

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

AUDIT REPORT
OF
THE INDIANAPOLIS PROJECT SCHOOL
MARION COUNTY, INDIANA
July 1, 2008 to June 30, 2010



FILED
03/10/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tarrence Banks	07-01-08 to 06-30-11
School Leader	Tarrence Banks	07-01-08 to 06-30-11
President of the Board of Directors	Daniel Baron	07-01-08 to 06-30-11



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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE INDIANAPOLIS PROJECT SCHOOL, MARION COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Indianapolis Project School (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2009 and 2010, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 14, 2011, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The School Corporation has not presented Management's Discussion and Analysis, Schedules of Funding Progress, or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 14, 2011



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE INDIANAPOLIS PROJECT SCHOOL, MARION COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Indianapolis Project School (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 14, 2011

THE INDIANAPOLIS PROJECT SCHOOL
STATEMENT 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	\$ 799,694	\$ -	\$ 47,599	\$ (752,095)
Support services	557,582	9,581	61,559	(486,442)
Noninstructional services	75,997	-	-	(75,997)
Facilities acquisition and construction	399,084	-	-	(399,084)
Total governmental activities	\$ 1,832,357	\$ 9,581	\$ 109,158	(1,713,618)
General receipts:				
Other local sources				57,237
State aid				508,383
Bonds and loans				697,110
Grants and contributions not restricted to specific programs				743,248
Investment earnings				608
Total general receipts				2,006,586
Change in net assets				292,968
Net assets - beginning				-
Net assets - ending				\$ 292,968
<u>Assets</u>				
Cash and investments				\$ 292,968
<u>Net Assets</u>				
Unrestricted				\$ 292,968

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

THE INDIANAPOLIS PROJECT SCHOOL
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 1,287,989	\$ -	\$ 36,957	\$ (1,251,032)
Support services	852,710	11,683	66,181	(774,846)
Noninstructional services	87,242	-	-	(87,242)
Facilities acquisition and construction	1,800,081	-	-	(1,800,081)
Nonprogrammed charges	49,000	-	-	(49,000)
Total governmental activities	<u>\$ 4,077,022</u>	<u>\$ 11,683</u>	<u>\$ 103,138</u>	<u>(3,962,201)</u>
General receipts:				
Other local sources				96,520
State aid				1,198,497
Bonds and loans				1,422,427
Grants and contributions not restricted to specific programs				1,079,110
Investment earnings				16
Total general receipts				<u>3,796,570</u>
Change in net assets				(165,631)
Net assets - beginning				<u>292,968</u>
Net assets - ending				<u>\$ 127,337</u>
<u>Assets</u>				
Cash and investments				<u>\$ 127,337</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 127,337</u>

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

THE INDIANAPOLIS PROJECT SCHOOL
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, 2009

	General	Title I 2008-09	Federal Planning Grant	Other	Totals
Receipts:					
Local sources	\$ 59,186	\$ -	\$ -	\$ 8,240	\$ 67,426
State sources	555,982	-	-	13,481	569,463
Federal sources	-	116,879	489,700	184,747	791,326
Temporary loans	697,110	-	-	-	697,110
Total receipts	1,312,278	116,879	489,700	206,468	2,125,325
Disbursements:					
Current:					
Instruction	574,726	36,472	154,544	33,952	799,694
Support services	419,082	2,125	125,016	11,359	557,582
Noninstructional services	19,660	19	-	56,318	75,997
Facilities acquisition and construction	244,573	-	63,153	91,358	399,084
Total disbursements	1,258,041	38,616	342,713	192,987	1,832,357
Excess (deficiency) of receipts over disbursements	54,237	78,263	146,987	13,481	292,968
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	54,237	78,263	146,987	13,481	292,968
Cash and investments - beginning	-	-	-	-	-
Cash and investments - ending	\$ 54,237	\$ 78,263	\$ 146,987	\$ 13,481	\$ 292,968
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 54,237	\$ 78,263	\$ 146,987	\$ 13,481	\$ 292,968
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	\$ 54,237	\$ 78,263	\$ 146,987	\$ 13,481	\$ 292,968

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

THE INDIANAPOLIS PROJECT SCHOOL
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, 2010

