

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

EXAMINATION REPORT
OF
THEA BOWMAN LEADERSHIP ACADEMY
LAKE COUNTY, INDIANA
July 1, 2006 to June 30, 2008



FILED
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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Finance	Vito Bianco Kathleen Kansfield Vito Bianco	07-01-06 to 08-07-07 08-08-07 to 02-01-08 02-02-08 to 06-30-09
Principal of the School	Dr. Gwendolyn Adell	07-01-06 to 06-30-09
Chair of the School Advisory Board	Dr. Dale Cudjoe	07-01-06 to 06-30-09



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE THEA BOWMAN LEADERSHIP ACADEMY, LAKE COUNTY, INDIANA

We have examined the financial information presented herein of the Thea Bowman Leadership Academy (School Corporation), for the period of July 1, 2006 to June 30, 2008. 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, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Combining Schedules, 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. The Combining Schedules have been subjected to the examination procedures applied to the basic financial information and, in our opinion, are fairly stated in all material respects in relation to the financial information taken as a whole. The Schedule of Capital Assets and Schedule of Long Term Debt 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

June 16, 2009

THEA BOWMAN LEADERSHIP ACADEMY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 2,765,701	\$ -	\$ 46,503	\$ (2,719,198)
Support services	1,884,567	38,831	157,886	(1,687,850)
Total governmental activities	\$ 4,650,268	\$ 38,831	\$ 204,389	(4,407,048)
General receipts:				
Property taxes				1,388,737
Other local sources				11,572
State aid				2,825,942
Grants and contributions not restricted to specific programs				532,289
Investment earnings				37,555
Total general receipts				4,796,095
Change in net assets				389,047
Net assets - beginning				1,046,597
Net assets - ending				\$ 1,435,644
<u>Assets</u>				
Cash and investments				\$ 1,435,644
<u>Net Assets</u>				
Unrestricted				\$ 1,435,644

The notes to the financial statements are an integral part of this statement.

THEA BOWMAN LEADERSHIP ACADEMY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<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	\$ 3,333,449	\$ -	\$ 66,411	\$ (3,267,038)
Support services	10,840,404	82,588	231,797	(10,526,019)
Community services	54,068	-	-	(54,068)
Debt service	<u>86,046</u>	<u>-</u>	<u>-</u>	<u>(86,046)</u>
Total governmental activities	<u>\$ 14,313,967</u>	<u>\$ 82,588</u>	<u>\$ 298,208</u>	<u>(13,933,171)</u>
General receipts:				
Property taxes				799,401
Other local sources				822,600
State aid				3,137,865
Bonds and Loans				8,195,087
Grants and contributions not restricted to specific programs				464,918
Investment earnings				<u>15,901</u>
Total general receipts				<u>13,435,772</u>
Change in net assets				(497,399)
Net assets - beginning				<u>1,435,644</u>
Net assets - ending				<u>\$ 938,245</u>
<u>Assets</u>				
Cash and investments				<u>\$ 938,245</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 938,245</u>

The notes to the financial statements are an integral part of this statement.

