

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

EXAMINATION REPORT
OF
DECATUR DISCOVERY ACADEMY
MARION COUNTY, INDIANA
July 1, 2008 to September 30, 2010



FILED

05/05/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kris Greene (Vacant)	07-01-08 to 04-21-09 04-22-09 to 09-30-10
Chief Financial Officer	Kevin Leineweber	07-01-08 to 09-30-10
President of the School Board	Jane Barnes Bruce Borud	07-01-08 to 06-30-09 07-01-09 to 09-30-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE DECATUR DISCOVERY ACADEMY, MARION COUNTY, INDIANA

We have examined the financial statements presented herein of the Decatur Discovery Academy (School Corporation), for the years ended June 30, 2009, 2010, and the three month period ended September 30, 2010. The School Corporation's management is responsible for the financial statements 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 statement 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 statements referred to above presents fairly, in all material respects, the financial statements of the School Corporation for the years ended June 30, 2009, 2010, and the three month period ended September 30, 2010 based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Combining Schedules 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 statements. The Combining Schedules have been subjected to the examination procedures applied in the examination 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 Long-Term Debt has not been subjected to the examination procedures applied to the basic financial statements, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

March 17, 2011

DECATUR DISCOVERY ACADEMY
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	\$ 817,387	\$ -	\$ 3,000	\$ (814,387)
Support services	282,218	13,790	-	(268,428)
Facilities acquisition and construction	<u>2,816</u>	<u>-</u>	<u>-</u>	<u>(2,816)</u>
Total governmental activities	<u>\$ 1,102,421</u>	<u>\$ 13,790</u>	<u>\$ 3,000</u>	<u>(1,085,631)</u>
General receipts:				
Property taxes				139,097
Other local sources				18,624
State aid				677,563
Grants and contributions not restricted to specific programs				<u>118,263</u>
Total general receipts				<u>953,547</u>
Change in net assets				(132,084)
Net assets - beginning				<u>237,294</u>
Net assets - ending				<u>\$ 105,210</u>
<u>Assets</u>				
Cash and investments				<u>\$ 105,210</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 105,210</u>

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

DECATUR DISCOVERY ACADEMY
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	\$ 898,192	\$ -	\$ 7,239	\$ (890,953)
Support services	257,114	28	-	(257,086)
Facilities acquisition and construction	10,207	-	-	(10,207)
Nonprogrammed charges	2,086	-	-	(2,086)
Total governmental activities	<u>\$ 1,167,599</u>	<u>\$ 28</u>	<u>\$ 7,239</u>	<u>(1,160,332)</u>
General receipts:				
Other local sources				4,540
State aid				1,018,999
Grants and contributions not restricted to specific programs				<u>81,679</u>
Total general receipts				<u>1,105,218</u>
Change in net assets				(55,114)
Net assets - beginning				<u>105,210</u>
Net assets - ending				<u><u>\$ 50,096</u></u>
 <u>Assets</u>				
Cash and investments				<u><u>\$ 50,096</u></u>
 <u>Net Assets</u>				
Unrestricted				<u><u>\$ 50,096</u></u>

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

DECATUR DISCOVERY ACADEMY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Three Months Ended September 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets Total</u>
Governmental activities:		
Instruction	\$ 56,293	\$ (56,293)
Support services	<u>80,254</u>	<u>(80,254)</u>
Total governmental activities	<u>\$ 136,547</u>	<u>(136,547)</u>
General receipts:		
Other local sources		2,410
State aid		<u>84,041</u>
Total general receipts		<u>86,451</u>
Change in net assets		(50,096)
Net assets - beginning		<u>50,096</u>
Net assets - ending		<u>\$ -</u>
 <u>Assets</u>		
Cash and investments		<u>\$ -</u>
 <u>Net Assets</u>		
Unrestricted		<u>\$ -</u>

