

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

EXAMINATION REPORT
OF
CHRISTEL HOUSE ACADEMY
MARION COUNTY, INDIANA
July 1, 2005 to June 30, 2007



FILED
05/13/2008

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:	
Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	6-7
Notes to Financial Information	8-12
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	13-19
Schedule of Capital Assets.....	20
Examination Results and Comments:	
Overdrawn Cash Balances	21
Credit Cards.....	21-22
Expense Reimbursement Itemization.....	22
Alcohol Purchases	22
Exit Conference.....	23
Official Response	24-25

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Timothy Dehaan Carey Dahncke	07-01-05 to 07-07-06 07-08-06 to 06-30-08
Business Manager	Ryan Webb Vacant Carlos Alexander	05-30-06 to 07-28-06 07-29-06 to 10-05-06 10-06-06 to 06-30-08
Chairman of the Board of Directors	Murvin Enders	07-01-05 to 06-30-08



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 CHRISTEL HOUSE ACADEMY, MARION COUNTY, INDIANA

We have examined the financial information presented herein of Christel House Academy (School Corporation), for the period of July 1, 2005 to June 30, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

March 12, 2008

CHRISTEL HOUSE ACADEMY
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 1,706,314	\$ -	\$ 53,916	\$ (1,652,398)
Support services	2,980,673	39,350	108,114	(2,833,209)
Nonprogrammed charges	1,108	-	-	(1,108)
Total governmental activities	\$ 4,688,095	\$ 39,350	\$ 162,030	(4,486,715)
General receipts:				
Property taxes				821,432
Other local sources				1,103,060
State aid				1,765,242
Grants and contributions not restricted to specific programs				297,583
Sale of property, adjustments, and refunds				912
Investment earnings				1,974
Total general receipts				3,990,203
Change in net assets				(496,512)
Net assets - beginning				654,369
Net assets - ending				\$ 157,857
<u>Assets</u>				
Cash and investments				\$ 157,857
<u>Net Assets</u>				
Unrestricted				\$ 157,857

The accompanying notes are an integral part of the financial information.

CHRISTEL HOUSE ACADEMY
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<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	\$ 1,581,520	\$ -	\$ 10,255	\$ (1,571,265)
Support services	2,741,310	39,229	186,851	(2,515,230)
Community services	754	-	-	(754)
Debt service	109	-	-	(109)
Total governmental activities	<u>\$ 4,323,693</u>	<u>\$ 39,229</u>	<u>\$ 197,106</u>	<u>(4,087,358)</u>
General receipts:				
Property taxes				771,632
Other local sources				1,121,346
State aid				1,895,737
Grants and contributions not restricted to specific programs				356,628
Sale of property, adjustments, and refunds				19,668
Investment earnings				16,956
Total general receipts				4,181,967
Change in net assets				94,609
Net assets - beginning				157,857
Net assets - ending				\$ 252,466
<u>Assets</u>				
Cash and investments				\$ 252,466
<u>Net Assets</u>				
Unrestricted				\$ 252,466

The accompanying notes are an integral part of the financial information.

CHRISTEL HOUSE ACADEMY
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, 2006