	General	Title I 2008-09	Federal Planning Grant	Other	Totals
Receipts:					
Local sources	\$ 98,228	\$ -	\$ -	\$ 9,991	\$ 108,219
State sources	1,235,454	-	-	223	1,235,677
Federal sources	-	23,100	279,000	842,968	1,145,068
Total receipts	1,333,682	23,100	279,000	853,182	2,488,964
Disbursements:					
Current:					
Instruction	859,173	23,213	28,802	376,801	1,287,989
Support services	609,828	-	172,569	70,313	852,710
Noninstructional services	1,041	-	4,281	81,920	87,242
Facilities acquisition and construction	1,564,363	-	96,626	139,092	1,800,081
Nonprogrammed charges	-	-	-	49,000	49,000
Total disbursements	3,034,405	23,213	302,278	717,126	4,077,022
Excess (deficiency) of receipts over disbursements	(1,700,723)	(113)	(23,278)	136,056	(1,588,058)
Other financing sources (uses):					
Proceeds of long-term debt	1,422,427	-	-	-	1,422,427
Transfers in	-	-	-	78,150	78,150
Transfers out	-	(78,150)	-	-	(78,150)
Total other financing sources (uses)	1,422,427	(78,150)	-	78,150	1,422,427
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(278,296)	(78,263)	(23,278)	214,206	(165,631)
Cash and investments - beginning	54,237	78,263	146,987	13,481	292,968
Cash and investments - ending	\$ (224,059)	\$ -	\$ 123,709	\$ 227,687	\$ 127,337
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (224,059)	\$ -	\$ 123,709	\$ 227,687	\$ 127,337
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	\$ (224,059)	\$ -	\$ 123,709	\$ 227,687	\$ 127,337

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

THE INDIANAPOLIS PROJECT SCHOOL
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
For the Year Ended June 30, 2009

	Private-Purpose Trust Fund
Additions:	
Contributions:	
Other	\$ <u>230,000</u>
Deductions:	
Administrative and general	<u>165,955</u>
Excess (deficiency) of total additions over total deductions	64,045
Cash and investment fund balance - beginning	<u>-</u>
Cash and investment fund balance - ending	<u>\$ 64,045</u>
Net assets:	
Cash and investments	<u>\$ 64,045</u>

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

THE INDIANAPOLIS PROJECT SCHOOL
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	Private-Purpose Trust Funds
Additions:	
Contributions:	
Other	\$ 10,800
Deductions:	
Administrative and general	65,963
Excess (deficiency) of total additions over total deductions	(55,163)
Cash and investment fund balance - beginning	64,045
Cash and investment fund balance - ending	\$ 8,882
Net assets:	
Cash and investments	\$ 8,882

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

THE INDIANAPOLIS PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: The Indianapolis Project School

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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, 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 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 title I 2008-09 fund is used to account for the receipts and expenditures for the enrichment of curriculum and instruction.

THE INDIANAPOLIS PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

The federal planning grant fund is used to account for the receipts and expenditures for the federal financial assistance provided for planning, program design, and initial implementation of charter schools.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary 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.

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.

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.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

THE INDIANAPOLIS PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

THE INDIANAPOLIS PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are prepared and approved at the local level and adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

B. Cash and Investment Balance Deficits

At June 30, 2010, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

<u>Fund</u>	<u>2010</u>
General	<u>\$ 224,059</u>

III. Detailed Notes on All Funds

Deposits and Investments

A. Deposits

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. At June 30, 2010, the School Corporation had deposit balances in the amount of \$142,099.

THE INDIANAPOLIS PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2010, were as follows:

Transfer From	Transfer To	2010
Title I 2008-09	Other Governmental Funds	\$ 78,150

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past two years. There were no significant reductions in insurance by major category of risk.

Risk financing is not utilized for the other risks of loss.

B. Pension Plans

1. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

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 member's 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.

THE INDIANAPOLIS PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funding Policy

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.

The School Corporation's contributions to the plan during the period were \$25,730.

