

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, 2007 to June 30, 2009



FILED
06/01/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Frances Malone	07-01-07 to 06-30-10
Director of Schools	Frances Malone	07-01-07 to 06-30-10
President of the School Board	Patricia Roe	07-01-07 to 06-30-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Flanner House Elementary School (School Corporation), for the period of July 1, 2007 to June 30, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt, are presented for additional analysis and are not required parts of the basic financial information. The Combining Schedules, as listed in the Table of Contents, have been subjected to the examination procedures applied in the examination of the basic financial schedules and, in our opinion, are fairly stated in all material respects in relation to the basic financial schedules taken as a whole. The Schedule of Long-Term Debt 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

April 6, 2010

FLANNER HOUSE ELEMENTARY SCHOOL
SCHEDULE 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	\$ 877,541	\$ -	\$ 3,846	\$ (873,695)
Support services	518,303	4,260	83,172	(430,871)
Noninstructional services	113,344	-	-	(113,344)
Facilities acquisition and construction	210,609	-	-	(210,609)
Debt service	108	-	-	(108)
Total governmental activities	\$ 1,719,905	\$ 4,260	\$ 87,018	(1,628,627)
General receipts:				
Property taxes				518,260
Other local sources				29,269
State aid				924,115
Bonds and loans				65,000
Grants and contributions not restricted to specific programs				125,930
Investment earnings				5,750
Total general receipts				1,668,324
Change in net assets				39,697
Net assets - beginning				284,097
Net assets - ending				\$ 323,794
<u>Assets</u>				
Cash and investments				\$ 323,794
<u>Net Assets</u>				
Unrestricted - net assets				\$ 323,794

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, 2009

<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	\$ 908,739	\$ -	\$ 25,487	\$ (883,252)
Support services	599,176	7,547	71,853	(519,776)
Noninstructional services	120,559	-	-	(120,559)
Facilities acquisition and construction	313,167	-	-	(313,167)
Debt service	336,903	-	-	(336,903)
	<u>\$ 2,278,544</u>	<u>\$ 7,547</u>	<u>\$ 97,340</u>	<u>(2,173,657)</u>
General receipts:				
Property taxes				249,957
Other local sources				8,994
State aid				1,055,898
Bonds and loans				346,861
Grants and contributions not restricted to specific programs				293,358
Investment earnings				<u>2,053</u>
Total general receipts				<u>1,957,121</u>
Change in net assets				(216,536)
Net assets - beginning				<u>323,794</u>
Net assets - ending				<u>\$ 107,258</u>
<u>Assets</u>				
Cash and investments				<u>\$ 107,258</u>
<u>Net Assets</u>				
Unrestricted - net assets				<u>\$ 107,258</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, 2008

	General	Textbook Rental	Title I FY 2007-08	Other	Totals
Receipts:					
Local sources	\$ 549,155	\$ 3,722	\$ -	\$ 4,662	\$ 557,539
State sources	932,961	13,780	-	-	946,741
Federal sources	-	-	125,931	64,391	190,322
Temporary loans	65,000	-	-	-	65,000
Total receipts	1,547,116	17,502	125,931	69,053	1,759,602
Disbursements:					
Current:					
Instruction	704,022	32,856	72,269	68,394	877,541
Support services	430,430	-	18,400	69,473	518,303
Noninstructional services	90,653	-	400	22,291	113,344
Facilities acquisition and construction	203,179	-	-	7,430	210,609
Debt services	108	-	-	-	108
Total disbursements	1,428,392	32,856	91,069	167,588	1,719,905
Excess (deficiency) of receipts over disbursements	118,724	(15,354)	34,862	(98,535)	39,697
Other financing sources (uses):					
Transfers in	25,164	-	-	-	25,164
Transfers out	-	-	-	(25,164)	(25,164)
Total other financing sources (uses)	25,164	-	-	(25,164)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	143,888	(15,354)	34,862	(123,699)	39,697
Cash and investments - beginning	92,956	15,354	-	175,787	284,097
Cash and investments - ending	\$ 236,844	\$ -	\$ 34,862	\$ 52,088	\$ 323,794
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 236,844	\$ -	\$ 34,862	\$ 52,088	\$ 323,794
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted - cash and investment fund balance	\$ 236,844	\$ -	\$ 34,862	\$ 52,088	\$ 323,794