	General	School Lunch	Sixth Grade Science Donation	Donations and Gifts	Improving Teacher Quality	Charter Schools	NCLB Reading First Grant	Other	Totals
Receipts:									
Local sources	\$ 1,890,225	\$ 30,091	\$ 12,892	\$ 17,519	\$ -	\$ -	\$ -	\$ 15,089	\$ 1,965,816
State sources	1,818,194	1,144	-	-	-	-	-	14,546	1,833,884
Federal sources	-	93,388	-	-	36,119	-	78,881	182,583	390,971
Sale of property, adjustments and refunds	912	-	-	-	-	-	-	-	912
Total receipts	3,709,331	124,623	12,892	17,519	36,119	-	78,881	212,218	4,191,583
Disbursements:									
Current:									
Instruction	1,212,489	-	20,776	1,073	-	7,176	61,130	403,670	1,706,314
Support services	2,705,954	165,227	-	2,911	1,650	-	16,639	88,292	2,980,673
Nonprogrammed charges	1,108	-	-	-	-	-	-	-	1,108
Total disbursements	3,919,551	165,227	20,776	3,984	1,650	7,176	77,769	491,962	4,688,095
Excess (deficiency) of receipts over disbursements	(210,220)	(40,604)	(7,884)	13,535	34,469	(7,176)	1,112	(279,744)	(496,512)
Other financing sources (uses):									
Transfers in	25,000	-	-	-	-	-	-	-	25,000
Transfers out	-	-	-	-	-	-	-	(25,000)	(25,000)
Total other financing sources (uses)	25,000	-	-	-	-	-	-	(25,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(185,220)	(40,604)	(7,884)	13,535	34,469	(7,176)	1,112	(304,744)	(496,512)
Cash and investments - beginning	222,633	713	34,450	31,966	75,206	138,533	44,037	106,831	654,369
Cash and investments - ending	\$ 37,413	\$ (39,891)	\$ 26,566	\$ 45,501	\$ 109,675	\$ 131,357	\$ 45,149	\$ (197,913)	\$ 157,857
<u>Cash and Investment Assets - Ending</u>									
Cash and investments	\$ 37,413	\$ (39,891)	\$ 26,566	\$ 45,501	\$ 109,675	\$ 131,357	\$ 45,149	\$ (197,913)	\$ 157,857
<u>Cash and Investment Fund Balance - Ending</u>									
Unrestricted	\$ 37,413	\$ (39,891)	\$ 26,566	\$ 45,501	\$ 109,675	\$ 131,357	\$ 45,149	\$ (197,913)	\$ 157,857

The accompanying notes are an integral part of the financial information.

CHRISTEL HOUSE ACADEMY
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, 2007

	General	School Lunch	Sixth Grade Science Donation	Donations and Gifts	Improving Teacher Quality	Charter Schools	NCLB Reading First Grant	Other	Totals
Receipts:									
Local sources	\$ 1,909,934	\$ 33,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,964	\$ 1,949,163
State sources	1,905,348	1,438	-	-	-	-	-	20,323	1,927,109
Federal sources	-	165,734	-	-	-	-	129,910	226,718	522,362
Sale of property, adjustments and refunds	19,668	-	-	-	-	-	-	-	19,668
Total receipts	3,834,950	200,437	-	-	-	-	129,910	253,005	4,418,302
Disbursements:									
Current:									
Instruction	1,168,158	-	-	(1,073)	109,675	-	115,952	188,808	1,581,520
Support services	2,524,152	95,788	-	45,314	-	-	18,725	57,331	2,741,310
Community services	754	-	-	-	-	-	-	-	754
Debt services	109	-	-	-	-	-	-	-	109
Total disbursements	3,693,173	95,788	-	44,241	109,675	-	134,677	246,139	4,323,693
Excess (deficiency) of receipts over disbursements	141,777	104,649	-	(44,241)	(109,675)	-	(4,767)	6,866	94,609
Other financing sources (uses):									
Transfers in	14,715	-	-	-	-	-	-	17,386	32,101
Transfers out	-	-	-	(1,260)	-	-	(12,126)	(18,715)	(32,101)
Total other financing sources (uses)	14,715	-	-	(1,260)	-	-	(12,126)	(1,329)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	156,492	104,649	-	(45,501)	(109,675)	-	(16,893)	5,537	94,609
Cash and investments - beginning	37,413	(39,891)	26,566	45,501	109,675	131,357	45,149	(197,913)	157,857
Cash and investments - ending	<u>\$ 193,905</u>	<u>\$ 64,758</u>	<u>\$ 26,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,357</u>	<u>\$ 28,256</u>	<u>\$ (192,376)</u>	<u>\$ 252,466</u>
Cash and Investment Assets - Ending									
Cash and investments	<u>\$ 193,905</u>	<u>\$ 64,758</u>	<u>\$ 26,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,357</u>	<u>\$ 28,256</u>	<u>\$ (192,376)</u>	<u>\$ 252,466</u>
Cash and Investment Fund Balance - Ending									
Unrestricted	<u>\$ 193,905</u>	<u>\$ 64,758</u>	<u>\$ 26,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,357</u>	<u>\$ 28,256</u>	<u>\$ (192,376)</u>	<u>\$ 252,466</u>

The accompanying notes are an integral part of the financial information.

