

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

EXAMINATION REPORT
OF
HOOSIER ACADEMY - MUNCIE
DELAWARE COUNTY, INDIANA
July 1, 2008 to June 30, 2010



FILED
05/23/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis.....	4-5
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds.....	6-7
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds.....	8-9
Notes to Financial Statements	10-14
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	15-16
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds.....	17-18
Schedule of Capital Assets.....	19
Schedule of Long-Term Debt	20
Examination Results and Comments:	
Average Daily Membership (ADM).....	21
Errors on Claims.....	21-22
Compensation and Benefits	22
Exit Conference.....	23
Official Response	24-27

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Andrea Goldwater	07-01-08 to 06-30-11
Head of Schools	Lynn Black	07-01-08 to 06-30-11
President of the School Board	Ron Brumbarger Richard Crist	07-01-08 to 06-30-10 07-01-10 to 06-30-11



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 ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF HOOSIER ACADEMY - MUNCIE, DELAWARE COUNTY, INDIANA

We have examined the financial statements presented herein of Hoosier Academy - Muncie (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, Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial 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 Capital Assets and Schedule of Long-Term Debt have not been subjected to the examination procedures applied to the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

March 28, 2011

HOOSIER ACADEMY - MUNCIE
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>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	\$ 405,891	\$ -	\$ -	\$ (405,891)
Support services	227,550	1,959	7,745	(217,846)
Noninstructional services	9,985	-	-	(9,985)
Facilities acquisition and construction	342,044	-	-	(342,044)
Total governmental activities	\$ 985,470	\$ 1,959	\$ 7,745	(975,766)
General receipts:				
Other local sources				6,111
State aid				209,729
Bonds and loans				572,412
Grants and contributions not restricted to specific programs				496,647
Total general receipts				1,284,899
Change in net assets				309,133
Net assets - beginning				-
Net assets - ending				\$ 309,133
<u>Assets</u>				
Cash and investments				\$ 309,133
<u>Net Assets</u>				
Unrestricted				\$ 309,133

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

HOOSIER ACADEMY - MUNCIE
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	\$ 389,465	\$ -	\$ 2,484	\$ (386,981)
Support services	245,071	1,415	-	(243,656)
Noninstructional services	25,369	-	-	(25,369)
Facilities acquisition and construction	196,143	-	-	(196,143)
Total governmental activities	<u>\$ 856,048</u>	<u>\$ 1,415</u>	<u>\$ 2,484</u>	<u>(852,149)</u>
General receipts:				
Other local sources				4,557
State aid				589,845
Grants and contributions not restricted to specific programs				<u>309,345</u>
Total general receipts				<u>903,747</u>
Change in net assets				51,598
Net assets - beginning				<u>309,133</u>
Net assets - ending				<u><u>\$ 360,731</u></u>
 <u>Assets</u>				
Cash and investments				<u><u>\$ 360,731</u></u>
 <u>Net Assets</u>				
Unrestricted				<u><u>\$ 360,731</u></u>

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

HOOSIER ACADEMY - MUNCIE
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	Public Charter School ESEA TIT	Other	Totals
Receipts:				
Local sources	\$ 6,447	\$ -	\$ 1,624	\$ 8,071
State sources	209,729	-	7,744	217,473
Federal sources	-	449,850	46,797	496,647
Temporary loans	572,412	-	-	572,412
Total receipts	<u>788,588</u>	<u>449,850</u>	<u>56,165</u>	<u>1,294,603</u>
Disbursements:				
Current:				
Instruction	340,898	41,277	23,716	405,891
Support services	184,528	29,696	13,326	227,550
Noninstructional services	8,006	-	1,979	9,985
Facilities acquisition and construction	110,230	223,188	8,626	342,044
Total disbursements	<u>643,662</u>	<u>294,161</u>	<u>47,647</u>	<u>985,470</u>
Excess of receipts over disbursements	<u>144,926</u>	<u>155,689</u>	<u>8,518</u>	<u>309,133</u>
Cash and investments - beginning	-	-	-	-
Cash and investments - ending	<u>\$ 144,926</u>	<u>\$ 155,689</u>	<u>\$ 8,518</u>	<u>\$ 309,133</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	<u>\$ 144,926</u>	<u>\$ 155,689</u>	<u>\$ 8,518</u>	<u>\$ 309,133</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Unrestricted	<u>\$ 144,926</u>	<u>\$ 155,689</u>	<u>\$ 8,518</u>	<u>\$ 309,133</u>

