

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

EXAMINATION REPORT
OF
THE BLOOMINGTON PROJECT SCHOOL
MONROE COUNTY, INDIANA
July 1, 2008 to June 30, 2010



FILED
05/23/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Catherine Diersing Daniel Baron	07-01-09 to 01-21-11 01-22-11 to 06-30-11
Director of Schools	Daniel Baron Catherine Diersing	07-01-09 to 01-21-11 01-22-11 to 06-30-11
President of the School Board	George Taliaferro Thomas Zoss Terrance Banks	03-24-08 to 05-15-08 05-16-08 to 02-09-09 02-10-09 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE BLOOMINGTON PROJECT SCHOOL, MONROE COUNTY, INDIANA

We have examined the financial statements presented herein of The Bloomington Project School (School Corporation), for the period of July 1, 2008 to June 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 statements 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 present fairly, in all material respects, the financial statements of the School Corporation for the years ended June 30, 2009 and 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 8, 2011

THE BLOOMINGTON 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>	Program Receipts			<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:					
Support services	\$ 132,101	\$ -	\$ -	\$ -	\$ (132,101)
Facilities acquisition and construction	<u>92,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,919)</u>
Total governmental activities	<u>\$ 225,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(225,020)</u>
General receipts:					
Bonds and loans					362,000
Grants and contributions not restricted to specific programs					<u>187,954</u>
Total general receipts					<u>549,954</u>
Change in net assets					324,934
Net assets - beginning					<u>-</u>
Net assets - ending					<u>\$ 324,934</u>
<u>Assets</u>					
Cash and investments					<u>\$ 324,934</u>
Total assets					<u>\$ 324,934</u>
<u>Net Assets</u>					
Unrestricted					<u>\$ 324,934</u>
Total net assets					<u>\$ 324,934</u>

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

THE BLOOMINGTON 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>	Program Receipts			Net (Disbursement) Receipts and Changes in Net Assets
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Totals</u>
Governmental activities:					
Instruction	\$ 632,052	\$ -	\$ 25,221	\$ -	\$ (606,831)
Support services	414,387	12,411	26,985	-	(374,991)
Noninstructional services	62,223	-	-	-	(62,223)
Facilities acquisition and construction	792,253	-	-	-	(792,253)
Debt service	<u>152,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(152,344)</u>
Total governmental activities	<u>\$ 2,053,259</u>	<u>\$ 12,411</u>	<u>\$ 52,206</u>	<u>\$ -</u>	<u>(1,988,642)</u>
General receipts:					
Other local sources					589
State aid					549,100
Bonds and loans					792,924
Grants and contributions not restricted to specific programs					<u>525,623</u>
Total general receipts					<u>1,868,236</u>
Change in net assets					(120,406)
Net assets - beginning					<u>324,934</u>
Net assets - ending					<u>\$ 204,528</u>
<u>Assets</u>					
Cash and investments					<u>\$ 204,528</u>
Total assets					<u>\$ 204,528</u>
<u>Net Assets</u>					
Unrestricted					<u>\$ 204,528</u>
Total net assets					<u>\$ 204,528</u>

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

THE BLOOMINGTON 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

	<u>General</u>	<u>Public School Charter ESEA</u>	<u>Totals</u>
Receipts:			
Federal sources	\$ -	\$ 187,954	\$ 187,954
Temporary loans	<u>362,000</u>	<u>-</u>	<u>362,000</u>
 Total receipts	<u>362,000</u>	<u>187,954</u>	<u>549,954</u>
Disbursements:			
Current:			
Support services	-	132,101	132,101
Facilities acquisition and construction	<u>89,248</u>	<u>3,671</u>	<u>92,919</u>
 Total disbursements	<u>89,248</u>	<u>135,772</u>	<u>225,020</u>
 Excess (deficiency) of receipts over disbursements	<u>272,752</u>	<u>52,182</u>	<u>324,934</u>
 Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>-</u>
 Cash and investments - ending	<u>\$ 272,752</u>	<u>\$ 52,182</u>	<u>\$ 324,934</u>
 <u>Cash and Investment Assets - Ending</u>			
Cash and investments	<u>\$ 272,752</u>	<u>\$ 52,182</u>	<u>\$ 324,934</u>
 Total cash and investment assets - ending	<u>\$ 272,752</u>	<u>\$ 52,182</u>	<u>\$ 324,934</u>
 <u>Cash and Investment Fund Balance - Ending</u>			
Unrestricted	<u>\$ 272,752</u>	<u>\$ 52,182</u>	<u>\$ 324,934</u>
 Total cash and investment fund balance - ending	<u>\$ 272,752</u>	<u>\$ 52,182</u>	<u>\$ 324,934</u>