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

DECATUR DISCOVERY 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, 2009

	General	Nessi Implementation	Title I FY 09	Title II Part A Federal Funds	Fiscal Stabilization/ Stimulus	Other	Totals
Receipts:							
Local sources	\$ 171,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,512
State sources	680,563	-	-	-	-	-	680,563
Federal sources	-	-	14,200	-	92,201	11,862	118,263
Total receipts	852,075	-	14,200	-	92,201	11,862	970,338
Disbursements:							
Current:							
Instruction	812,253	-	728	4,407	-	-	817,388
Support services	264,299	-	10,019	-	-	7,900	282,218
Facilities acquisition and construction	2,816	-	-	-	-	-	2,816
Total disbursements	1,079,368	-	10,747	4,407	-	7,900	1,102,422
Excess (deficiency) of receipts over disbursements	(227,293)	-	3,453	(4,407)	92,201	3,962	(132,084)
Other financing sources (uses):							
Transfers in	7,415	-	-	-	-	-	7,415
Transfers out	-	-	-	-	-	(7,415)	(7,415)
Total other financing sources (uses)	7,415	-	-	-	-	(7,415)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(219,878)	-	3,453	(4,407)	92,201	(3,453)	(132,084)
Cash and investments - beginning	214,756	9,565	-	4,407	-	8,566	237,294
Cash and investments - ending	<u>\$ (5,122)</u>	<u>\$ 9,565</u>	<u>\$ 3,453</u>	<u>\$ -</u>	<u>\$ 92,201</u>	<u>\$ 5,113</u>	<u>\$ 105,210</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ (5,122)	\$ 9,565	\$ 3,453	\$ -	\$ 92,201	\$ 5,113	\$ 105,210
Total cash and investment assets - ending	<u>\$ (5,122)</u>	<u>\$ 9,565</u>	<u>\$ 3,453</u>	<u>\$ -</u>	<u>\$ 92,201</u>	<u>\$ 5,113</u>	<u>\$ 105,210</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ (5,122)	\$ 9,565	\$ 3,453	\$ -	\$ 92,201	\$ 5,113	\$ 105,210
Total cash and investment fund balance - ending	<u>\$ (5,122)</u>	<u>\$ 9,565</u>	<u>\$ 3,453</u>	<u>\$ -</u>	<u>\$ 92,201</u>	<u>\$ 5,113</u>	<u>\$ 105,210</u>

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

DECATUR DISCOVERY 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, 2010

	General	Nessi Implementation	Title I FY 09	Title II Part A Federal Funds	Fiscal Stabilization/ Stimulus	Special Ed Pt B	Other	Totals
Receipts:								
Local sources	\$ 4,568	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,568
State sources	1,018,999	-	-	-	-	-	7,239	1,026,238
Federal sources	-	-	21,348	5,726	37,766	16,839	-	81,679
Total receipts	1,023,567	-	21,348	5,726	37,766	16,839	7,239	1,112,485
Disbursements:								
Current:								
Instruction	789,757	-	1,775	-	102,234	-	4,426	898,192
Support services	216,369	211	10,000	-	27,733	-	2,801	257,114
Facilities acquisition and construction	10,207	-	-	-	-	-	-	10,207
Nonprogrammed charges	2,086	-	-	-	-	-	-	2,086
Total disbursements	1,018,419	211	11,775	-	129,967	-	7,227	1,167,599
Excess (deficiency) of receipts over disbursements	5,148	(211)	9,573	5,726	(92,201)	16,839	12	(55,114)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	2,844	2,844
Transfers out	(1,594)	-	-	-	-	-	(1,250)	(2,844)
Total other financing sources (uses)	(1,594)	-	-	-	-	-	1,594	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,554	(211)	9,573	5,726	(92,201)	16,839	1,606	(55,114)
Cash and investments - beginning	(5,122)	9,565	3,453	-	92,201	-	5,113	105,210
Cash and investments - ending	<u>\$ (1,568)</u>	<u>\$ 9,354</u>	<u>\$ 13,026</u>	<u>\$ 5,726</u>	<u>\$ -</u>	<u>\$ 16,839</u>	<u>\$ 6,719</u>	<u>\$ 50,096</u>
Cash and Investment Assets - Ending								
Cash and investments	<u>\$ (1,568)</u>	<u>\$ 9,354</u>	<u>\$ 13,026</u>	<u>\$ 5,726</u>	<u>\$ -</u>	<u>\$ 16,839</u>	<u>\$ 6,719</u>	<u>\$ 50,096</u>
Total cash and investment assets - ending	<u>\$ (1,568)</u>	<u>\$ 9,354</u>	<u>\$ 13,026</u>	<u>\$ 5,726</u>	<u>\$ -</u>	<u>\$ 16,839</u>	<u>\$ 6,719</u>	<u>\$ 50,096</u>
Cash and Investment Fund Balance - Ending								
Unrestricted	<u>\$ (1,568)</u>	<u>\$ 9,354</u>	<u>\$ 13,026</u>	<u>\$ 5,726</u>	<u>\$ -</u>	<u>\$ 16,839</u>	<u>\$ 6,719</u>	<u>\$ 50,096</u>
Total cash and investment fund balance - ending	<u>\$ (1,568)</u>	<u>\$ 9,354</u>	<u>\$ 13,026</u>	<u>\$ 5,726</u>	<u>\$ -</u>	<u>\$ 16,839</u>	<u>\$ 6,719</u>	<u>\$ 50,096</u>