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

HOOSIER ACADEMY - MUNCIE
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	Public Charter School ESEA TIT	Other	Totals
Receipts:				
Local sources	\$ 3,437	\$ 200	\$ 2,335	\$ 5,972
State sources	592,329	-	-	592,329
Federal sources	-	250,000	59,345	309,345
Total receipts	595,766	250,200	61,680	907,646
Disbursements:				
Current:				
Instruction	302,950	35,173	51,342	389,465
Support services	160,442	82,244	2,385	245,071
Noninstructional services	19,178	3,277	2,914	25,369
Facilities acquisition and construction	45,571	145,281	5,291	196,143
Total disbursements	528,141	265,975	61,932	856,048
Excess (deficiency) of receipts over disbursements	67,625	(15,775)	(252)	51,598
Cash and investments - beginning	144,926	155,689	8,518	309,133
Cash and investments - ending	<u>\$ 212,551</u>	<u>\$ 139,914</u>	<u>\$ 8,266</u>	<u>\$ 360,731</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	<u>\$ 212,551</u>	<u>\$ 139,914</u>	<u>\$ 8,266</u>	<u>\$ 360,731</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Unrestricted	<u>\$ 212,551</u>	<u>\$ 139,914</u>	<u>\$ 8,266</u>	<u>\$ 360,731</u>

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

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

	Agency Funds
Cash and investment fund balance - ending	\$ <u>2,096</u>
Net assets:	
Cash and investments	\$ <u>2,096</u>
Total net assets - cash and investment basis held in trust	\$ <u>2,096</u>

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

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

	<u>Agency Funds</u>
Cash and investment fund balance - ending	\$ <u>1,062</u>
Net assets:	
Cash and investments	\$ <u>1,062</u>
Total net assets - cash and investment basis held in trust	\$ <u>1,062</u>

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

HOOSIER ACADEMY - MUNCIE
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: Hoosier Academy - Muncie

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 Public Charter School ESEA TIT fund is used to account for the receipts and disbursements for the financial assistance in planning, program design and initial implementation of charter schools.

HOOSIER ACADEMY - MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the School Corporation reports the following fund type:

Agency funds account for assets held by the School Corporation as an agent for employee payroll withholdings and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

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.

HOOSIER ACADEMY - MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

II. Detailed Notes on All Funds

Deposits and Investments

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

HOOSIER ACADEMY - MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 June 30, 2010, the School Corporation had deposit balances in the amount of \$369,147.

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.

III. 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, 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, 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. 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 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:

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

HOOSIER ACADEMY - MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 \$19,645.

2. 403b Retirement Plan

The School Corporation makes matching contributions of up to 7.0% 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%.

HOOSIER ACADEMY - MUNCIE
 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 Rental	School Administration	IDEA P.L. 101-476	Fiscal Stabilization	Totals
Receipts:						
Local sources	\$ 1,591	\$ -	\$ 33	\$ -	\$ -	\$ 1,624
State sources	-	7,744	-	-	-	7,744
Federal sources	-	-	-	4,235	42,562	46,797
Total receipts	<u>1,591</u>	<u>7,744</u>	<u>33</u>	<u>4,235</u>	<u>42,562</u>	<u>56,165</u>
Disbursements:						
Current:						
Instruction	-	-	-	3,639	20,077	23,716
Support services	43	-	-	-	13,283	13,326
Noninstructional services	1,380	-	23	-	576	1,979
Facilities acquisition and construction	-	-	-	-	8,626	8,626
Total disbursements	<u>1,423</u>	<u>-</u>	<u>23</u>	<u>3,639</u>	<u>42,562</u>	<u>47,647</u>
Excess of receipts over disbursements	<u>168</u>	<u>7,744</u>	<u>10</u>	<u>596</u>	<u>-</u>	<u>8,518</u>
Cash and investments - beginning	-	-	-	-	-	-
Cash and investments - ending	<u>\$ 168</u>	<u>\$ 7,744</u>	<u>\$ 10</u>	<u>\$ 596</u>	<u>\$ -</u>	<u>\$ 8,518</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 168</u>	<u>\$ 7,744</u>	<u>\$ 10</u>	<u>\$ 596</u>	<u>\$ -</u>	<u>\$ 8,518</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 168</u>	<u>\$ 7,744</u>	<u>\$ 10</u>	<u>\$ 596</u>	<u>\$ -</u>	<u>\$ 8,518</u>