CHRISTEL HOUSE ACADEMY
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 Schedules Activities and Net Assets – Cash and Investment Basis display 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 nonexchange 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 schedules are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial schedules. 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 school lunch fund accounts for financial resources related to the operation of the school lunch and breakfast programs.

The sixth grade science donation fund accounts for financial resources donated to the school from private entities.

The donations and gifts fund accounts for financial resources donated to the school from private entities.

The improving teacher quality fund accounts for federal title II, part a grant awards for the purpose of improving teacher quality.

CHRISTEL HOUSE ACADEMY
NOTES TO FINANCIAL INFORMATION
(Continued)

The charter schools fund accounts for federal esea title v grant awards to support school improvement programs and activities.

The nclb reading first grant fund accounts for federal grant awards for the purpose of improving student reading skills.

B. Measurement Focus and Basis of Accounting

The government-wide and governmental 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.

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 schedules.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial schedules for governmental funds would use the modified accrual basis of accounting, while the fund financial schedules 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 schedules 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 schedules.

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 prepared and approved at the local level.

CHRISTEL HOUSE ACADEMY
NOTES TO FINANCIAL INFORMATION
(Continued)

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). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected. However, a delay in the approval of taxable property assessments resulted in May 2007 tax bills not being issued until November 2007. This caused a significant decrease in receipts from local sources/property taxes for the year 2006-2007.

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, 2006 and 2007, were as follows:

Transfer From	Transfer To	2006	2007
Donations and Gifts Fund	General Fund	\$ -	\$ 1,260
NCLB Reading First Grant	General Fund	-	12,126
Other governmental funds	General Fund	25,000	1,329
Other governmental funds	Other governmental funds	-	17,386
Totals		<u>\$ 25,000</u>	<u>\$ 32,101</u>

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

CHRISTEL HOUSE ACADEMY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 7. 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% 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.

B. 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.

CHRISTEL HOUSE ACADEMY
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006

	Special Education Preschool	Textbook Rental	Donations and Gifts	Tiger Woods Donation	Weyerhaeuser Outdoor Lab	Walton Family Foundation Grant
Receipts:						
Local sources	\$ -	\$ 9,259	\$ -	\$ -	\$ -	\$ -
State sources	-	13,582	-	-	-	-
Federal sources	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>22,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	-	274,677	-	-	532	32,030
Support services	-	101	260	1,120	468	-
Total disbursements	<u>-</u>	<u>274,778</u>	<u>260</u>	<u>1,120</u>	<u>1,000</u>	<u>32,030</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(251,937)</u>	<u>(260)</u>	<u>(1,120)</u>	<u>(1,000)</u>	<u>(32,030)</u>
Other financing uses:						
Transfers out	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(251,937)	(260)	(1,120)	(1,000)	(32,030)
Cash and investments - beginning	<u>2,750</u>	<u>13,493</u>	<u>260</u>	<u>3,949</u>	<u>1,000</u>	<u>41,038</u>
Cash and investments - ending	<u>\$ 2,750</u>	<u>\$ (238,444)</u>	<u>\$ -</u>	<u>\$ 2,829</u>	<u>\$ -</u>	<u>\$ 9,008</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 2,750</u>	<u>\$ (238,444)</u>	<u>\$ -</u>	<u>\$ 2,829</u>	<u>\$ -</u>	<u>\$ 9,008</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 2,750</u>	<u>\$ (238,444)</u>	<u>\$ -</u>	<u>\$ 2,829</u>	<u>\$ -</u>	<u>\$ 9,008</u>