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, 2009

	General	Textbook Rental	Title I FY 2007-08	Title I FY 2008-09	Other	Totals
Receipts:						
Local sources	\$ 254,782	\$ 2,381	\$ -	\$ -	\$ 11,313	\$ 268,476
Intermediate sources	75	-	-	-	-	75
State sources	1,076,385	12,002	-	-	270	1,088,657
Federal sources	-	-	15,000	164,398	178,541	357,939
Temporary loans	346,861	-	-	-	-	346,861
Total receipts	<u>1,678,103</u>	<u>14,383</u>	<u>15,000</u>	<u>164,398</u>	<u>190,124</u>	<u>2,062,008</u>
Disbursements:						
Current:						
Instruction	705,876	1,668	29,888	118,620	52,687	908,739
Support services	531,672	-	18,997	16,481	32,026	599,176
Noninstructional services	50,746	-	338	-	69,475	120,559
Facilities acquisition and construction	234,421	-	-	-	78,746	313,167
Debt services	336,903	-	-	-	-	336,903
Total disbursements	<u>1,859,618</u>	<u>1,668</u>	<u>49,223</u>	<u>135,101</u>	<u>232,934</u>	<u>2,278,544</u>
Excess (deficiency) of receipts over disbursements	<u>(181,515)</u>	<u>12,715</u>	<u>(34,223)</u>	<u>29,297</u>	<u>(42,810)</u>	<u>(216,536)</u>
Other financing sources (uses):						
Transfers in	-	-	-	639	201	840
Transfers out	(201)	-	(639)	-	-	(840)
Total other financing sources (uses)	<u>(201)</u>	<u>-</u>	<u>(639)</u>	<u>639</u>	<u>201</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(181,716)	12,715	(34,862)	29,936	(42,609)	(216,536)
Cash and investments - beginning	<u>236,844</u>	<u>-</u>	<u>34,862</u>	<u>-</u>	<u>52,088</u>	<u>323,794</u>
Cash and investments - ending	<u>\$ 55,128</u>	<u>\$ 12,715</u>	<u>\$ -</u>	<u>\$ 29,936</u>	<u>\$ 9,479</u>	<u>\$ 107,258</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 55,128</u>	<u>\$ 12,715</u>	<u>\$ -</u>	<u>\$ 29,936</u>	<u>\$ 9,479</u>	<u>\$ 107,258</u>
Cash and Investment Fund Balance - Ending						
Unrestricted - cash and investment fund balance	<u>\$ 55,128</u>	<u>\$ 12,715</u>	<u>\$ -</u>	<u>\$ 29,936</u>	<u>\$ 9,479</u>	<u>\$ 107,258</u>

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

FLANNER HOUSE ELEMENTARY SCHOOL
SCHEDULE OF CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
For the Year Ended June 30, 2008

	<u>Agency Fund</u>
Cash and investment fund balance - ending	\$ <u>1,328</u>
Net assets:	
Cash and investment basis held in trust	\$ <u>1,328</u>

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

FLANNER HOUSE ELEMENTARY SCHOOL
SCHEDULE OF CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
For the Year Ended June 30, 2009

	<u>Agency Fund</u>
Cash and investment fund balance - ending	\$ <u>3,348</u>
Net assets:	
Cash and investment basis held in trust	\$ <u>3,348</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 Statements of Activities and Net Assets 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, fund equity, receipts, and disbursements. Separate financial schedules are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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 textbook rental fund is used to account for the collection of textbook rental receipts and disbursements for purchasing textbooks.

The Title I funds are used for financial resources received through the federal Title I program.

B. Measurement Focus and Basis of Accounting

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

FLANNER HOUSE ELEMENTARY SCHOOL
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, while the fund financial statements 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 statements 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 statements.

