

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

EXAMINATION REPORT
OF
HERRON HIGH SCHOOL
MARION COUNTY, INDIANA
July 1, 2007 to June 30, 2009



FILED
06/11/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Government-Wide Financial Information:	
Schedule of Activities and Net Assets – Cash and Investment Basis	4-5
Fund Financial Information:	
Governmental Funds:	
Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis	6-7
Fiduciary Fund:	
Schedule of Cash and Investment Balances – Fiduciary Fund.....	8
Notes to Financial Information	9-12
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis.....	13-17
Schedule of Capital Assets.....	18
Schedule of Long-Term Debt	19
Examination Results and Comments:	
Federal and State Agencies – Compliance Requirements	20
Travel Policy	20
Exit Conference.....	21
Official Response	22-23

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager/Treasurer	Kathleen White	07-01-07 to 06-30-10
Director	Rex Bolinger Janet H. McNeal	07-01-07 to 12-31-07 01-01-08 to 06-30-10
President of the School Board	Joanna Taft	07-01-07 to 06-30-10



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 THE HERRON HIGH SCHOOL, MARION COUNTY, INDIANA

We have examined the financial information presented herein of the Herron High School (School Corporation) for the period of July 1, 2007 to June 30, 2009. The School Corporation's management is responsible for the financial information 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 information 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 information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

March 11, 2010

HERRON HIGH SCHOOL
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 889,538	\$ -	\$ 9,701	\$ (879,837)
Support services	669,762	24,225	18,098	(627,439)
Noninstructional services	43,780	-	-	(43,780)
Facilities acquisition and construction	411,863	-	-	(411,863)
Debt service	34,498	-	-	(34,498)
	<u>\$ 2,049,441</u>	<u>\$ 24,225</u>	<u>\$ 27,799</u>	<u>(1,997,417)</u>
General receipts:				
Property taxes				386,060
Other local sources				214,952
State aid				751,201
Bonds and loans				556,171
Grants and contributions not restricted to specific programs				164,266
Investment earnings				10,651
				<u>2,083,301</u>
Change in net assets				85,884
Net assets - beginning				<u>367,028</u>
Net assets - ending				<u>\$ 452,912</u>
<u>Assets</u>				
Cash and investments				<u>\$ 452,912</u>
<u>Net Assets</u>				
Restricted for:				
Unrestricted				<u>\$ 452,912</u>

The notes to the financial information are an integral part of this schedule.

HERRON HIGH SCHOOL
SCHEDULE 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>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				Net (Disbursement) Receipts and Changes in Net Assets
Instruction	\$ 1,179,709	\$ -	\$ 13,835	\$ (1,165,874)
Support services	962,843	62,172	38,123	(862,548)
Noninstructional services	71,408	-	-	(71,408)
Facilities acquisition and construction	372,411	-	-	(372,411)
Debt service	85,656	-	-	(85,656)
Total governmental activities	<u>\$ 2,672,027</u>	<u>\$ 62,172</u>	<u>\$ 51,958</u>	<u>(2,557,897)</u>
General receipts:				
Property taxes				295,019
Other local sources				174,102
State aid				1,548,225
Bonds and loans				512,150
Grants and contributions not restricted to specific programs				294,651
Investment earnings				3,020
Total general receipts				<u>2,827,167</u>
Change in net assets				269,270
Net assets - beginning				<u>452,912</u>
Net assets - ending				<u>\$ 722,182</u>
 <u>Assets</u>				
Cash and investments				<u>\$ 722,182</u>
 <u>Net Assets</u>				
Unrestricted				<u>\$ 722,182</u>

The notes to the financial information are an integral part of this schedule.

