

B40489

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

INDIANA AEROSPACE JUNIOR/SENIOR HIGH SCHOOL

MARION COUNTY, INDIANA

July 1, 2009 to February 29, 2012



FILED
06/08/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	(Vacant)	07-01-09 to 11-30-09
	Sally Lantz	12-01-09 to 01-12-11
	(Vacant)	01-13-11 to 02-14-11
	Larry Wilkinson	02-15-11 to 04-04-11
	(Vacant)	04-05-11 to 02-29-12
Executive Director of Schools	Roger Tomey	07-01-09 to 12-21-10
	(Vacant)	12-22-10 to 02-29-12
President of the School Board	John R. Nichols	07-01-09 to 05-28-10
	(Vacant)	05-29-10 to 07-12-10
	Kevin Cline	07-13-10 to 06-30-11
	(Vacant)	07-01-11 to 02-29-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF INDIANA AEROSPACE JUNIOR/SENIOR
HIGH SCHOOL, MARION COUNTY, INDIANA

We have examined the financial statements of Indiana Aerospace Junior/Senior High School (School Corporation), for the period of July 1, 2009 to February 29, 2012. The School Corporation's management is responsible for the financial statements. 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 and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, and through the period ended February 29, 2012, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

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

STATE BOARD OF ACCOUNTS

May 1, 2012

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the School Corporation. The financial statements and notes are presented as intended by the School Corporation.

INDIANA AEROSPACE JUNIOR/SENIOR HIGH SCHOOL
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09		Other Financing Sources (Uses)		Cash and Investments 06-30-10		Other Financing Sources (Uses)		Cash and Investments 06-30-11	
	Receipts	Disbursements			Receipts	Disbursements			Receipts	Disbursements
General	\$ -	\$ -	\$ -	\$ 375	\$ 375	\$ -	\$ 123,322	\$ 150	\$ -	\$ (122,797)
Walton Foundation	-	250,128	126,123	-	124,005	-	(11,919)	-	-	135,924
School Administration	-	3,389	1,615	-	1,774	6,386	8,160	-	-	-
Public Charter School ESEA Title X, Part C	-	70,617	40,289	-	30,328	69,778	101,184	2,408	-	1,330
Totals	\$ -	\$ 324,134	\$ 168,027	\$ 375	\$ 156,482	\$ 76,164	\$ 220,747	\$ 2,558	\$ -	\$ 14,457

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

INDIANA AEROSPACE JUNIOR/SENIOR HIGH SCHOOL
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Period Ended February 29, 2012

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 02-29-12
General	\$ (122,797)	\$ 383	\$ 101	\$ 122,515	\$ -
Walton Foundation	135,924	-	11,001	(124,923)	-
School Administration	-	-	-	-	-
Public Charter School ESEA Title X, Part C	1,330	1,303	2,633	-	-
Totals	<u>\$ 14,457</u>	<u>\$ 1,686</u>	<u>\$ 13,735</u>	<u>\$ (2,408)</u>	<u>\$ -</u>

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

INDIANA AEROSPACE JUNIOR/SENIOR HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS

Note 1. 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 accompanying financial statements present the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Local sources which includes investment income, and other revenue from local sources.

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from donations.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, enrichment programs, remediation, and payments to other governmental units.

INDIANA AEROSPACE JUNIOR/SENIOR HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services.

Noninstructional services which include outflows for community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

F. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statements. The aggregate other financing sources and uses include the following:

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is subject to final approval by the School Corporation's charting agency.