HOOSIER ACADEMY - MUNCIE
 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 Rental	School Administration	IDEA P.L. 101-476	Federal Special Ed 09-10	Improving Teacher Quality	Fiscal Stabilization	Special Education Part B (Stimulus)	Totals
Receipts:									
Local sources	\$ 1,415	\$ -	\$ 920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,335
Federal sources	-	-	-	6,590	13,445	8,440	19,763	11,107	59,345
Total receipts	1,415	-	920	6,590	13,445	8,440	19,763	11,107	61,680
Disbursements:									
Current:									
Instruction	-	3,666	-	7,186	13,445	6,530	12,365	8,150	51,342
Support services	25	-	-	-	-	-	2,360	-	2,385
Noninstructional services	1,558	-	930	-	-	-	426	-	2,914
Facilities acquisition and construction	-	-	-	-	-	-	4,612	679	5,291
Total disbursements	1,583	3,666	930	7,186	13,445	6,530	19,763	8,829	61,932
Excess (deficiency) of receipts over disbursements	(168)	(3,666)	(10)	(596)	-	1,910	-	2,278	(252)
Cash and investments - beginning	168	7,744	10	596	-	-	-	-	8,518
Cash and investments - ending	\$ -	\$ 4,078	\$ -	\$ -	\$ -	\$ 1,910	\$ -	\$ 2,278	\$ 8,266
Cash and Investment Assets - Ending									
Cash and investments	\$ -	\$ 4,078	\$ -	\$ -	\$ -	\$ 1,910	\$ -	\$ 2,278	\$ 8,266
Cash and Investment Fund Balance - Ending									
Unrestricted	\$ -	\$ 4,078	\$ -	\$ -	\$ -	\$ 1,910	\$ -	\$ 2,278	\$ 8,266

HOOSIER ACADEMY - MUNCIE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	<u>TRF</u> <u>Withholding</u>	<u>403B</u> <u>Withholding</u>	<u>Totals</u>
Additions:			
Agency fund additions	\$ 5,511	\$ 820	\$ 6,331
Deductions:			
Agency fund deductions	4,235	-	4,235
Excess (deficiency) of total additions over total deductions	1,276	820	2,096
Cash and investment fund balance - beginning	-	-	-
Cash and investment fund balance - ending	<u>\$ 1,276</u>	<u>\$ 820</u>	<u>\$ 2,096</u>

HOOSIER ACADEMY - MUNCIE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	<u>TRF</u> <u>Withholding</u>	<u>403B</u> <u>Withholding</u>	<u>Totals</u>
Additions:			
Agency fund additions	\$ -	\$ -	\$ -
Deductions:			
Agency fund deductions	<u>342</u>	<u>692</u>	<u>1,034</u>
Excess (deficiency) of total additions over total deductions	(342)	(692)	(1,034)
Cash and investment fund balance - beginning	<u>1,276</u>	<u>820</u>	<u>2,096</u>
Cash and investment fund balance - ending	<u>\$ 934</u>	<u>\$ 128</u>	<u>\$ 1,062</u>

HOOSIER ACADEMY - MUNCIE
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
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:	
Buildings	\$ 32,736
Machinery and equipment	<u>387,757</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 420,493</u>

HOOSIER ACADEMY - MUNCIE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

The School has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable	\$ <u>572,412</u>	\$ <u>-</u>

HOOSIER ACADEMY - MUNCIE
EXAMINATION RESULTS AND COMMENTS

AVERAGE DAILY MEMBERSHIP (ADM)

Records supporting the Average Daily Membership (ADM) reported to the Indiana Department of Education were not retained for examination for fiscal years 2008-2009 and 2009-2010.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ERRORS ON CLAIMS

Many claims paid by the School Corporation were for reimbursements of employees of K12 Indiana L.L.C. The School Corporation has contracted with K12 Indiana L.L.C. to provide administrative services and curriculum materials.

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

- (1) Claims were not adequately itemized. Claims included credit card slips only rather than actual invoices, copies of invoices, missing invoices and a hotel room charge for food with no supporting invoice. One claim for reimbursement had no documentation attached to the claim.
- (2) Some claims did not have Board approval.
- (3) Sales tax was paid on some purchases.
- (4) Dry cleaning in the amount of \$16 was reimbursed to an individual.
- (5) One employee received \$15 more reimbursement than was due.
- (6) Disbursements were not properly posted. Food purchases were charged to the Other Food Services Food Purchases appropriation line item rather than a travel or promotion of business appropriation.