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

DECATUR DISCOVERY ACADEMY
 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 GOVERNMENTAL FUNDS
 For The Three Months Ended September 30, 2010

	General	Nessi Implementation	Title I FY 09	Title II Part A Federal Funds	Special Ed Pt B	Other	Totals
Receipts:							
Local sources	\$ 2,410	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,410
State sources	84,041	-	-	-	-	-	84,041
Total receipts	86,451	-	-	-	-	-	86,451
Disbursements:							
Current:							
Instruction	50,567	-	-	5,726	16,839	-	73,132
Support services	43,670	-	13,026	-	-	6,719	63,415
Total disbursements	94,237	-	13,026	5,726	16,839	6,719	136,547
Excess (deficiency) of receipts over disbursements	(7,786)	-	(13,026)	(5,726)	(16,839)	(6,719)	(50,096)
Other financing sources (uses):							
Transfers in	9,354	-	-	-	-	-	9,354
Transfers out	-	(9,354)	-	-	-	-	(9,354)
Total other financing sources (uses)	9,354	(9,354)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,568	(9,354)	(13,026)	(5,726)	(16,839)	(6,719)	(50,096)
Cash and investments - beginning	(1,568)	9,354	13,026	5,726	16,839	6,719	50,096
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

DECATUR DISCOVERY ACADEMY
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2009

	Private-Purpose Trust Funds
Additions:	
Contributions:	
Other	\$ 23,971
Total contributions	23,971
Total additions	23,971
Deductions:	
Administrative and general	9,428
Total deductions	9,428
Excess (deficiency) of total additions over total deductions	14,543
Cash and investment fund balance - beginning	-
Cash and investment fund balance - ending	\$ 14,543
Net assets:	
Cash and investments	\$ 14,543
Total net assets - cash and investment basis held in trust	\$ 14,543

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

DECATUR DISCOVERY ACADEMY
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2010

	<u>Private-Purpose Trust Funds</u>
Additions:	
Contributions:	
Other	\$ <u>3,699</u>
Total contributions	<u>3,699</u>
Total additions	<u>3,699</u>
Deductions:	
Administrative and general	<u>14,594</u>
Total deductions	<u>14,594</u>
Excess (deficiency) of total additions over total deductions	(10,895)
Cash and investment fund balance - beginning	<u>14,543</u>
Cash and investment fund balance - ending	<u>\$ 3,648</u>
Net assets:	
Cash and investments	<u>\$ 3,648</u>
Total net assets - cash and investment basis held in trust	<u>\$ 3,648</u>

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

DECATUR DISCOVERY ACADEMY
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For The Three Months Ended September 30, 2010

	<u>Private-Purpose Trust Funds</u>
Additions:	
Total contributions	<u>\$ -</u>
Total additions	<u>-</u>
Deductions:	
Administrative and general	<u>3,648</u>
Total deductions	<u>3,648</u>
Excess (deficiency) of total additions over total deductions	(3,648)
Cash and investment fund balance - beginning	<u>3,648</u>
Cash and investment fund balance - ending	<u><u>\$ -</u></u>
Net assets:	
Cash and investments	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u><u>\$ -</u></u>

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

DECATUR DISCOVERY ACADEMY
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: Decatur Discovery Academy

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 nonexchange 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 Fiscal Stabilization/Stimulus Fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

DECATUR DISCOVERY ACADEMY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Title I FY 09 Fund accounts for receipts and disbursements of cash for the Title I program.