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

THE BLOOMINGTON 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	Public School Charter ESEA	Other	Totals
Receipts:					
Local sources	\$ 981	\$ -	\$ -	\$ 12,019	\$ 13,000
State sources	574,321	-	-	-	574,321
Federal sources	-	69,853	310,046	172,709	552,608
Temporary loans	792,924	-	-	-	792,924
Total receipts	1,368,226	69,853	310,046	184,728	1,932,853
Disbursements:					
Current:					
Instruction	546,571	10,279	54,600	20,602	632,052
Support services	329,502	7,402	55,997	21,486	414,387
Noninstructional services	33,777	-	1,486	26,960	62,223
Facilities acquisition and construction	550,917	-	140,277	101,059	792,253
Debt services	152,344	-	-	-	152,344
Total disbursements	1,613,111	17,681	252,360	170,107	2,053,259
Excess (deficiency) of receipts over disbursements	(244,885)	52,172	57,686	14,621	(120,406)
Cash and investments - beginning	272,752	-	52,182	-	324,934
Cash and investments - ending	\$ 27,867	\$ 52,172	\$ 109,868	\$ 14,621	\$ 204,528
Cash and Investment Assets - Ending					
Cash and investments	\$ 27,867	\$ 52,172	\$ 109,868	\$ 14,621	\$ 204,528
Total cash and investment assets - ending	\$ 27,867	\$ 52,172	\$ 109,868	\$ 14,621	\$ 204,528
Cash and Investment Fund Balance - Ending					
Unrestricted	\$ 27,867	\$ 52,172	\$ 109,868	\$ 14,621	\$ 204,528
Total cash and investment fund balance - ending	\$ 27,867	\$ 52,172	\$ 109,868	\$ 14,621	\$ 204,528

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

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

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:		
Contributions:		
Other	\$ <u>27,570</u>	
Total additions	<u>27,570</u>	
Deductions:		
Administrative and general	<u>109</u>	
Total deductions	<u>109</u>	
Excess (deficiency) of total additions over total deductions	27,461	
Cash and investment fund balance - beginning	<u>-</u>	
Cash and investment fund balance - ending	<u>\$ 27,461</u>	<u>\$ 2,807</u>
Net assets:		
Cash and investments	<u>\$ 27,461</u>	<u>\$ 2,807</u>
Total net assets - cash and investment basis held in trust	<u>\$ 27,461</u>	<u>\$ 2,807</u>

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

THE BLOOMINGTON 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	Agency Funds
Additions:		
Contributions:		
Other	\$ 15,461	
Total additions	15,461	
Deductions:		
Administrative and general	37,347	
Total deductions	37,347	
Excess (deficiency) of total additions over total deductions	(21,886)	
Cash and investment fund balance - beginning	27,461	
Cash and investment fund balance - ending	\$ 5,575	\$ 12,858
Net assets:		
Cash and investments	\$ 5,575	\$ 12,858
Total net assets - cash and investment basis held in trust	\$ 5,575	\$ 12,858

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

THE BLOOMINGTON PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS

Note 1. Introduction

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, inter-governmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 Fund is used to account for the financial resources for the title I program for the enrichment of curriculum and instruction.