THEA BOWMAN LEADERSHIP ACADEMY
STATEMENT 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

	<u>General</u>	<u>Other</u>	<u>Totals</u>
Receipts:			
Local sources	\$ 1,432,386	\$ 41,309	\$ 1,473,695
Intermediate sources	3,000	-	3,000
State sources	2,871,234	26,217	2,897,451
Federal sources	<u>-</u>	<u>665,169</u>	<u>665,169</u>
 Total receipts	 <u>4,306,620</u>	 <u>732,695</u>	 <u>5,039,315</u>
Disbursements:			
Current:			
Instruction	2,393,401	372,300	2,765,701
Support services	<u>1,603,287</u>	<u>281,280</u>	<u>1,884,567</u>
 Total disbursements	 <u>3,996,688</u>	 <u>653,580</u>	 <u>4,650,268</u>
 Excess (deficiency) of receipts over disbursements	 <u>309,932</u>	 <u>79,115</u>	 <u>389,047</u>
Other financing sources (uses):			
Transfers in	259,945	235,692	495,637
Transfers out	<u>(228,363)</u>	<u>(267,274)</u>	<u>(495,637)</u>
 Total other financing sources (uses)	 <u>31,582</u>	 <u>(31,582)</u>	 <u>-</u>
 Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	 341,514	 47,533	 389,047
Cash and investments - beginning	<u>1,058,136</u>	<u>(11,539)</u>	<u>1,046,597</u>
Cash and investments - ending	<u>\$ 1,399,650</u>	<u>\$ 35,994</u>	<u>\$ 1,435,644</u>
 <u>Cash and Investment Assets - Ending</u>			
Cash and investments	<u>\$ 1,399,650</u>	<u>\$ 35,994</u>	<u>\$ 1,435,644</u>
 <u>Cash and Investment Fund Balance - Ending</u>			
Unrestricted	<u>\$ 1,399,650</u>	<u>\$ 35,994</u>	<u>\$ 1,435,644</u>

The notes to the financial statements are an integral part of this statement.

THEA BOWMAN LEADERSHIP ACADEMY
STATEMENT 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, 2008

	<u>General</u>	<u>Other</u>	<u>Totals</u>
Receipts:			
Local sources	\$ 1,648,265	\$ 72,225	\$ 1,720,490
State sources	3,204,276	34,730	3,239,006
Federal sources	-	661,985	661,985
Bonds and loans	<u>8,195,087</u>	<u>-</u>	<u>8,195,087</u>
 Total receipts	 <u>13,047,628</u>	 <u>768,940</u>	 <u>13,816,568</u>
Disbursements:			
Current:			
Instruction	2,808,994	524,455	3,333,449
Support services	10,575,858	264,546	10,840,404
Community services	54,068	-	54,068
Debt services	<u>86,046</u>	<u>-</u>	<u>86,046</u>
 Total disbursements	 <u>13,524,966</u>	 <u>789,001</u>	 <u>14,313,967</u>
 Excess (deficiency) of receipts over disbursements	 <u>(477,338)</u>	 <u>(20,061)</u>	 <u>(497,399)</u>
Other financing sources (uses):			
Transfers in	-	125,522	125,522
Transfers out	<u>(119,731)</u>	<u>(5,791)</u>	<u>(125,522)</u>
 Total other financing sources (uses)	 <u>(119,731)</u>	 <u>119,731</u>	 <u>-</u>
 Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	 <u>(597,069)</u>	 <u>99,670</u>	 <u>(497,399)</u>
 Cash and investments - beginning	 <u>1,399,650</u>	 <u>35,994</u>	 <u>1,435,644</u>
 Cash and investments - ending	 <u>\$ 802,581</u>	 <u>\$ 135,664</u>	 <u>\$ 938,245</u>
 <u>Cash and Investment Assets - Ending</u>			
Cash and investments	<u>\$ 802,581</u>	<u>\$ 135,664</u>	<u>\$ 938,245</u>
 <u>Cash and Investment Fund Balance - Ending</u>			
Unrestricted	<u>\$ 802,581</u>	<u>\$ 135,664</u>	<u>\$ 938,245</u>

The notes to the financial statements are an integral part of this statement.

THEA BOWMAN LEADERSHIP 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

A. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Cash and Investments and the Statement of Cash Activities 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 Statements

Fund financial statements 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 statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental fund:

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.

B. Measurement Focus and Basis of Accounting

The government-wide and governmental fund financial statements 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.

THEA BOWMAN LEADERSHIP ACADEMY
NOTES TO FINANCIAL INFORMATION
(Continued)

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 statements.

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

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

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. 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.

Note 4. 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.

THEA BOWMAN LEADERSHIP ACADEMY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 5. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2006-2007	2007-2008
General Fund	Other governmental funds	\$ 228,363	\$ 119,731
Other governmental funds	General Fund	259,945	-
	Other governmental funds	<u>7,329</u>	<u>5,791</u>
Totals		<u>\$ 495,637</u>	<u>\$ 125,522</u>

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

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:

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.