The Nessi Implementation Fund accounts for receipts and disbursements of cash received by a grant for Start-up High Schools by the University of Indianapolis.

The Special Ed Pt B Fund accounts for receipts and disbursements of cash for the Special Education program.

The Title II Part A Federal Fund accounts for receipts and disbursements of cash for Teacher Quality State Grants federal program.

Additionally, the School Corporation reports the following fund type:

The private-purpose trust funds report a trust arrangement under which principal and income benefit the administration of the school.

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 proprietary funds.

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

DECATUR DISCOVERY ACADEMY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in 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. 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 may 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.

4. 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.

5. 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.

6. 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."

DECATUR DISCOVERY ACADEMY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.
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.

DECATUR DISCOVERY ACADEMY
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance and Accountability

Cash Balance Deficits

At June 30, 2009 and 2010, the following funds reported deficits in cash, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	June 30, 2009	June 30, 2010
General	\$ 5,122	\$ 1,567
Advancing Academic Excellence 2009-2010	-	501

Cash deficits arose primarily from the transfers; these receipts were repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At September 30, 2010, the School Corporation had deposit balances in the amount of \$0.

B. Interfund Transfers

Interfund transfers for the periods ended June 30, 2009, June 30, 2010, and September 30, 2010, were as follows:

Transfer From	Transfer To	June 30, 2009	June 30, 2010	September 30, 2010
General Fund	Other Governmental Funds	\$ -	\$ 1,594	\$ -
Other Governmental Funds	General Fund	7,415	-	-
Other Governmental Funds	Other Governmental Funds	-	1,250	-
Nessi Implementation Fund	General Fund	-	-	9,354
Totals		<u>\$ 7,415</u>	<u>\$ 2,844</u>	<u>9,354</u>

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

DECATUR DISCOVERY ACADEMY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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; medical benefits to employees, retirees, and dependents; 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; medical benefits to employees, retirees, and dependents; 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 three years. There were no significant reductions in insurance by major category of risk.

B. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

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 the 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 member's 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. The 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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$5,011.

DECATUR DISCOVERY ACADEMY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. 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.

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 \$160,129.

C. School Closing

The Decatur Discovery Academy (school facilities) was closed for educational purposes on June 30, 2010. The last fiscal transaction occurred on September 24, 2010, and is documented within this report. The Charter School closed with common school loans having an outstanding balance of \$399,085. The Department of Education worked with the Treasurer of State to determine the outstanding balances of the common school loans. A journal entry was done in September 2010, to transfer \$435,807.98 from Tuiton Support to the Common School Fund Loan Fund.

Fiscal and other Charter School records were transferred to the Metropolitan School District (MSD) Decatur Township Schools 5275 Kentucky Avenue, Indianapolis, IN 46221. Ph. (317)856-5265.

DECATUR DISCOVERY 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, 2009

	PL221 2006-2007	Implementation 2006-2007	Implementation 07-08	Drug Free Schools	Title I Grants to LEAS	Totals
Receipts:						
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 11,862	\$ 11,862
Total receipts	-	-	-	-	11,862	11,862
Disbursements:						
Current:						
Support services	-	-	-	-	7,900	7,900
Total disbursements	-	-	-	-	7,900	7,900
Excess (deficiency) of receipts over disbursements	-	-	-	-	3,962	3,962
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(5,790)	(1,625)	-	-	-	(7,415)
Total other financing sources (uses)	(5,790)	(1,625)	-	-	-	(7,415)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,790)	(1,625)	-	-	3,962	(3,453)
Cash and investments - beginning	5,790	1,625	-	1,151	-	8,566
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,151</u>	<u>\$ 3,962</u>	<u>\$ 5,113</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ 1,151	\$ 3,962	\$ 5,113
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,151</u>	<u>\$ 3,962</u>	<u>\$ 5,113</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ -	\$ -	\$ 1,151	\$ 3,962	\$ 5,113
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,151</u>	<u>\$ 3,962</u>	<u>\$ 5,113</u>