HERRON HIGH SCHOOL
SCHEDULE 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, 2008

	General	Walton Grant	Donations Gifts and Trusts	Other	Totals
Receipts:					
Local sources	\$ 508,975	\$ 50,000	\$ -	\$ 76,913	\$ 635,888
State sources	765,691	-	-	1,659	767,350
Federal sources	-	-	-	175,916	175,916
Temporary loans	556,171	-	-	-	556,171
Total receipts	<u>1,830,837</u>	<u>50,000</u>	<u>-</u>	<u>254,488</u>	<u>2,135,325</u>
Disbursements:					
Current:					
Instruction	737,900	60,595	-	91,042	889,537
Support services	563,624	31,573	-	74,565	669,762
Noninstructional services	15,321	-	-	28,460	43,781
Facilities acquisition and construction	246,416	2,203	-	163,244	411,863
Debt services	34,498	-	-	-	34,498
Total disbursements	<u>1,597,759</u>	<u>94,371</u>	<u>-</u>	<u>357,311</u>	<u>2,049,441</u>
Excess (deficiency) of receipts over disbursements	<u>233,078</u>	<u>(44,371)</u>	<u>-</u>	<u>(102,823)</u>	<u>85,884</u>
Cash and investments - beginning	<u>59,734</u>	<u>96,251</u>	<u>50,000</u>	<u>161,043</u>	<u>367,028</u>
Cash and investments - ending	<u>\$ 292,812</u>	<u>\$ 51,880</u>	<u>\$ 50,000</u>	<u>\$ 58,220</u>	<u>\$ 452,912</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 292,812</u>	<u>\$ 51,880</u>	<u>\$ 50,000</u>	<u>\$ 58,220</u>	<u>\$ 452,912</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 292,812</u>	<u>\$ 51,880</u>	<u>\$ 50,000</u>	<u>\$ 58,220</u>	<u>\$ 452,912</u>

The notes to the financial information are an integral part of this schedule.

HERRON HIGH SCHOOL
SCHEDULE 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	Walton Grant	Donations Gifts and Trusts	Other	Totals
Receipts:					
Local sources	\$ 378,464	\$ -	\$ -	\$ 155,850	\$ 534,314
State sources	1,564,722	-	-	996	1,565,718
Federal sources	-	-	-	329,116	329,116
Temporary loans	512,150	-	-	-	512,150
Total receipts	2,455,336	-	-	485,962	2,941,298
Disbursements:					
Current:					
Instruction	968,590	3,254	33,333	174,532	1,179,709
Support services	779,398	20,279	-	163,166	962,843
Noninstructional services	9,183	338	-	61,887	71,408
Facilities acquisition and construction	248,169	25,388	-	98,854	372,411
Debt services	85,656	-	-	-	85,656
Total disbursements	2,090,996	49,259	33,333	498,439	2,672,027
Excess (deficiency) of receipts over disbursements	364,340	(49,259)	(33,333)	(12,477)	269,271
Other financing sources (uses):					
Transfers in	-	-	-	15,964	15,964
Transfers out	(15,072)	-	-	(892)	(15,964)
Total other financing sources (uses)	(15,072)	-	-	15,072	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	349,268	(49,259)	(33,333)	2,595	269,271
Cash and investments - beginning	292,812	51,880	50,000	58,219	452,911
Cash and investments - ending	<u>\$ 642,080</u>	<u>\$ 2,621</u>	<u>\$ 16,667</u>	<u>\$ 60,814</u>	<u>\$ 722,182</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ 642,080</u>	<u>\$ 2,621</u>	<u>\$ 16,667</u>	<u>\$ 60,814</u>	<u>\$ 722,182</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ 642,080</u>	<u>\$ 2,621</u>	<u>\$ 16,667</u>	<u>\$ 60,814</u>	<u>\$ 722,182</u>

The notes to the financial information are an integral part of this schedule.

HERRON HIGH SCHOOL
SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
For the Year Ended June 30, 2009

	<u>Agency Fund</u>
Net Assets - Cash and Investment Fund Balance Held In Trust	<u>\$ 2,660</u>

The notes to the financial information are an integral part of this schedule.

HERRON HIGH SCHOOL
NOTES TO FINANCIAL INFORMATION

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 Schedules

Government-Wide Financial Schedules

The Schedule of Activities and Net Assets – Cash Investment Basis displays information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Fund Financial Schedules

Fund financial schedules 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 schedules.

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 Walton grant fund accounts for financial resources for a grant from the Walton family foundation.

The donations, gifts, and trusts fund accounts for proceeds of miscellaneous donations and gifts.

B. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial schedules 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.

HERRON HIGH SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

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.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and 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. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. 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).

HERRON HIGH SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 5. 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 6. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

Transfer From	Transfer To	2009
General Fund	Other governmental funds	\$ 15,072
Other governmental funds	Other governmental funds	<u>892</u>
Total		<u>\$ 15,964</u>

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

Note 7. Pension Plans

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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

HERRON HIGH SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

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 members' 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 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.

HERRON HIGH 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, 2008

	School Lunch	Textbook Rental	Donations Gifts and Trusts	Clowes Grant	LISC Loan	Cell Grant	Lilly Grant
Receipts:							
Local sources	\$ 16,329	\$ 8,060	\$ 1,024	\$ 10,000	\$ -	\$ 41,500	\$ -
State sources	378	146	-	-	-	-	-
Federal sources	11,650	-	-	-	-	-	-
Total receipts	<u>28,357</u>	<u>8,206</u>	<u>1,024</u>	<u>10,000</u>	<u>-</u>	<u>41,500</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	10,039	-	-	14,050	27,632	73
Support services	-	43	-	-	-	49,263	-
Noninstructional services	28,357	-	-	-	-	103	-
Facilities acquisition and construction	-	-	-	-	-	6,137	1,405
Total disbursements	<u>28,357</u>	<u>10,082</u>	<u>-</u>	<u>-</u>	<u>14,050</u>	<u>83,135</u>	<u>1,478</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(1,876)</u>	<u>1,024</u>	<u>10,000</u>	<u>(14,050)</u>	<u>(41,635)</u>	<u>(1,478)</u>
Cash and investments - beginning	<u>-</u>	<u>1,876</u>	<u>500</u>	<u>-</u>	<u>15,000</u>	<u>41,635</u>	<u>10,000</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,524</u>	<u>\$ 10,000</u>	<u>\$ 950</u>	<u>\$ -</u>	<u>\$ 8,522</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,524</u>	<u>\$ 10,000</u>	<u>\$ 950</u>	<u>\$ -</u>	<u>\$ 8,522</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,524</u>	<u>\$ 10,000</u>	<u>\$ 950</u>	<u>\$ -</u>	<u>\$ 8,522</u>

HERRON HIGH 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, 2008
 (Continued)

	Non-English Speaking Program	Title I FY 2007-08	Innovative Education Program	Federal Programs I	Federal Programs II	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,913
State sources	1,135	-	-	-	-	1,659
Federal sources	-	30,383	383	-	133,500	175,916
Total receipts	1,135	30,383	383	-	133,500	254,488
Disbursements:						
Current:						
Instruction	-	39,098	-	-	150	91,042
Support services	100	-	-	-	25,159	74,565
Noninstructional services	-	-	-	-	-	28,460
Facilities acquisition and construction	-	-	-	-	155,702	163,244
Total disbursements	100	39,098	-	-	181,011	357,311
Excess (deficiency) of receipts over disbursements	1,035	(8,715)	383	-	(47,511)	(102,823)
Cash and investments - beginning	-	8,715	-	6,467	76,850	161,043
Cash and investments - ending	<u>\$ 1,035</u>	<u>\$ -</u>	<u>\$ 383</u>	<u>\$ 6,467</u>	<u>\$ 29,339</u>	<u>\$ 58,220</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 1,035</u>	<u>\$ -</u>	<u>\$ 383</u>	<u>\$ 6,467</u>	<u>\$ 29,339</u>	<u>\$ 58,220</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 1,035</u>	<u>\$ -</u>	<u>\$ 383</u>	<u>\$ 6,467</u>	<u>\$ 29,339</u>	<u>\$ 58,220</u>