The Public School Charter ESEA Fund is used to account for the federal financial assistance provided for planning, program design, and initial implementation of charter schools.

Additionally, the School Corporation reports the following fund types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit various programs.

THE BLOOMINGTON PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Agency funds account for assets held by the School Corporation as an agent for payroll withholdings.

B. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The School Corporation has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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.

C. 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.

THE BLOOMINGTON PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 3. Budgets

The operating budget is prepared and approved by the Governing Board.

Note 4. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

THE BLOOMINGTON PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Teacher's Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 6. Subsequent Event

The School Corporation issued Qualified School Construction Bonds on September 30, 2010, in the amount of \$1,000,000. The School Corporation also signed a promissory note to IFF, a not-for-profit corporation, on July 27, 2010, for \$1,160,000.

Note 7. Related Party Transactions

During the period in which financial statements were presented, the School Corporation had material transactions with Daniel Baron in relation to a loan, evidenced by a promissory note in the amount of \$125,000 with a 7 percent interest rate. As of the examination report date, the amount of \$125,000 was due to Daniel Baron. Repayment of this loan was made as of October 20, 2010.

THE BLOOMINGTON 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	Serve America	ARRA Fiscal Stabilization	ARRA Stimulus Title I	Stimulus Title II	Totals
Receipts:						
Local sources	\$ 12,019	\$ -	\$ -	\$ -	\$ -	\$ 12,019
Federal sources	<u>26,985</u>	<u>6,500</u>	<u>25,506</u>	<u>18,968</u>	<u>94,750</u>	<u>172,709</u>
Total receipts	<u>39,004</u>	<u>6,500</u>	<u>25,506</u>	<u>18,968</u>	<u>94,750</u>	<u>184,728</u>
Disbursements:						
Current:						
Instruction	-	1,634	-	18,968	-	20,602
Support services	-	980	20,506	-	-	21,486
Noninstructional services	26,960	-	-	-	-	26,960
Facilities acquisition and construction	<u>-</u>	<u>1,309</u>	<u>5,000</u>	<u>-</u>	<u>94,750</u>	<u>101,059</u>
Total disbursements	<u>26,960</u>	<u>3,923</u>	<u>25,506</u>	<u>18,968</u>	<u>94,750</u>	<u>170,107</u>
Excess (deficiency) of receipts over disbursements	<u>12,044</u>	<u>2,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,621</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 12,044</u>	<u>\$ 2,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,621</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 12,044</u>	<u>\$ 2,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,621</u>
Total cash and investment assets - ending	<u>\$ 12,044</u>	<u>\$ 2,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,621</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 12,044</u>	<u>\$ 2,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,621</u>
Total cash and investment fund balance - ending	<u>\$ 12,044</u>	<u>\$ 2,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,621</u>

THE BLOOMINGTON PROJECT SCHOOL
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES -
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	PERF	TRF	403 B Withholding	Totals
Additions:				
Agency fund additions	\$ -	\$ -	\$ -	\$ -
Deductions:				
Agency fund deductions	-	(1,050)	(1,757)	(2,807)
Excess (deficiency) of total additions over total deductions	-	1,050	1,757	2,807
Cash and investment fund balance - beginning	-	-	-	-
Cash and investment fund balance - ending	\$ -	\$ 1,050	\$ 1,757	\$ 2,807

THE BLOOMINGTON PROJECT SCHOOL
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	<u>PERF</u>	<u>TRF</u>	<u>403 B Withholding</u>	<u>Totals</u>
Additions:				
Agency fund additions	\$ -	\$ -	\$ -	\$ -
Deductions:				
Agency fund deductions	<u>(1,201)</u>	<u>(1,385)</u>	<u>(7,465)</u>	<u>(10,051)</u>
Excess (deficiency) of total additions over total deductions	1,201	1,385	7,465	10,051
Cash and investment fund balance - beginning	<u>-</u>	<u>1,050</u>	<u>1,757</u>	<u>2,807</u>
Cash and investment fund balance - ending	<u>\$ 1,201</u>	<u>\$ 2,435</u>	<u>\$ 9,222</u>	<u>\$ 12,858</u>