DECATUR DISCOVERY 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, 2010

	Greater Indpls Seed Grant	PL221 2009-2010	Remediation 2009-10	Drug Free Schools	Title I Grants to LEAS	Totals
Receipts:						
State sources	\$ 1,250	\$ -	\$ 5,989	\$ -	\$ -	\$ 7,239
Total receipts	<u>1,250</u>	<u>-</u>	<u>5,989</u>	<u>-</u>	<u>-</u>	<u>7,239</u>
Disbursements:						
Current:						
Instruction	-	-	3,275	1,151	-	4,426
Support services	-	-	2,801	-	-	2,801
Total disbursements	<u>-</u>	<u>-</u>	<u>6,076</u>	<u>1,151</u>	<u>-</u>	<u>7,227</u>
Excess (deficiency) of receipts over disbursements	<u>1,250</u>	<u>-</u>	<u>(87)</u>	<u>(1,151)</u>	<u>-</u>	<u>12</u>
Other financing sources (uses):						
Transfers in	-	1,250	1,594	-	-	2,844
Transfers out	<u>(1,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,250)</u>
Total other financing sources (uses)	<u>(1,250)</u>	<u>1,250</u>	<u>1,594</u>	<u>-</u>	<u>-</u>	<u>1,594</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,250	1,507	(1,151)	-	1,606
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,151</u>	<u>3,962</u>	<u>5,113</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,250</u>	<u>\$ 1,507</u>	<u>\$ -</u>	<u>\$ 3,962</u>	<u>\$ 6,719</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 1,250	\$ 1,507	\$ -	\$ 3,962	\$ 6,719
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 1,250</u>	<u>\$ 1,507</u>	<u>\$ -</u>	<u>\$ 3,962</u>	<u>\$ 6,719</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ 1,250	\$ 1,507	\$ -	\$ 3,962	\$ 6,719
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1,250</u>	<u>\$ 1,507</u>	<u>\$ -</u>	<u>\$ 3,962</u>	<u>\$ 6,719</u>

DECATUR DISCOVERY 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 Three Months Ended September 30, 2010

	<u>PL 221</u> <u>2009-2010</u>	<u>Remediation</u> <u>2009-10</u>	<u>Title I</u> <u>Grants to LEAS</u>	<u>Totals</u>
Receipts:				
Total receipts	\$ -	\$ -	\$ -	\$ -
Disbursements:				
Current:				
Support services	<u>1,250</u>	<u>1,507</u>	<u>3,962</u>	<u>6,719</u>
Total disbursements	<u>1,250</u>	<u>1,507</u>	<u>3,962</u>	<u>6,719</u>
Excess (deficiency) of receipts over disbursements	<u>(1,250)</u>	<u>(1,507)</u>	<u>(3,962)</u>	<u>(6,719)</u>
Cash and investments - beginning	<u>1,250</u>	<u>1,507</u>	<u>3,962</u>	<u>6,719</u>
Cash and investments - ending	<u>\$ 1,250</u>	<u>\$ 1,507</u>	<u>\$ 3,962</u>	<u>\$ 6,719</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DECATUR DISCOVERY ACADEMY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	Advancing Academic Excellence	Remediation Testing	Remediation 2009-2010	Remediation Grant	Totals
Additions:					
Contributions:					
Other	\$ 5,000	\$ 6,712	\$ 5,989	\$ 6,270	\$ 23,971
Total additions	<u>5,000</u>	<u>6,712</u>	<u>5,989</u>	<u>6,270</u>	<u>23,971</u>
Deductions:					
Administrative and general	<u>595</u>	<u>2,563</u>	<u>-</u>	<u>6,270</u>	<u>9,428</u>
Excess (deficiency) of total additions over total deductions	4,405	4,149	5,989	-	14,543
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,405</u>	<u>\$ 4,149</u>	<u>\$ 5,989</u>	<u>\$ -</u>	<u>\$ 14,543</u>
Net assets:					
Cash and investments	<u>\$ 4,405</u>	<u>\$ 4,149</u>	<u>\$ 5,989</u>	<u>\$ -</u>	<u>\$ 14,543</u>
Total net assets - cash and investment basis held in trust	<u>\$ 4,405</u>	<u>\$ 4,149</u>	<u>\$ 5,989</u>	<u>\$ -</u>	<u>\$ 14,543</u>