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Education Pays	Gary Player Foundation	Pacer Uniform Grant	After School Program	Miscellaneous Programs	Fall Festival
Receipts:						
Local sources	\$ 1,049	\$ -	\$ 2,959	\$ -	\$ -	\$ 1,822
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Total receipts	<u>1,049</u>	<u>-</u>	<u>2,959</u>	<u>-</u>	<u>-</u>	<u>1,822</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	946	-	2,959	-	2,812	1,822
Total disbursements	<u>946</u>	<u>-</u>	<u>2,959</u>	<u>-</u>	<u>2,812</u>	<u>1,822</u>
Excess (deficiency) of receipts over disbursements	<u>103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,812)</u>	<u>-</u>
Other financing uses:						
Transfers out	-	(25,000)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	103	(25,000)	-	-	(2,812)	-
Cash and investments - beginning	<u>1,226</u>	<u>25,000</u>	<u>-</u>	<u>4,500</u>	<u>2,812</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 1,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 1,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Non-English Speaking Program	Title I 2004-2005	Title I 2005-2006	Title V Part A	Serve America
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	964	-	-	-	-
Federal sources	-	12,251	158,230	886	3,000
Total receipts	964	12,251	158,230	886	3,000
Disbursements:					
Current:					
Instruction	-	9,550	86,129	-	752
Support services	-	4,553	72,101	-	1,150
Total disbursements	-	14,103	158,230	-	1,902
Excess (deficiency) of receipts over disbursements	964	(1,852)	-	886	1,098
Other financing uses:					
Transfers out	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	964	(1,852)	-	886	1,098
Cash and investments - beginning	589	1,852	-	1,610	-
Cash and investments - ending	<u>\$ 1,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,496</u>	<u>\$ 1,098</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 1,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,496</u>	<u>\$ 1,098</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 1,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,496</u>	<u>\$ 1,098</u>

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Drug Free Schools	T-1 Lines	Challenge Grant for Technology	Title II Part D	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 15,089
State sources	-	-	-	-	14,546
Federal sources	3,081	-	1,046	4,089	182,583
	<u>3,081</u>	<u>-</u>	<u>1,046</u>	<u>4,089</u>	<u>212,218</u>
Total receipts					
Disbursements:					
Current:					
Instruction	-	-	-	-	403,670
Support services	-	-	-	-	88,292
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491,962</u>
Total disbursements					
Excess (deficiency) of receipts over disbursements	<u>3,081</u>	<u>-</u>	<u>1,046</u>	<u>4,089</u>	<u>(279,744)</u>
Other financing uses:					
Transfers out	-	-	-	-	(25,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses					
	3,081	-	1,046	4,089	(304,744)
Cash and investments - beginning	<u>1,372</u>	<u>4,333</u>	<u>-</u>	<u>1,047</u>	<u>106,831</u>
Cash and investments - ending	<u>\$ 4,453</u>	<u>\$ 4,333</u>	<u>\$ 1,046</u>	<u>\$ 5,136</u>	<u>\$ (197,913)</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 4,453</u>	<u>\$ 4,333</u>	<u>\$ 1,046</u>	<u>\$ 5,136</u>	<u>\$ (197,913)</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 4,453</u>	<u>\$ 4,333</u>	<u>\$ 1,046</u>	<u>\$ 5,136</u>	<u>\$ (197,913)</u>

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool	Textbook Rental	Tiger Woods Donation	Walton Family Foundation Grant	Education Pays	After School Program
Receipts:						
Local sources	\$ -	\$ 5,964	\$ -	\$ -	\$ -	\$ -
State sources	-	19,678	-	-	-	-
Federal sources	-	-	-	-	-	-
Total receipts	-	25,642	-	-	-	-
Disbursements:						
Current:						
Instruction	2,750	89	108	-	-	4,500
Support services	-	-	2,721	-	-	-
Total disbursements	2,750	89	2,829	-	-	4,500
Excess (deficiency) of receipts over disbursements	(2,750)	25,553	(2,829)	-	-	(4,500)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(1,329)	-
Total other financing sources (uses)	-	-	-	-	(1,329)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,750)	25,553	(2,829)	-	(1,329)	(4,500)
Cash and investments - beginning	2,750	(238,444)	2,829	9,008	1,329	4,500
Cash and investments - ending	\$ -	\$ (212,891)	\$ -	\$ 9,008	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ (212,891)	\$ -	\$ 9,008	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ (212,891)	\$ -	\$ 9,008	\$ -	\$ -

