

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

AUDIT REPORT  
OF  
CHRISTEL HOUSE ACADEMY  
MARION COUNTY, INDIANA  
July 1, 2007 to June 30, 2009



**FILED**

03/17/2010



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carey Dahncke	07-01-07 to 06-30-10
Business Manager	Carlos Alexander	07-01-07 to 06-30-10
President of the School Board	Murvin Enders	07-01-07 to 06-30-10



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CHRISTEL HOUSE ACADEMY, MARION COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Christel House Academy (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 10, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents and Schedule of Capital Assets are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 10, 2009



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CHRISTEL HOUSE ACADEMY, MARION COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Christel House Academy (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities 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

February 10, 2009

CHRISTEL HOUSE ACADEMY  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<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	\$ 2,140,850	\$ -	\$ 61,471	\$ (2,079,379)
Support services	1,187,077	59,871	205,745	(921,461)
Noninstructional services	282,985	-	-	(282,985)
Facilities acquisition and construction	<u>1,288,486</u>	<u>-</u>	<u>-</u>	<u>(1,288,486)</u>
Total governmental activities	<u>\$ 4,899,398</u>	<u>\$ 59,871</u>	<u>\$ 267,216</u>	<u>(4,572,311)</u>
General receipts:				
Property taxes				1,112,695
Other local sources				786,438
State aid				1,975,094
Grants and contributions not restricted to specific programs				559,394
Investment earnings				12,899
Other				<u>11,787</u>
Total general receipts				<u>4,458,307</u>
Change in net assets				(114,005)
Net assets - beginning				<u>245,522</u>
Net assets - ending				<u>\$ 131,517</u>
<u>Assets</u>				
Cash and investments				<u>\$ 131,517</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 131,517</u>

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

CHRISTEL HOUSE ACADEMY  
STATEMENT 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>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	\$ 2,256,537	\$ -	\$ 69,493	\$ (2,187,044)
Support services	1,441,063	47,030	211,843	(1,182,190)
Noninstructional services	203,619	-	-	(203,619)
Facilities acquisition and construction	<u>1,133,016</u>	<u>-</u>	<u>-</u>	<u>(1,133,016)</u>
Total governmental activities	<u>\$ 5,034,235</u>	<u>\$ 47,030</u>	<u>\$ 281,336</u>	<u>(4,705,869)</u>
General receipts:				
Property taxes				517,494
Other local sources				853,052
State aid				2,367,947
Grants and contributions not restricted to specific programs				923,397
Investment earnings				<u>304</u>
Total general receipts				<u>4,662,194</u>
Change in net assets				(43,675)
Net assets - beginning				<u>131,517</u>
Net assets - ending				<u>\$ 87,842</u>
<u>Assets</u>				
Cash and investments				<u>\$ 87,842</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 87,842</u>