IC 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

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

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;

HOOSIER ACADEMY - MUNCIE
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses 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)

Disbursements should be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

COMPENSATION AND BENEFITS

A review of payroll for November 2009 indicated that six of the employees did not have a supporting contract or letter of intent to support wages paid to employees.

No service records were presented for examination.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

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)

HOOSIER ACADEMY - MUNCIE
EXIT CONFERENCE

The contents of this report were discussed on March 28, 2011, with Andrea Goldwater, Treasurer; Lynn Black, Head of Schools; and Richard Crist, President of the School Board. The official response has been made a part of this report and may be found on pages 24 through 27.



Muncie Learning Center
2801 E. 16th Street
Muncie, IN 47302
P 765 288 9633
F 765 288 9655
www.hoosieracademy.org

Indiana State Board of Accounts
Re: Hoosier Academy Muncie Audit, Formal Response
April 4, 2011

ADM:

- Excel File lists of all STN's counted in 08-09 and 09-10 ADM attached

ERRORS ON CLAIMS:

- Hoosier Academy Muncie has promoted Angel Silvers to Operations Assistant to closely monitor claims for the school corporation. Procedures and Policies have been put in place beginning in school year 10-11 to minimize claim deficiencies.
- BK Plus, our off-site accounting firm, has been instructed on the proper posting of disbursements per audit results

COMPENSATION AND BENEFITS:

- Previous contracts, offer letters and other service records were to be maintained by Administaff, our PEO and co-employer. Copies of all contracts and offer letters are kept on-site as well beginning in school year 10-11.

Regards,

Andrea Goldwater
Treasurer

School	STN	ADM Type	Corp of Legal Settlement	Instructional Days	Instructional Minutes	Grade	County
1427	142709001	1		1875			18
1427	142709022	1		1970			18
1427	142709024	1		1970			18
1427	142709200	1		5275			48
1427	149407018	1		1875			18
1427	A79508018	1		1875			18
1427	148508071	1		1875			18
1427	151707015	1		1970			18
1427	229507003	1		2815			27
1427	503307028	1		5275			48
1427	147006043	1		1970			18
1427	148508070	1		1875			18
1427	151705105	1		1970			18
1427	151706043	1		1970			18
1427	272105123	1		5245			48
1427	497706080	1		5275			48
1427	497706081	1		5275			48
1427	502101220	1		1910			18
1427	503306095	1		5275			48
1427	506906016	1		5265			48
1427	514602059	1		5275			48
1427	C21005025	1		5275			48
1427	136504025	1		1875			18
1427	142709009	1		5275			48
1427	142709010	1		1970			18
1427	150905052	1		1970			18
1427	151704034	1		1970			18
1427	151704077	1		1970			18
1427	230907051	1		2815			27
1427	136503041	1		1875			18
1427	142304006	1		5275			48
1427	142709006	1		1970			18
1427	142709011	1		1875			18
1427	148508069	1		1875			18
1427	149405031	1		1875			18
1427	495304153	1		5275			48
1427	516104093	1		5280			48
1427	C21004005	1		5275			48
1427	142303105	1		1970			18
1427	147003027	1		1900			18
1427	148203028	1		1970			18
1427	149503047	1		1970			18
1427	284702286	1		3445			34
1427	495307137	1		1895			18
1427	139502030	1		1875			18
1427	140902174	1		1970			18
1427	142709005	1		6820			68
1427	146902358	1		1970			18
1427	148204058	1		1875			18
1427	149602222	1		1970			18
1427	149603003	1		1970			18
1427	152002106	1		1875			18
1427	283202381	1		3445			34
1427	284702213	1		3445			34
1427	328701459	1		3945			38
1427	500904097	1		1970			18
1427	903702061	1		8305			89
1427	139505344	1		1910			18
1427	142709004	1		6820			68
1427	148202251	1		3445			18
1427	151706037	1		1970			18
1427	280302159	1		3405			34
1427	281502542	1		3435			34
1427	281502588	1		3435			34
1427	324702210	1		3945			38
1427	328904056	1		1875			18
1427	502101199	1		5275			48
1427	142709002	1		3005		KG	29
1427	142709012	1		1970		KG	18
1427	142709018	1		1875		KG	18
1427	142709019	1		1970		KG	18
1427	142709020	1		1875		KG	18
1427	147009045	1		1970		KG	18
1427	152709011	1		1970		KG	18
1427	286505075	1		3445		KG	34