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Non-English Speaking Program	Title I 2005-2006	Title I 2006-2007	Title V Part A	Serve America	Drug Free Schools
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	645	-	-	-	-	-
Federal sources	-	30,577	178,934	-	-	-
Total receipts	645	30,577	178,934	-	-	-
Disbursements:						
Current:						
Instruction	35	2,607	158,917	1,610	-	2,429
Support services	-	10,584	37,403	-	846	-
Total disbursements	35	13,191	196,320	1,610	846	2,429
Excess (deficiency) of receipts over disbursements	610	17,386	(17,386)	(1,610)	(846)	(2,429)
Other financing sources (uses):						
Transfers in	-	-	17,386	-	-	-
Transfers out	-	(17,386)	-	-	-	-
Total other financing sources (uses)	-	(17,386)	17,386	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	610	-	-	(1,610)	(846)	(2,429)
Cash and investments - beginning	1,553	-	-	2,496	1,098	4,453
Cash and investments - ending	\$ 2,163	\$ -	\$ -	\$ 886	\$ 252	\$ 2,024
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,163	\$ -	\$ -	\$ 886	\$ 252	\$ 2,024
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 2,163	\$ -	\$ -	\$ 886	\$ 252	\$ 2,024

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	T-1 Lines	Challenge Grant for Technology	Title II Part D	ESEA Title V Grant	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 5,964
State sources	-	-	-	-	20,323
Federal sources	-	-	-	17,207	226,718
Total receipts	-	-	-	17,207	253,005
Disbursements:					
Current:					
Instruction	-	-	-	15,763	188,808
Support services	4,333	-	-	1,444	57,331
Total disbursements	4,333	-	-	17,207	246,139
Excess (deficiency) of receipts over disbursements	(4,333)	-	-	-	6,866
Other financing sources (uses):					
Transfers in	-	-	-	-	17,386
Transfers out	-	-	-	-	(18,715)
Total other financing sources (uses)	-	-	-	-	(1,329)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,333)	-	-	-	5,537
Cash and investments - beginning	4,333	1,046	5,136	-	(197,913)
Cash and investments - ending	\$ -	\$ 1,046	\$ 5,136	\$ -	\$ (192,376)
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ 1,046	\$ 5,136	\$ -	\$ (192,376)
Cash and Investment Fund Balance - Ending					
Unrestricted	\$ -	\$ 1,046	\$ 5,136	\$ -	\$ (192,376)

CHRISTEL HOUSE ACADEMY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2007

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:	
Leasehold Improvements	\$ 11,381
Machinery and equipment	<u>506,273</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 517,654</u>

CHRISTEL HOUSE ACADEMY
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balances of the School Lunch Fund and Textbook Rental Fund were overdrawn at June 30, 2006, by \$39,891 and \$238,444, respectively. The cash balance of the Textbook Rental Fund was overdrawn at June 30, 2007, by \$212,891.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CREDIT CARDS

Payments were made for credit card purchases without adequate supporting documentation. Of the five credit card claims reviewed, three claims were missing some of the original receipts or invoices and included receipts for meals that were not itemized. Additionally, a late fee of \$35 was paid on one claim and an over limit fee of \$39 was paid on another.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.

CHRISTEL HOUSE ACADEMY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs.

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

EXPENSE REIMBURSEMENT ITEMIZATION

Records presented for examination included claims totaling \$2,729 for reimbursement of staff meals for more than one individual. Detailed documentation was not attached to the information presented for reimbursement which would enable a determination that all expenses were for employees conducting governmental business.