DECATUR DISCOVERY ACADEMY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010

	Advancing Academic Excellence	Advancing Academic Excellence 2009-2010	Remediation Testing	Remediation 2009-2010	Totals
Additions:					
Contributions:					
Other	\$ 7,848	\$ 1,840	\$ -	\$ (5,989)	\$ 3,699
Total additions	<u>7,848</u>	<u>1,840</u>	<u>-</u>	<u>(5,989)</u>	<u>3,699</u>
Deductions:					
Administrative and general	<u>12,253</u>	<u>2,341</u>	<u>-</u>	<u>-</u>	<u>14,594</u>
Excess (deficiency) of total additions over total deductions	(4,405)	(501)	-	(5,989)	(10,895)
Cash and investment fund balance - beginning	<u>4,405</u>	<u>-</u>	<u>4,149</u>	<u>5,989</u>	<u>14,543</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (501)</u>	<u>\$ 4,149</u>	<u>\$ -</u>	<u>\$ 3,648</u>
Net assets:					
Cash and investments	\$ -	\$ (501)	\$ 4,149	\$ -	\$ 3,648
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ (501)</u>	<u>\$ 4,149</u>	<u>\$ -</u>	<u>\$ 3,648</u>

DECATUR DISCOVERY ACADEMY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Three Months Ended September 30, 2010

	<u>Advancing Academic Excellence</u>	<u>Advancing Academic Excellence 2009-2010</u>	<u>Totals</u>
Additions:			
Contributions:	\$ -	\$ -	\$ -
Total additions	<u>-</u>	<u>-</u>	<u>-</u>
Deductions:			
Administrative and general	<u>4,149</u>	<u>(501)</u>	<u>3,648</u>
Excess (deficiency) of total additions over total deductions	(4,149)	501	(3,648)
Cash and investment fund balance - beginning	<u>4,149</u>	<u>(501)</u>	<u>3,648</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net assets:			
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DECATUR DISCOVERY ACADEMY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 September 30, 2010

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Common School Loans:		
A033	\$ 125,266	\$ 12,306
A057	<u>273,818</u>	<u>27,895</u>
Total governmental activities debt	<u>\$ 399,084</u>	<u>\$ 40,201</u>

DECATUR DISCOVERY ACADEMY
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The General Fund was overdrawn at June 30, 2009, in the amount of \$5,122.

The General Fund and Advancing Academic Excellence 2009-2010 Fund were overdrawn \$1,568 and \$501, respectively, at June 30, 2010.

The 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)

OFFICIAL BOND

The official bond of the Treasurer, Kris Greene, was not filed in the office of the County Recorder.

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 . . ."

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

The honors graduate count provided to us for examination for the 2009-2010 school year indicated four students graduating with honors diplomas; however, nothing was documented on the information provided to us for audit. We inquired to Officials about the reason for the difference and no follow-up documentation was provided.

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

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."

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

DECATUR DISCOVERY ACADEMY
EXIT CONFERENCE

The contents of this report were discussed on March 17, 2011, with Kirk Farmer, MSD Decatur Township Chief Financial Officer; Debbie Blessing, MSD Decatur Township Deputy Treasurer; and Debbie Sullivan, MSD Decatur Township Associate Superintendent. The officials concurred with our findings.