2. 403b Retirement Plan

The School Corporation makes matching contributions of up to 7% of the employee's income to a 403(b) retirement plan. The 403(b) retirement plan allows employees to make contributions up to limits established by the Internal Revenue Service. The employee chooses the investment options provided by the plan administrator. All 403(b) Retirement Plan contributions to the plan, plus any earnings they generate, are vested 100%.

THE INDIANAPOLIS PROJECT 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

	School Lunch	Textbook	Special Education 2008-09	Fiscal Stabilization	Totals
Receipts:					
Local sources	\$ 8,240	\$ -	\$ -	\$ -	\$ 8,240
State sources	-	13,481	-	-	13,481
Federal sources	48,078	-	33,952	102,717	184,747
Total receipts	<u>56,318</u>	<u>13,481</u>	<u>33,952</u>	<u>102,717</u>	<u>206,468</u>
Disbursements:					
Current:					
Instruction	-	-	33,952	-	33,952
Support services	-	-	-	11,359	11,359
Noninstructional services	56,318	-	-	-	56,318
Facilities acquisition and construction	-	-	-	91,358	91,358
Total disbursements	<u>56,318</u>	<u>-</u>	<u>33,952</u>	<u>102,717</u>	<u>192,987</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>13,481</u>	<u>-</u>	<u>-</u>	<u>13,481</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	13,481	-	-	13,481
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 13,481</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,481</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ -</u>	<u>\$ 13,481</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,481</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ -</u>	<u>\$ 13,481</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,481</u>

THE INDIANAPOLIS PROJECT 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, 2010

	School Lunch	Textbook	Title I 2009-10	Serve America	Special Education 2009-10	Charter Facilities
Receipts:						
Local sources	\$ 9,990	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	223	-	-	-	-	-
Federal sources	65,958	-	146,988	7,250	188,767	54,300
Total receipts	76,171	-	146,988	7,250	188,767	54,300
Disbursements:						
Current:						
Instruction	-	-	99,727	2,955	158,357	-
Support services	-	-	14,781	50	-	-
Noninstructional services	69,052	-	544	-	-	-
Facilities acquisition and construction	-	-	35	-	-	54,300
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	69,052	-	115,087	3,005	158,357	54,300
Excess (deficiency) of receipts over disbursements	7,119	-	31,901	4,245	30,410	-
Other financing sources (uses):						
Transfers in	-	-	78,150	-	-	-
Total other financing sources (uses)	-	-	78,150	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,119	-	110,051	4,245	30,410	-
Cash and investments - beginning	-	13,481	-	-	-	-
Cash and investments - ending	\$ 7,119	\$ 13,481	\$ 110,051	\$ 4,245	\$ 30,410	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 7,119	\$ 13,481	\$ 110,051	\$ 4,245	\$ 30,410	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 7,119	\$ 13,481	\$ 110,051	\$ 4,245	\$ 30,410	\$ -

THE INDIANAPOLIS PROJECT 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, 2010
 (Continued)

	Fiscal Stabilization	ARRA Title I	ARRA Special Education	ARRA Title II	ARRA School Lunch Equipment	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 9,991
State sources	-	-	-	-	-	223
Federal sources	34,370	69,871	122,433	132,920	20,111	842,968
Total receipts	34,370	69,871	122,433	132,921	20,111	853,182
Disbursements:						
Current:						
Instruction	-	41,137	74,625	-	-	376,801
Support services	-	22,582	-	32,900	-	70,313
Noninstructional services	11,713	-	-	-	611	81,920
Facilities acquisition and construction	22,657	-	-	42,954	19,146	139,092
Nonprogrammed charges	-	-	-	49,000	-	49,000
Total disbursements	34,370	63,719	74,625	124,854	19,757	717,126
Excess (deficiency) of receipts over disbursements	-	6,152	47,808	8,067	354	136,056
Other financing sources (uses):						
Transfers in	-	-	-	-	-	78,150
Total other financing sources (uses)	-	-	-	-	-	78,150
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	6,152	47,808	8,067	354	214,206
Cash and investments - beginning	-	-	-	-	-	13,481
Cash and investments - ending	<u>\$ -</u>	<u>\$ 6,152</u>	<u>\$ 47,808</u>	<u>\$ 8,067</u>	<u>\$ 354</u>	<u>\$ 227,687</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ -</u>	<u>\$ 6,152</u>	<u>\$ 47,808</u>	<u>\$ 8,067</u>	<u>\$ 354</u>	<u>\$ 227,687</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ -</u>	<u>\$ 6,152</u>	<u>\$ 47,808</u>	<u>\$ 8,067</u>	<u>\$ 354</u>	<u>\$ 227,687</u>