THEA BOWMAN LEADERSHIP ACADEMY
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

Note 7. Subsequent Events

Long-Term Debt

On October 6, 2008, the School Corporation received a \$3,267,041 Common School Fund Charter School Advancement to use for operational costs.

The due date for the IFF land loan for \$989,900 for the purchase of land was extended for six months to September 1, 2009.

The due date for the Harris Bank construction loan for \$15,958,000 of which \$7,204,187 was drawn down at June 30, 2008, was extended for six months to September 1, 2009.

On January 1, 2009, Thea Bowman entered into two leases with Innovative Modular Solutions for a \$680,000 four classroom addition and for a \$360,000 music room addition to the high school.

THEA BOWMAN LEADERSHIP ACADEMY
NOTES TO FINANCIAL INFORMATION
(Continued)

Reassessment and Property Tax Revenue

In accordance with state statutes, all counties were required to reassess property values prior to billing taxes in 2008. Taxes are normally billed in two installments, the first is due in May, and the second in November. Significant delays in the reassessment process have resulted in delays in billing taxes in 2008. Lake County 2007 pay 2008 tax rates were approved in November 14, 2008. Provisional bills for 50% of 2006 pay 2007 taxes were due October 29, 2008. County officials sent the final reconciliation bill for taxes payable in 2008 in January 2009 with payment due February 6, 2009.

THEA BOWMAN LEADERSHIP ACADEMY
 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	Knight Foundation	Student Activities	Title I 05/06	Title I 06/07
Receipts:						
Local sources	\$ 38,819	\$ 2,490	\$ -	\$ -	\$ -	\$ -
State sources	-	25,006	-	1,211	-	-
Federal sources	<u>132,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,100</u>	<u>250,576</u>
Total receipts	<u>171,699</u>	<u>27,496</u>	<u>-</u>	<u>1,211</u>	<u>25,100</u>	<u>250,576</u>
Disbursements:						
Current:						
Instruction	-	63,544	-	-	20,026	236,579
Support services	<u>166,545</u>	<u>-</u>	<u>6,172</u>	<u>-</u>	<u>6,209</u>	<u>3,579</u>
Total disbursements	<u>166,545</u>	<u>63,544</u>	<u>6,172</u>	<u>-</u>	<u>26,235</u>	<u>240,158</u>
Excess (deficiency) of receipts over disbursements	<u>5,154</u>	<u>(36,048)</u>	<u>(6,172)</u>	<u>1,211</u>	<u>(1,135)</u>	<u>10,418</u>
Other financing sources (uses):						
Transfers in	-	228,049	-	-	-	1,813
Transfers out	<u>(913)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,813)</u>	<u>-</u>
Total other financing sources (uses)	<u>(913)</u>	<u>228,049</u>	<u>-</u>	<u>-</u>	<u>(1,813)</u>	<u>1,813</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,241	192,001	(6,172)	1,211	(2,948)	12,231
Cash and investments - beginning	<u>7,512</u>	<u>(192,001)</u>	<u>6,172</u>	<u>(1,211)</u>	<u>2,948</u>	<u>-</u>
Cash and investments - ending	<u>\$ 11,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,231</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 11,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,231</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 11,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,231</u>

THEA BOWMAN LEADERSHIP ACADEMY
 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
 (Continued)

	Title V	Title IV	Title II 06/07	Title II 05/06	Federal Planning	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,309
State sources	-	-	-	-	-	26,217
Federal sources	2,150	11,031	63,597	4,851	174,984	665,169
Total receipts	2,150	11,031	63,597	4,851	174,984	732,695
Disbursements:						
Current:						
Instruction	-	2,323	46,600	3,228	-	372,300
Support services	3,044	937	7,242	7,244	80,308	281,280
Total disbursements	3,044	3,260	53,842	10,472	80,308	653,580
Excess (deficiency) of receipts over disbursements	(894)	7,771	9,755	(5,621)	94,676	79,115
Other financing sources (uses):						
Transfers in	2,410	314	-	3,106	-	235,692
Transfers out	(1,516)	(5,516)	-	-	(257,516)	(267,274)
Total other financing sources (uses)	894	(5,202)	-	3,106	(257,516)	(31,582)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,569	9,755	(2,515)	(162,840)	47,533
Cash and investments - beginning	-	(314)	-	2,515	162,840	(11,539)
Cash and investments - ending	\$ -	\$ 2,255	\$ 9,755	\$ -	\$ -	\$ 35,994
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 2,255	\$ 9,755	\$ -	\$ -	\$ 35,994
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ 2,255	\$ 9,755	\$ -	\$ -	\$ 35,994