All claims, invoices, receipts and accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for whom amounts are claimed, including the nature, name and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ALCOHOL PURCHASES

Purchase of alcoholic beverages was paid from public funds. The Business Manager was reimbursed for the purchase of alcoholic beverages, for an "End of the Year Celebration" for the staff, in the amount of \$200.50. Reimbursement was requested in the amount of \$200.50. The Treasurer and the Business Manager each made a reimbursement of \$100.25 with check 1250 and check 4162, respectively on February 29, 2008.

Purchases of alcoholic beverages may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CHRISTEL HOUSE ACADEMY
EXIT CONFERENCE

The contents of this report were discussed on March 12, 2008, with Carey Dahncke, Treasurer/Principal; Carlos Alexander, Business Manager; Murvin Enders, Chairman of the Board of Directors; and Joseph Schneider, Chief Financial Officer Christel House International. The official response has been made a part of this report and may be found on pages 24 and 25.



Christel House.
Academy

State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765

OFFICIAL RESPONSE

Reference: Christel House Academy Examination for 07/01/05 – 06/30/07

The State Board of accounts completed its books and records examination of Christel House Academy ("the Academy") on March 13, 2008. This examination resulted in four findings and the Academy's responses to these findings are as follows:

1. **Overdrawn Cash Balances:** the examination noted the School Lunch Fund and Textbook Rental Fund were overdrawn at June 30, 2006 by \$39,891 and \$238,044, respectively. While as of June 30, 2007, the Textbook Rental Fund was overdrawn by \$212,891.

While these funds' cash balances were overdrawn, sufficient funding was maintained in the General Fund cash account, so that the bank account, in total, was not overdrawn.

The School Lunch Fund cash balance as of June 30, 2007 was positive \$64,758.75. As such, this examination finding has been resolved, as it relates to this fund.

The Textbook Rental Fund cash balance remains overdrawn. It is not unusual that a Textbook Rental Fund cash balance is negative due to the nature and functioning of this fund. Textbooks are purchased through this fund and then the fund is reimbursed through billings to students' families as well as through textbooks receipts from government sources for those children participating in the free and reduced lunch program. Generally, the cost of textbooks is recovered by the school over four to five years. The delay in these receipts perpetually keeps the textbook fund cash balance in a negative position.

2. **Credit Card:** the examination identified credit card disbursements that were not supported by adequate documentation and identified that the school unnecessarily incurred \$74 in credit card related fees.

2717 South East Street, Indianapolis, IN 46225-2104
Tel 317.783.4690- www.cha.christelhouse.org

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The Academy's management has requested the school's bookkeeping service to review all credit card payments for the examination period to ensure all such payments are supported by appropriate documentation. A report of the bookkeeping service's findings will be provided to the Academy's Board of Directors. It should be noted that new credit card processing procedures were initiated in November 2006, resulting in no examination findings since that date. The Academy's management believes this issue to have been adequately resolved since November 2006.

3. Expense Reimbursement Itemization: the examination report identified expense reimbursement claims with staff meals that were not supported by adequate documentation.

New expense report review and approval processes were put in place after a change in the Academy's leadership in June 2006, to ensure compliance with school policy and to ensure adequate support for such expense reimbursement claims. The State Board of Accounts examination identified no deficiencies after June 2006. Therefore, we believe this issue to have been adequately resolved.

4. Alcohol Purchases: the examination identified \$200.50 of alcohol purchases in connection with a staff "End of Year Celebration".

The purchase of alcohol as a part of this function was the result of miscommunication with restaurant personnel regarding allowable drinks/refreshments and then an oversight on the part of management in paying the related bill. The Academy's management reimbursed the school for this unauthorized expenditure, as it was never the intent to utilize school funds for the purchase of alcohol.

We wish to express our gratitude to the State Board of Accounts staff for professionally performing the examination of the Academy for the period ending June 30, 2007.



Carlos Alexander, *School Business Manager*



Carcy Dahncke, *Principal / Treasurer*