THE INDIANAPOLIS PROJECT SCHOOL
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010

	Walton Grant	Project Renew	CIBA Grant	School Administration	Totals
Additions:					
Contributions:					
Other	\$ -	\$ 7,882	\$ 1,000	\$ 1,918	\$ 10,800
Deductions:					
Administrative and general	64,045	-	-	1,918	65,963
Excess (deficiency) of total additions over total deductions	(64,045)	7,882	1,000	-	(55,163)
Cash and investment fund balance - beginning	64,045	-	-	-	64,045
Cash and investments - June 30	\$ -	\$ 7,882	\$ 1,000	\$ -	\$ 8,882
Net assets:					
Cash and investments	\$ -	\$ 7,882	\$ 1,000	\$ -	\$ 8,882
Total net assets - cash and investment basis held in trust	\$ -	\$ 7,882	\$ 1,000	\$ -	\$ 8,882

THE INDIANAPOLIS PROJECT SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended June 30, 2010

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:	
Improvements other than buildings	\$ 85,930
Machinery and equipment	<u>393,155</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 479,085</u>

THE INDIANAPOLIS PROJECT SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Common School Fund Loan	\$ 697,110.00	\$ -
Bonds payable:		
Qualified Zone Academy Bonds:		
Series 2010A	1,072,427	170,029
Series 2010B	<u>350,000</u>	<u>80,084</u>
Total governmental activities debt	<u>\$ 2,119,537</u>	<u>\$ 250,113</u>

THE INDIANAPOLIS PROJECT SCHOOL
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCE

The cash balance of the General Fund was overdrawn at June 30, 2010, with a negative balance of \$224,059.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE INDIANAPOLIS PROJECT SCHOOL, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of The Indianapolis Project School (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2010-1 and 2010-2.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in items 2010-1 and 2010-2 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2010-2, to be material weaknesses.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 14, 2011

THE INDIANAPOLIS PROJECT SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553		\$ 10,843	\$ -
		FY08-09 FY09-10	-	15,442
National School Lunch Program	10.555		37,235	-
		FY08-09 FY09-10	-	50,516
Total for cluster			48,078	65,958
Child Nutrition Discretionary Grants Limited Availability ARRA - School Lunch Equipment	10.597	FY09-10	-	19,757
Total for federal grantor agency			48,078	85,715
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010		38,616	23,213
		FY08-09 FY09-10	-	115,087
Total for program			38,616	138,300
ARRA - Title I Grants to Local Educational Agencies	84.389	FY09-10	-	63,719
Total for cluster			38,616	202,019
Special Education Cluster Special Education - Grants to States	84.027		33,952	-
		FY08-10 FY09-10	-	158,357
Total for program			33,952	158,357
ARRA - Special Education Grants to States	84.391	FY09-10	-	74,625
Total for cluster			33,952	232,982
Education Technology State Grants Cluster ARRA - Education Technology State Grants	84.386	FY09-10	-	124,854
State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF)	84.394	09-9805	102,717	34,370
Charter Schools Federal Planning Grant Year 1	84.282		342,713	-
Federal Planning Grant Year 2		FY08-09 FY09-10	-	302,278
Charter Facilities		FY09-10	-	54,300
Total for program			342,713	356,578
Total for federal grantor agency			415,281	791,579
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Pass-Through Indiana Department of Education Learn and Serve America School and Community Based Programs	94.004	FY09-10	-	3,005
Total for federal grantor agency			-	3,005
Total federal awards expended			\$ 566,076	\$ 1,039,523

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

THE INDIANAPOLIS PROJECT SCHOOL
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of The Indianapolis Project School (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of schools shall be conducted biennially. Such audits shall include both years within the biennial period.