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

CHRISTEL HOUSE ACADEMY  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008

	General	School Lunch	Title I	21st Century Learning	Title II Part A	ESEA Title V Grant	No Child Left Behind Reading First	Other	Totals
<b>Receipts:</b>									
Local sources	\$ 1,885,752	\$ 32,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,949	\$ 1,971,901
State sources	2,026,185	768	-	-	-	-	-	37,153	2,064,106
Federal sources	-	178,205	279,083	88,025	33,738	-	152,548	6,000	737,599
Other	5,278	-	-	-	-	-	-	6,509	11,787
<b>Total receipts</b>	<b>3,917,215</b>	<b>211,173</b>	<b>279,083</b>	<b>88,025</b>	<b>33,738</b>	<b>-</b>	<b>152,548</b>	<b>103,611</b>	<b>4,785,393</b>
<b>Disbursements:</b>									
<b>Current:</b>									
Instruction	1,734,019	-	218,039	35,119	-	-	134,585	19,088	2,140,850
Support services	1,108,123	-	50,336	17,906	-	-	3,840	6,872	1,187,077
Noninstructional services	4,915	269,120	621	-	-	-	76	8,253	282,985
Facilities acquisition and construction	1,250,825	-	10,086	17,323	-	-	8,310	1,942	1,288,486
<b>Total disbursements</b>	<b>4,097,882</b>	<b>269,120</b>	<b>279,082</b>	<b>70,348</b>	<b>-</b>	<b>-</b>	<b>146,811</b>	<b>36,155</b>	<b>4,899,398</b>
Excess (deficiency) of receipts over disbursements	(180,667)	(57,947)	1	17,677	33,738	-	5,737	67,456	(114,005)
<b>Other financing sources (uses):</b>									
Transfers in	245,000	-	-	-	-	-	-	-	245,000
Transfers out	(245,000)	-	-	-	-	-	-	-	(245,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(180,667)	(57,947)	1	17,677	33,738	-	5,737	67,456	(114,005)
Cash and investments - beginning	186,960	64,759	-	-	-	131,357	28,256	(165,810)	245,522
Cash and investments - ending	<u>\$ 6,293</u>	<u>\$ 6,812</u>	<u>\$ 1</u>	<u>\$ 17,677</u>	<u>\$ 33,738</u>	<u>\$ 131,357</u>	<u>\$ 33,993</u>	<u>\$ (98,354)</u>	<u>\$ 131,517</u>
<b>Cash and Investment Assets - Ending</b>									
Cash and investments	<u>\$ 6,293</u>	<u>\$ 6,812</u>	<u>\$ 1</u>	<u>\$ 17,677</u>	<u>\$ 33,738</u>	<u>\$ 131,357</u>	<u>\$ 33,993</u>	<u>\$ (98,354)</u>	<u>\$ 131,517</u>
<b>Cash and Investment Fund Balance - Ending</b>									
Unrestricted	<u>6,293</u>	<u>6,812</u>	<u>1</u>	<u>17,677</u>	<u>33,738</u>	<u>131,357</u>	<u>33,993</u>	<u>(98,354)</u>	<u>131,517</u>
Total cash and investment fund balance - ending	<u>\$ 6,293</u>	<u>\$ 6,812</u>	<u>\$ 1</u>	<u>\$ 17,677</u>	<u>\$ 33,738</u>	<u>\$ 131,357</u>	<u>\$ 33,993</u>	<u>\$ (98,354)</u>	<u>\$ 131,517</u>

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

CHRISTEL HOUSE ACADEMY  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009

	General	School Lunch	Title I	21st Century Learning	Title II Part A	ESEA Title V Grant	No Child Left Behind Reading First	Other	Totals
<b>Receipts:</b>									
Local sources	\$ 1,100,269	\$ 27,971	\$ -	\$ 589	\$ -	\$ -	\$ -	\$ 284,661	\$ 1,413,490
Intermediate sources	4,390	-	-	-	-	-	-	-	4,390
State sources	2,437,940	694	-	-	-	-	-	30,043	2,468,677
Federal sources	-	180,606	375,541	57,856	-	-	153,838	336,162	1,104,003
<b>Total receipts</b>	<b>3,542,599</b>	<b>209,271</b>	<b>375,541</b>	<b>58,445</b>	<b>-</b>	<b>-</b>	<b>153,838</b>	<b>650,866</b>	<b>4,990,560</b>
<b>Disbursements:</b>									
Current:									
Instruction	1,599,823	-	231,386	47,540	-	131,357	137,674	108,757	2,256,537
Support services	1,247,546	36	103,313	11,790	2,528	-	5,566	70,284	1,441,063
Noninstructional services	5,294	195,684	444	115	-	-	505	1,577	203,619
Facilities acquisition and construction	645,398	-	6,759	10,550	-	-	7,854	462,454	1,133,015
<b>Total disbursements</b>	<b>3,498,061</b>	<b>195,720</b>	<b>341,902</b>	<b>69,995</b>	<b>2,528</b>	<b>131,357</b>	<b>151,599</b>	<b>643,072</b>	<b>5,034,234</b>
Excess (deficiency) of receipts over disbursements	44,538	13,551	33,639	(11,550)	(2,528)	(131,357)	2,239	7,794	(43,674)
<b>Other financing sources (uses):</b>									
Transfers in	756,549	-	-	-	-	-	-	31,348	787,897
Transfers out	(787,897)	-	-	-	-	-	-	-	(787,897)
<b>Total other financing sources (uses)</b>	<b>(31,348)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,348</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,190	13,551	33,639	(11,550)	(2,528)	(131,357)	2,239	39,142	(43,674)
Cash and investments - beginning	6,293	6,812	1	17,677	33,738	131,357	33,993	(98,354)	131,517
Cash and investments - ending	\$ 19,483	\$ 20,363	\$ 33,640	\$ 6,127	\$ 31,210	\$ -	\$ 36,232	\$ (59,213)	\$ 87,842
<b>Cash and Investment Assets - Ending</b>									
Cash and investments	\$ 19,483	\$ 20,363	\$ 33,640	\$ 6,127	\$ 31,210	\$ -	\$ 36,232	\$ (59,213)	\$ 87,842
<b>Cash and Investment Fund Balance - Ending</b>									
Unrestricted	\$ 19,483	\$ 20,363	\$ 33,640	\$ 6,127	\$ 31,210	\$ -	\$ 36,232	\$ (59,213)	\$ 87,842

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

CHRISTEL HOUSE ACADEMY  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Christel House Academy

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The school lunch fund accounts for all financial resources of the school lunch and breakfast program.