School	STN	ADM Type	Corp of Legal Settlement	Instructional Days	Instructional Minutes	Grade	County
1427	142709019	1	1970			1	18
1427	142710011	1	1970			1	18
1427	151506245	1	1885			1	18
1427	139508047	1	1910			2	18
1427	139708039	1	1895			2	18
1427	142309029	1	1970			2	18
1427	142709011	1	1875			2	18
1427	142709022	1	1970			2	18
1427	142709200	1	5275			2	48
1427	142710003	1	1875			2	18
1427	142710005	1	2865			2	27
1427	142710007	1	1970			2	18
1427	142710009	1	1900			2	18
1427	146908003	1	1970			2	18
1427	146908007	1	1970			2	18
1427	146908102	1	1970			2	18
1427	149407018	1	1875			2	18
1427	149608034	1	1970			2	18
1427	151506175	1	1885			2	18
1427	151508063	1	1970			2	18
1427	280306084	1	3405			2	33
1427	280306149	1	3055			2	33
1427	514602059	1	5275			2	48
1427	142710004	1	2865			3	27
1427	142710015	1	5255			3	48
1427	142710020	1	5275			3	48
1427	147007177	1	1970			3	18
1427	148508071	1	1875			3	18
1427	149405214	1	1970			3	18
1427	151707015	1	1970			3	18
1427	240106030	1	2865			3	27
1427	283207037	1	1970			3	18
1427	503307028	1	5275			3	48
1427	510208100	1	3995			3	48
1427	C20506027	1	5275			3	48
1427	27508533	1	235			4	2
1427	27509510	1	235			4	2
1427	142307006	1	1970			4	18
1427	142710018	1	3445			4	33
1427	148506026	1	1970			4	18
1427	148508070	1	1875			4	18
1427	151705105	1	1970			4	18
1427	151706043	1	1970			4	18
1427	503306095	1	5275			4	18
1427	C25006145	1	5275			4	48
1427	C25006147	1	5275			4	48
1427	136504025	1	1875			5	18
1427	142709009	1	5275			5	48
1427	142709010	1	1970			5	18
1427	142710006	1	1970			5	18
1427	142710008	1	1900			5	18
1427	142710013	1	3405			5	33
1427	150905052	1	1970			5	18
1427	151504087	1	1970			5	18
1427	151704077	1	1970			5	18
1427	151709064	1	1970			5	18
1427	229404112	1	2865			5	27
1427	230907051	1	2815			5	27
1427	715206049	1	1895			5	18
1427	C22604277	1	2825			5	48
1427	136503041	1	1875			6	18
1427	142304006	1	5275			6	18
1427	142709006	1	1970			6	18
1427	142710019	1	6820			6	68
1427	148508069	1	1875			6	18
1427	149405031	1	1875			6	18
1427	240106020	1	2865			6	27
1427	280303054	1	3405			6	33
1427	280303056	1	3055			6	33
1427	499706003	1	1970			6	18
1427	505104145	1	5275			6	48
1427	711702305	1	6795			6	18
1427	A79504024	1	1970			6	18
1427	C20503014	1	5275			6	48
1427	142303031	1	1970			7	18
1427	142303105	1	1970			7	18
1427	142710017	1	2865			7	27
1427	142710023	1	3405			7	33
1427	148203028	1	1970			7	18
1427	148203032	1	1875			7	18
1427	149603003	1	1970			7	18

1427	229402125	1	2815	7	27
1427	229508057	1	2865	7	27
1427	240106021	1	2865	7	27
1427	303502182	1	3625	7	35
1427	500904097	1	1970	7	18
1427	711702077	1	6795	7	18
1427	136502038	1	1875	8	18
1427	139502030	1	1875	8	18
1427	142307015	1	1970	8	18
1427	142709005	1	6820	8	68
1427	142710016	1	1970	8	18
1427	146902318	1	1875	8	18
1427	146902358	1	1970	8	18
1427	147002423	1	1970	8	18
1427	150902248	1	1970	8	18
1427	150902348	1	1970	8	18
1427	152002106	1	1875	8	18
1427	284702213	1	3445	8	33
1427	495307137	1	1895	8	18
1427	506902476	1	1970	8	18
1427	31808734	1	255	KG	2
1427	142309315	1	1970	KG	18
1427	142710001	1	1970	KG	18
1427	142710002	1	1970	KG	18
1427	142710010	1	1970	KG	18
1427	142710012	1	1970	KG	18
1427	142710014	1	1970	KG	18
1427	142710022	1	1970	KG	18
1427	142710024	1	2855	KG	27
1427	146909043	1	1970	KG	18
1427	146910023	1	1970	KG	18