THE INDIANAPOLIS PROJECT SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.282	State Fiscal Stabilization Fund Cluster Charter School

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

THE INDIANAPOLIS PROJECT SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-1, CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Charter School
CFDA Number: 84.282
Pass-Through Entity: Indiana Department of Education

EDGAR 80.20 (b)(7) states:

"Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

We identified during our audit period that the fund for the Charter School Planning and Implementation Grant had a cash balance greater than 150% of the average monthly expenditures in 10 months during the 2008-2009 school year and all 12 months during the 2009-2010 school year. Surplus cash indicates noncompliance with the Cash Management requirement as set forth by the grant agreement.

We recommended that School Corporation Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized.

FINDING 2010-2, ALLOWABLE COST/QUESTIONED COST

Federal Agency: U.S. Department of Education
Federal Program: Charter Schools
CFDA Number: 84.282
Pass-Through Entity: Indiana Department of Education

The federal Charter Schools program supports the planning, development, and initial implementation of charter schools and the dissemination of information on charter schools. During the review of expenditures for the Charter Schools Program we observed that the School Corporation was paying for salary and benefits from funds that account for the Charter Schools Program after the opening of the school. The Charter Schools Program funds were accounted for in the Federal Planning Grant Fund in 2008-2009 and in the Charter Facilities Fund in 2009-2010. The Indiana Department of Education, in the question and answers portion of their Charter School website, clearly identifies "Salaries are not an allowable expense after the school opens.

Questioned costs were identified by reference to the accounting object code as defined by the State Board of Accounts in the 2009 School Manual. Codes 110 to 290 represent the expenditures for payroll and the associated benefits of the employees after the opening of the school. During the audit of

THE INDIANAPOLIS PROJECT SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

the federal program we identified that those expenditures were payroll expenditures as indicated by the code, which are not allowable after the opening of the charter school. The total questioned costs for the period from September 1, 2008 to June 30, 2010, are \$63,551.

EDGAR § 80.20(b) Standards for financial management systems states in part: . . .

- "(3) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes . . .

- (5) Allowable cost. Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allowability of costs."

Failure to comply with federal program requirements and requirements of the State pass-through agency could cause the School Corporation to forfeit the federal funds already received and could jeopardize the approval of future funding under federal assistance programs.

We recommended the School Corporation review allowable activities with guidance from the Indiana Department of Education (the pass-through agency), and design and implement internal control procedures that will ensure that federal funds are not expended for unallowable activities.

THE INDIANAPOLIS PROJECT SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters were reportable.



the project school

heart | mind | voice

Developing Habits of the Heart, Mind and Voice
Desarrollando hábitos del Corazón, el Intelecto la Voz

Monday February 14, 2011

To: Alan Weber

From: Tarrence D. Banks

RE: State Board of Accounts Audit / Corrective Action Plan

Federal

Agency: Indiana Department of Education

Federal Program: Charter School Planning and Implementation grant

CFDA Number: 84.282

Title of Contact Person: School Leader

Phone Number: 317-331-1954

Corrective Action Plan:

CASH MANAGEMENT:

The School Leader along with the Operations Manager will monitor more closely the grant balances at the end of each month to ensure that the cash balance is not higher than the average monthly expenditures. This should not be an issue in the future due to the change in the way the Indiana Department of Education issues the funds. Charter schools must spend the funds first before receiving the fund reimbursements. In addition, The Indianapolis Project School is currently at the end of the grant cycle for the Planning and Implementation Grants.

ALLOWABLE COST:

The School Leader along with the Operations Manager will monitor more closely allowable costs for federal grants. The school Leader and Operations Manager will work closely with the Department of Education to ensure this doesn't happen again. This will not be an issue with the federal planning and implementation grants as The Indianapolis Project School is at the end of the funding cycle for those grants.

Thank you for your time and attention.

Sincerely,

Tarrence D. Banks

Founding School Leader

317.331.1954

bankst54@theprojectschool.org

THE INDIANAPOLIS PROJECT SCHOOL
EXIT CONFERENCE

The contents of this report were discussed on February 14, 2011, with Tarrence Banks, Treasurer; and Norman Gwaltney, Board Secretary. The officials concurred with our findings.