THEA BOWMAN LEADERSHIP ACADEMY
 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, 2008

	School Lunch	Textbook Rental	Title I 06/07	Title I 07/08	Title V	Title IV	Title II 06/07	Title II 05/06	Totals
Receipts:									
Local sources	\$ 67,166	\$ 5,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,225
State sources	-	34,730	-	-	-	-	-	-	34,730
Federal sources	197,067	-	22,700	394,659	711	4,927	41,921	-	661,985
Total receipts	264,233	39,789	22,700	394,659	711	4,927	41,921	-	768,940
Disbursements:									
Current:									
Instruction	-	150,363	32,340	340,231	-	1,521	-	-	524,455
Support services	226,592	-	(266)	7,093	3,175	3,197	24,755	-	264,546
Total disbursements	226,592	150,363	32,074	347,324	3,175	4,718	24,755	-	789,001
Excess (deficiency) of receipts over disbursements	37,641	(110,574)	(9,374)	47,335	(2,464)	209	17,166	-	(20,061)
Other financing sources (uses):									
Transfers in	-	119,731	-	2,857	2,464	-	235	235	125,522
Transfers out	-	-	(2,857)	-	-	(2,464)	(235)	(235)	(5,791)
Total other financing sources (uses)	-	119,731	(2,857)	2,857	2,464	(2,464)	-	-	119,731
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	37,641	9,157	(12,231)	50,192	-	(2,255)	17,166	-	99,670
Cash and investments - beginning	11,753	-	12,231	-	-	2,255	9,755	-	35,994
Cash and investments - ending	\$ 49,394	\$ 9,157	\$ -	\$ 50,192	\$ -	\$ -	\$ 26,921	\$ -	\$ 135,664
Cash and Investment Assets - Ending									
Cash and investments	\$ 49,394	\$ 9,157	\$ -	\$ 50,192	\$ -	\$ -	\$ 26,921	\$ -	\$ 135,664
Cash and Investment Fund Balance - Ending									
Unrestricted	\$ 49,394	\$ 9,157	\$ -	\$ 50,192	\$ -	\$ -	\$ 26,921	\$ -	\$ 135,664

THEA BOWMAN LEADERSHIP ACADEMY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2008

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:	
Land	\$ 859,886
Improvements other than buildings	654,830
Machinery and equipment	708,340
Furniture and fixtures	398,972
Construction in progress	<u>7,528,347</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 10,150,375</u>

THEA BOWMAN LEADERSHIP ACADEMY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

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:		
Indiana Common School Loan	\$ 1,317,994	\$ 77,529
IFF Land Loan	989,900	989,900
Harris Bank Construction Loan	<u>7,204,187</u>	<u>7,204,187</u>
Total governmental activities debt	<u>\$ 9,512,081</u>	<u>\$ 8,271,616</u>

THEA BOWMAN LEADERSHIP ACADEMY
EXAMINATION RESULTS AND COMMENTS

CONSTRUCTION LOAN PROCEEDS

The School Corporation received construction loan proceeds in the amount of \$8,195,086 during 2007-2008 for the construction of a new high school. The construction loan proceeds were posted to the General Fund and the expenditures for the new building were paid from General Fund Support Services.