HERRON HIGH SCHOOL
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	School Lunch	Textbook Rental	Donations Gifts and Trusts	Clowes Grant	Fairbanks Grant	Impact 100	LISC Grant
Receipts:							
Local sources	\$ 26,364	\$ 6,325	\$ 650	\$ -	\$ 5,000	\$ 104,000	\$ -
State sources	301	695	-	-	-	-	-
Federal sources	34,467	-	-	-	-	-	-
Total receipts	61,132	7,020	650	-	5,000	104,000	-
Disbursements:							
Current:							
Instruction	-	6,885	-	-	600	9,531	-
Support services	70	135	1,100	10,000	561	7,886	950
Noninstructional services	61,062	-	-	-	221	-	-
Facilities acquisition and construction	-	-	-	-	-	50,276	-
Total disbursements	61,132	7,020	1,100	10,000	1,382	67,693	950
Excess (deficiency) of receipts over disbursements	-	-	(450)	(10,000)	3,618	36,307	(950)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(450)	(10,000)	3,618	36,307	(950)
Cash and investments - beginning	-	-	1,524	10,000	-	-	950
Cash and investments - ending	\$ -	\$ -	\$ 1,074	\$ -	\$ 3,618	\$ 36,307	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ 1,074	\$ -	\$ 3,618	\$ 36,307	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ -	\$ 1,074	\$ -	\$ 3,618	\$ 36,307	\$ -

HERRON HIGH SCHOOL
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Safety Grant	Lilly Grant	School Administration	Non-English Speaking Program	Title I FY 2008-09	Innovative Education Program
Receipts:						
Local sources	\$ -	\$ -	\$ 13,511	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	36,889	-	-	-	36,612	-
Total receipts	36,889	-	13,511	-	36,612	-
Disbursements:						
Current:						
Instruction	-	-	8,376	1,035	-	153
Support services	27,195	912	1,151	-	36,612	-
Noninstructional services	132	-	246	-	-	-
Facilities acquisition and construction	9,562	7,142	-	-	-	230
Total disbursements	36,889	8,054	9,773	1,035	36,612	383
Excess (deficiency) of receipts over disbursements	-	(8,054)	3,738	(1,035)	-	(383)
Other financing sources (uses):						
Transfers in	-	-	15,964	-	-	-
Transfers out	-	-	(892)	-	-	-
Total other financing sources (uses)	-	-	15,072	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(8,054)	18,810	(1,035)	-	(383)
Cash and investments - beginning	-	8,522	-	1,035	-	383
Cash and investments - ending	\$ -	\$ 468	\$ 18,810	\$ -	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 468	\$ 18,810	\$ -	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ 468	\$ 18,810	\$ -	\$ -	\$ -

HERRON HIGH SCHOOL
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Special Education	Drug Free Schools	Federal Programs I	Federal Programs II	Fiscal Stabilization	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,850
State sources	-	-	-	-	-	996
Federal sources	9,575	703	6,807	-	204,063	329,116
Total receipts	9,575	703	6,807	-	204,063	485,962
Disbursements:						
Current:						
Instruction	9,575	166	12,769	6,425	119,017	174,532
Support services	-	-	505	9,056	67,033	163,166
Noninstructional services	-	-	-	100	126	61,887
Facilities acquisition and construction	-	-	-	13,757	17,887	98,854
Total disbursements	9,575	166	13,274	29,338	204,063	498,439
Excess (deficiency) of receipts over disbursements	-	537	(6,467)	(29,338)	-	(12,477)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	15,964
Transfers out	-	-	-	-	-	(892)
Total other financing sources (uses)	-	-	-	-	-	15,072
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	537	(6,467)	(29,338)	-	2,595
Cash and investments - beginning	-	-	6,467	29,338	-	58,219
Cash and investments - ending	<u>\$ -</u>	<u>\$ 537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,814</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ 537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,814</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ 537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,814</u>

HERRON HIGH SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 As of June 30, 2009

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	\$ 23,461
Improvements other than buildings	30,689
Machinery and equipment	474,746
Construction in progress	<u>172,567</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 701,463</u>

HERRON HIGH SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2009

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:		
Common School Loans:		
Loan A067	\$ 256,738	\$ -
Loan A082	137,048	-
Loan A099	542,267	-
Loan A0123	499,346	-
LISC Loan	<u>75,000</u>	<u>75,000</u>
Total governmental activities debt	<u>\$ 1,510,399</u>	<u>\$ 75,000</u>

HERRON HIGH SCHOOL
EXAMINATION RESULTS AND COMMENTS

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Coordinated and Program Reviews of the National School Lunch Program were performed by the Indiana Department of Education on February 25 and 26, 2008. The review noted the following items requiring corrective action:

"Due to errors, incorrect eligibility status of students resulted in incorrect meals being recorded for some children. Seven students were claimed for free or reduced-price meals but had no application on file. All of the applications on file at the school were reviewed to determine whether households provided required information and whether the School Food Authority (SFA) properly approved applications."