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 enterprise 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 initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

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.

FLANNER HOUSE ELEMENTARY SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

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, 2008 and 2009, were as follows:

Transfer From	Transfer To	2008	2009
General Fund	Other governmental funds	\$ -	\$ 201
Title I 2007-08	Title I 2008-09	-	639
Other governmental funds	General Fund	25,164	-
Totals		<u>\$ 25,164</u>	<u>\$ 840</u>

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

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:

FLANNER HOUSE ELEMENTARY 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. Teacher's Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teacher's Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teacher's Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

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, 2008

	Special Ed Preschool	School Lunch	Donations Gifts and Trusts	Walton Grant	Miscellaneous Programs	Title I FY 2006-2007	Title V	Totals
Receipts:								
Local sources	\$ -	\$ 3,151	\$ -	\$ -	\$ 1,511	\$ -	\$ -	\$ 4,662
Federal sources	-	64,391	-	-	-	-	-	64,391
Total receipts	-	67,542	-	-	1,511	-	-	69,053
Disbursements:								
Current:								
Instruction	-	-	-	-	-	48,351	20,043	68,394
Support services	-	-	-	45,372	-	16,143	7,958	69,473
Noninstructional services	-	19,949	-	-	-	2,342	-	22,291
Facilities acquisition and construction	-	-	-	-	-	-	7,430	7,430
Total disbursements	-	19,949	-	45,372	-	66,836	35,431	167,588
Excess (deficiency) of receipts over disbursements	-	47,593	-	(45,372)	1,511	(66,836)	(35,431)	(98,535)
Other financing sources (uses):								
Transfers out	-	-	(25,164)	-	-	-	-	(25,164)
Total other financing sources (uses)	-	-	(25,164)	-	-	-	-	(25,164)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	47,593	(25,164)	(45,372)	1,511	(66,836)	(35,431)	(123,699)
Cash and investments - beginning	2,750	(47,593)	25,878	62,804	2,094	66,836	63,018	175,787
Cash and investments - ending	<u>\$ 2,750</u>	<u>\$ -</u>	<u>\$ 714</u>	<u>\$ 17,432</u>	<u>\$ 3,605</u>	<u>\$ -</u>	<u>\$ 27,587</u>	<u>\$ 52,088</u>
Cash and Investment Assets - Ending								
Cash and investments	<u>\$ 2,750</u>	<u>\$ -</u>	<u>\$ 714</u>	<u>\$ 17,432</u>	<u>\$ 3,605</u>	<u>\$ -</u>	<u>\$ 27,587</u>	<u>\$ 52,088</u>
Cash and Investment Fund Balance - Ending								
Unrestricted - cash and investment fund balance	<u>\$ 2,750</u>	<u>\$ -</u>	<u>\$ 714</u>	<u>\$ 17,432</u>	<u>\$ 3,605</u>	<u>\$ -</u>	<u>\$ 27,587</u>	<u>\$ 52,088</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, 2009