A Construction Fund, designated Fund Number 0700 in the prescribed accounting system, shall be established in all instances where disbursements for capital outlay are made from receipts derived from the sale of general obligation bonds or from other outside sources. Some sources of receipts to the fund, other than from the sale of bonds, are Veterans' Memorial Fund loans, Common School Fund loans, federal grants, and earnings on investments from the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 3)

RECEIPTS

1. Receipts were not always issued for collections received in the mail.
2. Thirty-four of the seventy-nine (43%) of prescribed receipts (General Form SA3) reviewed did not always designate the composition (cash, check or EFT) of the funds received.
3. Three receipts in February 2008, totaling \$56.93 could not be traced to bank deposits or the ledger.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CLAIMS

Claims were paid prior to the allowance by the Board for 92% of claims reviewed.

IC 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.

THEA BOWMAN LEADERSHIP ACADEMY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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

- (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."

EMPLOYEE TIME RECORDS

No time and attendance records were maintained for a part-time employee.

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

LEAVE POLICIES

The School Corporation has a sick leave policy that eligible employees earn one-half day of sick leave for each full calendar month worked up to six full days of sick leave per year. However, per the Employee's Service Record (General Payroll Form 99A), all six sick days are accrued at the beginning of the year.

The School Corporation has a personal leave policy that eligible employees earn up to two personal days for the full academic year, these days do not accumulate from year to year. However, per the Employee's Service Record the personal days are combined with the sick days instead of tracked separately.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ADVANCE PAYMENTS FOR COMPENSATION

Dates of pay checks when compared to the pay period dates indicate that payments were made for payroll in advance of hours worked.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

THEA BOWMAN LEADERSHIP ACADEMY
EXAMINATION RESULTS AND COMMENTS
(Continued)

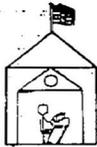
OFFICIAL BOND

The Treasurer's recorded official bond for 2007-2008 and the employee dishonesty insurance coverage for 2006-2007 and 2007-2008 were not presented.

IC 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 . . ."

THEA BOWMAN LEADERSHIP ACADEMY
EXIT CONFERENCE

The contents of this report were discussed on June 16, 2009, with Vito Bianco, Director of Finance; Dr. Gwendolyn Adell, Principal of the School; Anne F. Thompson, Board member; Kathleen Kansfield, Accounting Controller; Valerie Johnson, Corporate Finance; and Tifani Lyons, Business Manager of Indiana Campuses. The official response has been made a part of this report and may be found on pages 22 and 23.



Thea Bowman Leadership Academy

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State Board of Accounts
Porter County Government Center
155 Indiana Avenue
Valparaiso, IN 46383

June 25, 2009

Thea Bowman Leadership Academy Management Response to Examination Results and Comments

Construction Loan Proceeds

The Ledgers have been corrected to reflect Construction Fund #0700 for all remaining construction activity after the audit period.

Internal Control Over Receipts (Form SA-3)

School personnel have been re-trained on proper issuance of receipts based on SBOA instructions. All receipts will be closely monitored and reviewed by the management company for accuracy and completeness.

All receipts entered into the ledgers will have a proper receipt identification number entered into the ledger system. All receipt books maintained by the management company will be available for auditor review.

Claims

Beginning in early 2009 the school board now reviews and approves all open (unpaid) claims as of the date of the monthly board reports issuance. The school board has approved the fiscal officer to have jurisdiction over allowance of payment of the claims.

Employee Time Records

The School will now maintain separate time records for all part time employees.

Thea Bowman Leadership Academy
Management Response to Examination Results and Comments
Page 2

Leave Policies

The school will maintain the Employee Service Records (General Payroll Form No. 99A) in accordance with the sick and personal leave policies. The records will reflect the monthly accruals and separate sick and personal leave time.

Advance Payments for Compensation

The management company is evaluating the current payroll system and process for financial and feasibility for change to address this comment. However, the management company does maintain controls to ensure no compensation is received by an employee for service hours not rendered.

Official Bond

The official bond and employee dishonesty insurance coverage for 06/07 and 07/08 were effective for the audit period and current period.

The management company has now received appropriate documentation from the insurance carrier.