Note 3. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

INDIANA AEROSPACE JUNIOR/SENIOR HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 4. Risk Management

The School Corporation may be 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.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

Note 5. School Closing

Indiana Aerospace Junior/Senior High School (school facilities) never officially opened for educational purposes. The last financial transaction occurred on February 17, 2012, and is documented within this report.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

INDIANA AEROSPACE JUNIOR/SENIOR HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	Walton Foundation	School Administration	Public Charter School ESEA Title X, Part C	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:					
Local sources	-	250,128	3,389	-	253,517
Federal sources	-	-	-	70,617	70,617
Total receipts	-	250,128	3,389	70,617	324,134
Disbursements:					
Current:					
Support services	-	99,471	1,615	34,254	135,340
Noninstructional services	-	168	-	-	168
Facilities acquisition and construction	-	26,484	-	6,035	32,519
Total disbursements	-	126,123	1,615	40,289	168,027
Excess (deficiency) of receipts over disbursements	-	124,005	1,774	30,328	156,107
Other financing sources (uses):					
Transfers in	-	260,000	-	-	260,000
Transfers out	375	(260,000)	-	-	(259,625)
Total other financing sources (uses)	375	-	-	-	375
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	375	124,005	1,774	30,328	156,482
Cash and investments - ending	\$ 375	\$ 124,005	\$ 1,774	\$ 30,328	\$ 156,482

INDIANA AEROSPACE JUNIOR/SENIOR HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	<u>General</u>	<u>Walton Foundation</u>	<u>School Administration</u>	<u>Public Charter School ESEA Title X, Part C</u>	<u>Totals</u>
Cash and investments - beginning	\$ 375	\$ 124,005	\$ 1,774	\$ 30,328	\$ 156,482
Receipts:					
Local sources	-	-	6,386	-	6,386
Federal sources	-	-	-	69,778	69,778
Total receipts	<u>-</u>	<u>-</u>	<u>6,386</u>	<u>69,778</u>	<u>76,164</u>
Disbursements:					
Current:					
Instruction	-	-	1,500	-	1,500
Support services	19,859	12,771	6,660	101,184	140,474
Noninstructional services	416	-	-	-	416
Facilities acquisition and construction	103,047	(24,690)	-	-	78,357
Total disbursements	<u>123,322</u>	<u>(11,919)</u>	<u>8,160</u>	<u>101,184</u>	<u>220,747</u>
Excess (deficiency) of receipts over disbursements	<u>(123,322)</u>	<u>11,919</u>	<u>(1,774)</u>	<u>(31,406)</u>	<u>(144,583)</u>
Other financing sources (uses):					
Transfers in	-	1,042	-	2,408	3,450
Transfers out	150	(1,042)	-	-	(892)
Total other financing sources (uses)	<u>150</u>	<u>-</u>	<u>-</u>	<u>2,408</u>	<u>2,558</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(123,172)</u>	<u>11,919</u>	<u>(1,774)</u>	<u>(28,998)</u>	<u>(142,025)</u>
Cash and investments - ending	<u>\$ (122,797)</u>	<u>\$ 135,924</u>	<u>\$ -</u>	<u>\$ 1,330</u>	<u>\$ 14,457</u>

INDIANA AEROSPACE JUNIOR/SENIOR HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Period Ended February 29, 2012

	General	Walton Foundation	Public Charter School ESEA Title X, Part C	Totals
Cash and investments - beginning	\$ (122,797)	\$ 135,924	\$ 1,330	\$ 14,457
Receipts:				
Federal sources	-	-	1,303	1,303
Other	383	-	-	383
Total receipts	383	-	1,303	1,686
Disbursements:				
Current:				
Support services	-	-	2,633	2,633
Noninstructional services	101	11,001	-	11,102
Total disbursements	101	11,001	2,633	13,735
Excess (deficiency) of receipts over disbursements	282	(11,001)	(1,330)	(12,049)
Other financing sources (uses):				
Transfers in	124,923	-	-	124,923
Transfers out	(2,408)	(124,923)	-	(127,331)
Total other financing sources (uses)	122,515	(124,923)	-	(2,408)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	122,797	(135,924)	(1,330)	(14,457)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -

INDIANA AEROSPACE JUNIOR/SENIOR HIGH SCHOOL
EXIT CONFERENCE

The contents of this report were discussed via email on May 1, 2012, with J.C. Lasmanis, School Liaison. Mr. Lasmanis was retained as a liaison to the Mayor's Office and the School Board to coordinate the dissolution and closing of the charter school. The Charter School had already officially closed as of the date of this report and other management officials were not available for exit. Our report disclosed no material items that warrant comment at this time.