"One application was temporarily approved, but no follow up was conducted."

"The proper number of applications were verified; however, verification information was misplaced during a move of the school office."

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)

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."

TRAVEL POLICY

A travel policy was not presented for examination.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Reimbursement for lodging and meals should be based upon actual receipts for amounts paid unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

HERRON HIGH SCHOOL
EXIT CONFERENCE

The contents of this report were discussed on March 11, 2010, with Kathleen White, Business Manager/Treasurer; Janet H. McNeal, Director; and Dave Garrett, School Board Treasurer. The official response has been made a part of this report and may be found on pages 22 and 23.

An Indianapolis
Classical
High School



110 East 16th Street
Indianapolis, Indiana 46202
317-231-0010
www.herronhighschool.org

March 16, 2010

State Board of Accounts
302 W. Washington St. Room E418
Indianapolis, IN 46204-2765

Re: OFFICIAL RESPONSE

To Whom It May Concern:

Upon review of Herron High School's SBOA audit dated July 1 2007 – June 30, 2009, we have prepared the following corrective actions as documented by this letter.

Federal and State Agencies – Compliance Requirements: As noted in the results and comments of the audit, on February 25-26, 2008, the Coordinated and Program Reviews of the National School Lunch Program were performed by the Indiana Department of Revenue. The issues found at that time have since been corrected and the school is aware of its requirement and responsibility to file accurate reports and to comply with all rules, regulations, guidelines and directives of the Internal Revenue Service and the Indiana Department of Revenue.

Travel Policy: A travel policy was adopted internally after the last examination, but was not formally written and approved by the Board of Directors. A travel policy was adopted and approved by the Board of Directors on March 16, 2010 and a copy of the policy is attached for review.

Thank you for your continued support of Herron High School. We are confident this audit process will help the school progress into a mature organization.

Sincerely,

Janet McNeal
Head of School

Katie White
Business Manager/Treasurer

Herron High School Travel Policy

Personnel who have first been authorized by the Head of School or Business Manager to travel (defined as a distance of at least 50 miles from the school) in the performance of their duties shall be advanced/reimbursed as indicated below:

1. For each mile actually and necessarily traveled in the employee's automobile or other private motor vehicle the employee shall be reimbursed at the rate allowable to federal employees. Mileage should be calculated from the school address and be verified via Mapquest.com or a similar program. Employees are expected to car pool where two (2) or more employees are traveling to the same destination. In such an event only one (1) travel expense allowance at the authorized rate per mile shall be allowed for any one (1) trip;
2. When such travel is done by means of a public carrier or other means not involving a private motor vehicle, the employee shall receive as travel expense the actual fare or other expenses incurred in such travel;
3. Employees shall be reimbursed for other actual expenses such as meals, lodging and other necessary expenses incurred in the course of such travel, subject to limitations as listed below.
4. Travel advances may not be used for personal expenses or for any purpose other than the actual expenses of the authorized travel.
5. Accounting for any travel advance shall be made within five (5) working days after the end of the month in which the official travel was made.

Current reimbursements are as follows:

1. Single standard room rate for accommodations
2. Maximum reimbursement per day for meals for travel will be based on the US General Services Administration Domestic Per Diem Rates as published. Receipts are required and will be reimbursed for actual expenses not to exceed the established per diem rate. Alcohol is not a reimbursable expense and a detailed receipt will be required to show no alcohol is included in the total meal cost.
3. Reimbursement not to exceed the rate allowable to federal employees for each mile driven in private vehicle
4. Actual registration fees
5. Actual fare or other expenses incurred in travel by public carrier
6. Incidental expenses -- reasonable gratuities, parking, etc. with detailed receipt.