The title II, Part A fund accounts for all financial resources for the title II, part a grant.

CHRISTEL HOUSE ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The esea title V grant fund accounts for all financial resources of the title V grant.

The no child left behind reading first fund accounts for all financial resources of the no child left behind, reading first grant.

The title I fund accounts for all financial resources of the Title I grant.

The 21<sup>st</sup> century learning fund accounts for all financial resources for the 21<sup>st</sup> century learning grant.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

CHRISTEL HOUSE ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in 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.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

CHRISTEL HOUSE ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through

CHRISTEL HOUSE ACADEMY  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

<u>Fund</u>	<u>FY 07-08</u>	<u>FY 08-09</u>
Textbook Rental	<u>\$ (132,170)</u>	<u>\$ (99,386)</u>

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2009, the School Corporation had deposit balances in the amount of \$723,456, all of which is insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance fund.

2. Investments

As of June 30, 2009, the School Corporation did not have any investments.

CHRISTEL HOUSE ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk. Risk financing is not utilized for the other risks of loss.

B. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

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 the 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 member's 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. The 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 plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

CHRISTEL HOUSE ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 16,554
Interest on net pension obligation	(1,702)
Adjustment to annual required contribution	1,939
Annual pension cost	16,791
Contributions made	22,353
Increase (decrease) in net pension obligation	(5,562)
Net pension obligation, beginning of year	(23,471)
Net pension obligation, end of year	\$ (29,033)

	PERF
Contribution rates:	
School Corporation	7%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 17,231	130%	\$ (27,675)
	06-30-07	22,259	81%	(23,471)
	06-30-08	16,791	133%	(29,033)

CHRISTEL HOUSE ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

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

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.

Plan members are required to contribute 7.25% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008 and 2009, were \$105,529 and \$107,266, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

CHRISTEL HOUSE ACADEMY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 57,833	\$ 73,445	\$ (15,612)	79%	\$ 329,975	(5%)
07-01-07	78,950	75,353	3,597	105%	254,000	1%
07-01-08	109,853	107,440	2,413	102%	289,321	1%

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, 2008

	Textbook Rental	Non-English Speaking Program	Title I FY 2006-2007	Title V, Part A PL 107-110	Serve America	Drug Free Schools	Challenge Grant For Technology
<b>Receipts:</b>							
Local sources	\$ 53,949	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	26,772	10,381	-	-	-	-	-
Federal sources	-	-	6,000	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>80,721</b>	<b>10,381</b>	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	12,543	6,000	-	-	545	-
Support services	-	-	-	886	-	850	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>12,543</b>	<b>6,000</b>	<b>886</b>	<b>-</b>	<b>1,395</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	80,721	(2,162)	-	(886)	-	(1,395)	-
Cash and investments - beginning	(212,891)	2,163	-	886	253	2,023	1,046
Cash and investments - ending	<u>\$ (132,170)</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253</u>	<u>\$ 628</u>	<u>\$ 1,046</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ (132,170)</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253</u>	<u>\$ 628</u>	<u>\$ 1,046</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ (132,170)</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253</u>	<u>\$ 628</u>	<u>\$ 1,046</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, 2008  
 (Continued)

	Title II Part D	Miscellaneous Gifts & Contributions	Education Pays	Walton Family Foundation Grant	Donation Science 6th Grade	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,949
State sources	-	-	-	-	-	37,153
Federal sources	-	-	-	-	-	6,000
Other	-	6,484	25	-	-	6,509
<b>Total receipts</b>	<b>-</b>	<b>6,484</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>103,611</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	19,088
Support services	5,136	-	-	-	-	6,872
Noninstructional services	-	-	-	8,253	-	8,253
Facilities acquisition and construction	-	1,942	-	-	-	1,942
<b>Total disbursements</b>	<b>5,136</b>	<b>1,942</b>	<b>-</b>	<b>8,253</b>	<b>-</b>	<b>36,155</b>
Excess (deficiency) of receipts over disbursements	(5,136)	4,542	25	(8,253)	-	67,456
Cash and investments - beginning	5,136	-	-	9,008	26,566	(165,810)
Cash and investments - ending	\$ -	\$ 4,542	\$ 25	\$ 755	\$ 26,566	\$ (98,354)
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 4,542	\$ 25	\$ 755	\$ 26,566	\$ (98,354)
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ -	\$ 4,542	\$ 25	\$ 755	\$ 26,566	\$ (98,354)

