367,028</u>

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

HERRON HIGH 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 for a grant from the walton family foundation.

The fairbanks grant fund is used to account for proceeds of the grant.

The lisc loan fund accounts for proceeds a loan from the local initiatives support corporation.

The cell grant fund is used to account for proceeds of a nessi grant from the gates foundation.

The national governors grant fund is used to account for proceeds of the grant.

HERRON HIGH SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

The federal programs fund is used to account for proceeds of various federal grant awards.

B. Measurement Focus and Basis of Accounting

The government-wide and governmental 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. Receipts are recorded when received and disbursements are recorded when paid.

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.

HERRON HIGH 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 June 30 of the year collected. However, a delay in the approval of taxable property assessments resulted in May 2007 tax bills not being issued until November 2007. This caused a significant decrease in receipts from local sources/property taxes for the year 2006-2007.

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. 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:

HERRON HIGH SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

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.

HERRON HIGH 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

	School Lunch	Textbook Rental	Donation/ Gifts	Lilly Grant	Citizen Gas	Title I	Federal Programs	Totals
Receipts:								
Local sources	\$ 13,632	\$ 4,482	\$ 500	\$ 10,000	\$ 9,750	\$ -	\$ -	\$ 38,364
State sources	-	896	-	-	-	-	-	896
Federal sources	6,529	-	-	-	-	13,825	6,467	26,821
Total receipts	20,161	5,378	500	10,000	9,750	13,825	6,467	66,081
Disbursements:								
Current:								
Instruction	-	3,502	-	-	4,200	-	-	7,702
Support services	20,161	-	-	-	5,550	5,110	-	30,821
Total disbursements	20,161	3,502	-	-	9,750	5,110	-	38,523
Excess of receipts over disbursements	-	1,876	500	10,000	-	8,715	6,467	27,558
Cash and investments - beginning	-	-	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ 1,876	\$ 500	\$ 10,000	\$ -	\$ 8,715	\$ 6,467	\$ 27,558
Cash and Investment Assets - Ending								
Cash and investments	\$ -	\$ 1,876	\$ 500	\$ 10,000	\$ -	\$ 8,715	\$ 6,467	\$ 27,558
Cash and Investment Fund Balance - Ending								
Unrestricted	\$ -	\$ 1,876	\$ 500	\$ 10,000	\$ -	\$ 8,715	\$ 6,467	\$ 27,558

HERRON HIGH SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For the Year Ended 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 23,461
Improvements other than buildings	30,689
Machinery and equipment	278,661
Construction in progress	<u>105,947</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 438,758</u>

HERRON HIGH SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For the Year Ended June 30, 2007

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 500,715	\$ 34,498
Total governmental activities debt	\$ 500,715	\$ 34,498

HERRON HIGH SCHOOL
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

Employee time, attendance, or service records were not presented for examination for all employees.

The School Corporation collects fees for textbook rental from students. Prescribed Form TBR-2 Official Receipt - Individual Textbook Rental List or an approved alternate was not used.

Additionally, upon examination of Form 521 Application for Free or Reduced - Price Meals and Other Benefits, we noted the verification section was incomplete on all applications reviewed.

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)

SCHOOL LUNCH REIMBURSEMENT CLAIM REPORTS

Monthly school lunch reimbursement claim reports were not submitted to the Indiana Department of Education in a timely manner. The 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. Reimbursement claims must be initiated within 60 days of month's end for the period affected in order to claim amounts due. The Indiana Department of Education grants a one-time exception for claims not filed within the required 60 day period. Claims examined for the months of September and October of 2006 were not filed until December 30, 2006.

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)

COMPENSATION – NONEMPLOYEES

Records presented for examination indicated quarterly payments were made to the Sagamore Institute for Policy Research for compensation and benefits for Dr. Rex Bolinger as Director of the School in the 2006-2007 school year. A Partnership Memorandum outlining some of the duties to be performed by Dr. Bolinger was presented for examination. The memorandum did not address specific amounts to be paid or frequency of those payments to the institute for Dr. Bolinger's compensation and benefits. A written contract detailing compensation and benefits was not presented for examination.

Payments for services provided by an organization should go directly to the organization and not to an individual employee of the organization. All payments for services should be supported by a written contract. 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)

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."

HERRON HIGH SCHOOL
EXAMINATION RESULTS AND COMMENTS
(Continued)

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

Original records supporting the amounts claimed for ADM certified by a school building official were not presented for examination.

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."

Officials should 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.) 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. (The School Administrator and Uniform Compliance Guidelines, Volume 123, September 1993, and Volume 142, June 1998)

PUBLIC RECORDS RETENTION

The following records were not presented for examination:

1. Supporting documentation detailing the establishment of textbook rental fees;
2. Copy of Financial Assistance for Students Textbook Reimbursement 2006-2007 School Year claim filed with the State and related supporting documentation;
3. Copy of School Food Authority Verification Summary Report and related supporting documentation; and
4. A Letter of Agreement used to document employees duties and compensation.

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)

CREDIT CARDS

The School Corporation is using credit cards in some instances to purchase items and does not have a credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

HERRON HIGH SCHOOL
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

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

HERRON HIGH SCHOOL
EXIT CONFERENCE

The contents of this report were discussed on February 13, 2008, with Kathleen White, Treasurer; Janet H. McNeal, Director of the School; and Joanna Taft, President of the School Board. The official response has been made a part of this report and may be found on page 20.



HERRON
HIGH SCHOOL

February 14, 2008

State Board of Accounts
302 W. Washington St., Room E 418
Indianapolis, IN 46204-2765

Re: OFFICIAL RESPONSE

To Whom It May Concern:

Herron High School is greatly appreciative of the exit conference and report findings. The administration and Board of Directors learned a great deal of important information through this examination process with Doug Whitham. We will take the report findings as constructive criticism and will work to define the school's procedures and operations.

The school is confident of the progress it can make over the next two years.

Sincerely,

Joanna Taft
President of the Board

Janet McNeal
Principal

Katie White
Treasurer

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