	Special Ed Preschool	School Lunch	Donations Gifts and Trusts	Walton Grant	Miscellaneous Programs	School Administration	Title V	Fiscal Stabilization	Totals
Receipts:									
Local sources	\$ -	\$ 4,407	\$ -	\$ -	\$ 3,474	\$ 3,432	\$ -	\$ -	\$ 11,313
State sources	-	270	-	-	-	-	-	-	270
Federal sources	-	64,581	-	-	-	-	-	113,960	178,541
Total receipts	-	69,258	-	-	3,474	3,432	-	113,960	190,124
Disbursements:									
Current:									
Instruction	2,650	-	-	315	-	-	27,587	22,135	52,687
Support services	-	-	-	17,117	-	1,616	-	13,293	32,026
Noninstructional services	-	69,122	-	-	-	-	-	353	69,475
Facilities acquisition and construction	-	-	-	-	-	567	-	78,179	78,746
Total disbursements	2,650	69,122	-	17,432	-	2,183	27,587	113,960	232,934
Excess (deficiency) of receipts over disbursements	(2,650)	136	-	(17,432)	3,474	1,249	(27,587)	-	(42,810)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	201	-	-	201
Total other financing sources (uses)	-	-	-	-	-	201	-	-	201
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,650)	136	-	(17,432)	3,474	1,450	(27,587)	-	(42,609)
Cash and investments - beginning	2,750	-	714	17,432	3,605	-	27,587	-	52,088
Cash and investments - ending	<u>\$ 100</u>	<u>\$ 136</u>	<u>\$ 714</u>	<u>\$ -</u>	<u>\$ 7,079</u>	<u>\$ 1,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,479</u>
Cash and Investment Assets - Ending									
Cash and investments	<u>\$ 100</u>	<u>\$ 136</u>	<u>\$ 714</u>	<u>\$ -</u>	<u>\$ 7,079</u>	<u>\$ 1,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,479</u>
Cash and Investment Fund Balance - Ending									
Unrestricted - cash and investment fund balance	<u>\$ 100</u>	<u>\$ 136</u>	<u>\$ 714</u>	<u>\$ -</u>	<u>\$ 7,079</u>	<u>\$ 1,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,479</u>

FLANNER HOUSE ELEMENTARY SCHOOL
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
June 30, 2009

The School Corporation has entered into the following debt:

<u>Description of Debt</u>	<u>Ending Principal Balance</u>
Governmental activities:	
National City Line of Credit	\$ <u>79,935</u>
Total notes and loans payable	\$ <u><u>79,935</u></u>

FLANNER HOUSE ELEMENTARY SCHOOL
EXAMINATION RESULTS AND COMMENTS

ERRORS ON CLAIMS

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

1. Claims were not adequately itemized, and there was a lack of supporting documentation for some claims.
2. There is a line of credit in use for the Charter School and we noted where one payment was made from a statement only, no detailed invoice was provided to authorize the validity of the claim.
3. Claims were not approved by the Treasurer.

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." (c) "The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: (1) there is a fully itemized invoice or bill for the claim; (2) the invoice or bill is approved by the officer or person receiving the goods and services; (3) the invoice or bill is filed with the governmental entity's fiscal officer; (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

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

There was an instance in which a claim was paid off of a statement, and no actual supporting documentation was presented for examination. The Charter School did not present a credit card policy for examination.

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:

- (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.

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- (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)

OFFICIAL BOND

The official examined was not bonded.

The treasurer of the school corporation, and the deputy treasurer if one is appointed, for each school year commencing July 1, shall each give a bond for the faithful performance of duty, written by an insurance company licensed to do business in the State of Indiana, in an amount determined by the governing body. The treasurer shall be responsible under the treasurer's bond for the acts of any deputy treasurer appointed as provided in IC 20-26-4-5. All bonds must be made payable to the State of Indiana, IC 5-4-1-10; and approved by the governing body of the school corporation. The State Board of Accounts is of the audit position bonds should be filed and recorded in the office of the county recorder. No charge is made for recording official bonds, IC 36-2-7-10. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

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 . . ."

SCHOOL LUNCH REPORTS

Monthly school lunch reimbursement reports were not submitted to the Indiana Department of Education (IDOE) in a timely manner. IDOE requests that reports are filed by the tenth of the month following a reporting period for reimbursements to be made in a timely manner. Seventeen out of twenty-two reports for fiscal years 2005-2006 and 2006-2007, were filed later than the tenth of the month following the reporting period, and information was not presented for examination to enable a determination of timely filing four other reports.

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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)

PUBLIC RECORDS RETENTION

Some Board minutes, four School Lunch Reports, and duplicate checks for January through June 2009 were not presented for examination. The Indiana Department of Education (IDOE) also performed a review of the National School Lunch program in 2008, and the report from the review was also not presented for examination. A similar record retention comment appeared in prior Report B31683.

IC 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)

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EXIT CONFERENCE

The contents of this report were discussed on April 6, 2010, with Tanjla Lawrence, Business Coordinator; and Latika Warthaw, Principal.