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, 2009

	Textbook Rental	Donation Science 6th Grade	Walton Family Foundation Grant	Education Pays	Miscellaneous Grants & Contributions	Camptown	Music/Energy Grant
<b>Receipts:</b>							
Local sources	\$ 2,741	\$ -	\$ -	\$ -	\$ -	\$ 14,318	\$ 5,000
State sources	30,043	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>32,784</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,318</b>	<b>5,000</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	26,566	-	-	-	3,968	-
Support services	-	-	730	-	-	1,286	-
Noninstructional services	-	-	25	-	-	670	-
Facilities acquisition and construction	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>26,566</b>	<b>755</b>	<b>-</b>	<b>-</b>	<b>5,924</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>32,784</b>	<b>(26,566)</b>	<b>(755)</b>	<b>-</b>	<b>-</b>	<b>8,394</b>	<b>5,000</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
and other financing uses	32,784	(26,566)	(755)	-	-	8,394	5,000
Cash and investments - beginning	(132,170)	26,566	755	25	4,542	-	-
Cash and investments - ending	<u>\$ (99,386)</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 4,542</u>	<u>\$ 8,394</u>	<u>\$ 5,000</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	<u>\$ (99,386)</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 4,542</u>	<u>\$ 8,394</u>	<u>\$ 5,000</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Unrestricted	<u>\$ (99,386)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 4,542</u>	<u>\$ 8,394</u>	<u>\$ 5,000</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, 2009  
 (Continued)

	IME Becas Fellowship Award	School Administration	Title I FY 07-08	Title I Distinguished Award	Title V, Part A PL 107-110	Serve America	Special Education
<b>Receipts:</b>							
Local sources	\$ 15,000	\$ 211,485	\$ -	\$ -	\$ -	\$ -	\$ 36,117
State sources	-	-	-	-	-	-	-
Federal sources	-	-	15,825	25,000	1,706	-	-
<b>Total receipts</b>	<b>15,000</b>	<b>211,485</b>	<b>15,825</b>	<b>25,000</b>	<b>1,706</b>	<b>-</b>	<b>36,117</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	7,094	7,246	6,081	-	-	33,509
Support services	91	56,492	8,475	602	-	-	2,608
Noninstructional services	-	477	4	400	-	-	-
Facilities acquisition and construction	-	178,770	100	15,975	1,706	-	-
<b>Total disbursements</b>	<b>91</b>	<b>242,833</b>	<b>15,825</b>	<b>23,058</b>	<b>1,706</b>	<b>-</b>	<b>36,117</b>
Excess (deficiency) of receipts over disbursements	14,909	(31,348)	-	1,942	-	-	-
<b>Other financing sources (uses):</b>							
Transfers in	-	31,348	-	-	-	-	-
and other financing uses	14,909	-	-	1,942	-	-	-
Cash and investments - beginning	-	-	-	-	-	253	-
Cash and investments - ending	\$ 14,909	\$ -	\$ -	\$ 1,942	\$ -	\$ 253	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 14,909	\$ -	\$ -	\$ 1,942	\$ -	\$ 253	\$ -
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 14,909	\$ -	\$ -	\$ 1,942	\$ -	\$ 253	\$ -

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, 2009  
 (Continued)

	Drug Free Schools	Challenge Grant For Technology	Non-English Speaking Program	Title V Part B	Fiscal Stabilization	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284,661
State sources	-	-	-	-	-	30,043
Federal sources	3,435	-	-	24,293	265,903	336,162
<b>Total receipts</b>	<b>3,435</b>	<b>-</b>	<b>-</b>	<b>24,293</b>	<b>265,903</b>	<b>650,866</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	24,293	-	108,757
Support services	-	-	-	-	-	70,284
Noninstructional services	-	-	1	-	-	1,577
Facilities acquisition and construction	-	-	-	-	265,903	462,454
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>24,293</b>	<b>265,903</b>	<b>643,072</b>
Excess (deficiency) of receipts over disbursements	3,435	-	(1)	-	-	7,794
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	31,348
and other financing uses	3,435	-	(1)	-	-	39,142
Cash and investments - beginning	628	1,046	1	-	-	(98,354)
Cash and investments - ending	<u>\$ 4,063</u>	<u>\$ 1,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,213)</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ 4,063</u>	<u>\$ 1,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,213)</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	<u>\$ 4,063</u>	<u>\$ 1,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,213)</u>

CHIRSTEL HOUSE ACADEMY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended 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.