THE BLOOMINGTON PROJECT SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 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 Fund Loan	\$ 587,924	\$ 58,962
Bloomington Urban Enterprise Association Loan	22,500	2,500
Bay and Paul Foundation *	150,000	-
Mitzi Lewson *	20,000	-
Ann Ryan Miller *	15,000	-
Ruthie Allen - Lincoln *	10,000	-
Daniel Baron *	125,000	-
Morgan Stanley (Rebecca Townsend) *	20,000	-
Frank Helt & Doriet Berkowitz *	12,000	-
Nancy A. Soto *	10,000	-
Arnold- Stanfield *	10,000	-
Charlotte Zietlow *	10,000	-
Duncan Searle *	10,000	-
Total governmental activities debt	<u>\$ 1,002,424</u>	<u>\$ 61,462</u>

* These loans were paid in full as one lump sum in the 2010-2011 school year. The last payment was made on 11-02-10.

THE BLOOMINGTON PROJECT SCHOOL EXAMINATION RESULTS AND COMMENTS

RECEIPT ISSUANCE

Receipts were written when the deposit was prepared. Multiple days' checks and/or cash were accumulated and then one receipt was written for the entire amount of the deposit.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

INTERNAL CONTROLS

The controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient.

Accounts payable vouchers did not include fund numbers to indicate where the payment should be posted. The appropriation number was usually noted on the vouchers.

There were numerous instances where expenditures were reclassified from one fund to another fund at various times during the school year. Expenditures, in many instances, which had originally been posted to the General Fund, were reclassified to a federal grant fund. The reclassified entries in the ledgers were mostly referred to as "reclassified" and did not reference a check number or other information to identify the original transaction. In some instances, the amount reclassified was not the same amount as the original transaction. The amount may have included two or more individual transactions or may have been only part of the original transaction. There was no documentation, in most instances, as to why the reclassification was done.

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

INTERNAL CONTROLS – PAYROLL

Controls over the recording of payroll withholdings were not sufficient. Payroll withholdings were posted as negative amounts to withholding funds. The total disbursements for these budget accounts were negative. There was no year-to-date totals. Year 1 payroll withholdings fund nets out with negative disbursements and subsequent payment. Payments for 403(b) withholdings were not made.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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OFFICIAL BOND

The following official bond was not filed in the Office of the County Recorder:

Treasurer

Indiana Code 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 . . ."

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use:

SF 2-A Daily Record of Meals/Milk Served

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PUBLIC WORKS PROJECT

The Bloomington Project School, during 2009, contracted with Eden Enterprises for the construction of renovations to The Bloomington Project School. The total amount paid to Eden Enterprises was \$475,461.40. There was no evidence presented for audit that sealed bids were requested or received.

Indiana Code 36-1-12-4(a) states:

This section applies whenever the cost of a public work project will be:

- (1) at least seventy-five thousand dollars (\$75,000) in:
 - (A) a consolidated city or second class city;
 - (B) a county containing a consolidated city or second class city; or
 - (C) a regional water or sewage district established under IC 13-26; or
- (2) at least fifty thousand dollars (\$50,000) in a political subdivision or an agency not described in subdivision (1).

Indiana Code 36-1-12-4(b) states in part:

"The board must comply with the following procedure:

- (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. . . .

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- (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3).
- (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed . . ."

PUBLIC RECORDS RETENTION

Board approved claim docket records were not presented for examination.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PENALTIES, INTEREST, AND OTHER CHARGES

Information presented for audit indicates that, in some cases, amounts payable to vendors and other suppliers of goods and services are not being paid timely.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

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

THE BLOOMINGTON PROJECT SCHOOL
EXIT CONFERENCE

The contents of this report were discussed on April 11, 2011, with Catherine Diersing, Director of Schools; Daniel Baron, Treasurer; and Terry Burks, Business Manager.