General infrastructure assets are not applicable to a school corporation.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 11,381
Improvements other than buildings	648
Machinery and equipment	<u>718,161</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 730,190</u>

CHRISTEL HOUSE ACADEMY  
AUDIT RESULT AND COMMENT

OVERDRAWN FUND BALANCES

The Textbook Rental Fund was overdrawn in FY 2007-2008 and FY 2008-2009 by \$132,170 and \$99,386, respectively.

The 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)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CHRISTEL HOUSE ACADEMY, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of the Christel House Academy (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities 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

February 10, 2009

CHRISTEL HOUSE ACADEMY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
National School Breakfast Program	10.553			
		FY 2007-2008	\$ 39,810	\$ -
		FY 2008-2009	-	39,923
National School Lunch Program	10.555			
		FY 2007-2008	149,406	-
		FY 2008-2009	-	151,298
Total for cluster			<u>189,216</u>	<u>191,221</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		FY 2007-2008	285,083	15,825
		FY 2008-2009	-	380,784
Total for cluster			<u>285,083</u>	<u>396,609</u>
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027			
		FY 2008-2009	-	36,117
State Fiscal Stabilization Fund Cluster				
State Fiscal Stabilization Fund Education State Grants Recover Act	84.394		-	265,903
Safe and Drug Free Schools and Communities State Grants	84.186			
		FY 2007-2008	2,281	-
		FY 2008-2009	-	1,706
Total for program			<u>2,281</u>	<u>1,706</u>
Charter Schools	84.282			
		FY 2007-2008	-	155,650
Twenty-First Century Community Learning Centers	84.287			
		FY 2007-2008	70,348	-
		FY 2008-2009	-	69,996
Total for program			<u>70,348</u>	<u>69,996</u>
Reading First State Grants	84.357			
		FY 2007-2008	146,812	-
		FY 2008-2009	-	151,598
Total for program			<u>146,812</u>	<u>151,598</u>
Mathematics and Science Partnerships	84.366			
		FY 2008-2009	-	2,528
Improving Teacher Quality State Grants	84.367			
		FY 2007-2008	5,136	-
		FY 2008-2009	-	2,528
Total for program			<u>5,136</u>	<u>2,528</u>
Total for federal grantor agency			<u>357,712</u>	<u>925,981</u>
Total federal awards expended			<u>\$ 698,876</u>	<u>\$ 1,273,856</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CHRISTEL HOUSE ACADEMY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Christel House Academy (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of School Corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2008	2009
National School Breakfast Program	10.553	\$ 2,405	\$ 2,368
National School Lunch Program	10.555	8,606	8,247

CHRISTEL HOUSE ACADEMY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster  
Title I, Part A Cluster  
Fiscal Stabilization Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

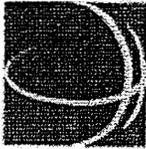
No matters are reportable.

CHRISTEL HOUSE ACADEMY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CHRISTEL HOUSE ACADEMY  
EXIT CONFERENCE

The contents of this report were discussed on February 10, 2010, with Carey Dahncke, Treasurer/Principal; Carlos Alexander, Business Manager; Cheryl Wendling, Vice President of the School Board; and Joseph Schneider, Chief Financial Officer of Christel House International. The official response has been made a part of this report and may be found on page 35.



Christel House.  
Academy

State Board of Accounts  
302 W Washington St Rm E  
Indianapolis, IN 46204-2765

OFFICIAL RESPONSE

Reference: Christel House Academy Examination for 07/01/2007-06/30/2009

The State Board of Accounts completed its examination of the books and records of Christel House Academy ("the Academy") on February 10, 2010. This examination resulted in one finding. The Academy's response to that finding is as follows:

**Finding:** Overdrawn Cash Balances: The examination noted the Textbook Rental Fund was overdrawn at June 30, 2009 by \$99,385.92.

**Response:** The Textbook Rental Fund cash balance is negative due to the nature and functioning of this fund. Textbooks are purchased through this fund and the fund is then reimbursed through billings to students' families, as well as through textbooks receipts from government sources for 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. While this funds' cash balance was overdrawn, sufficient funding was, and continues, to be maintained in the General Fund cash account; the bank account, in total, was not overdrawn.

Respectfully,

Carlos Alexander, *School Business Manager*

Carey Dahncke, *Principal / Treasurer*

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