

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

AUDIT REPORT  
OF  
HOOSIER ACADEMY - INDIANAPOLIS  
MARION COUNTY, INDIANA  
July 1, 2008 to June 30, 2010



**FILED**  
03/04/2011



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Andrea Goldwater	07-01-08 to 06-30-11
Head of Schools	Lynn Black	07-01-08 to 06-30-11
Chairperson of the Board of Directors	Ronald W. Brumbarger Stacie Porter-Bilger	07-01-08 to 01-19-09 01-20-09 to 06-30-11



**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 HOOSIER ACADEMY - INDIANAPOLIS, 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 Hoosier Academy - Indianapolis (School Corporation), as of and for the years ended June 30, 2009 and 2010, 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 each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2009 and 2010, 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 14, 2011, 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 integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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 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 School Corporation has not presented Management's Discussion and Analysis, Schedules of Funding Progress, 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, Schedule of Capital Assets, and Schedule of Long-Term Debt 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 and Schedule of Long-Term Debt have 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 them.

STATE BOARD OF ACCOUNTS

February 14, 2011



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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 HOOSIER ACADEMY - INDIANAPOLIS, MARION COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hoosier Academy - Indianapolis (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 14, 2011. 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 Corrective Action Plan. 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, Board of Directors, 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 14, 2011

HOOSIER ACADEMY - INDIANAPOLIS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		Charges for Services	Operating Grants and Contributions	Net (Disbursement) Receipts and Changes in Net Assets
Governmental activities:				
Instruction	\$ 1,334,193	\$ -	\$ -	\$ (1,334,193)
Support services	706,060	672	8,868	(696,520)
Noninstructional services	20,115	-	-	(20,115)
Facilities acquisition and construction	1,118,010	-	-	(1,118,010)
Total governmental activities	\$ 3,178,378	\$ 672	\$ 8,868	(3,168,838)
General receipts:				
Other local sources				84,501
State aid				736,736
Bonds and loans				2,124,618
Grants and contributions not restricted to specific programs				690,081
Total general receipts				3,635,936
Change in net assets				467,098
Net assets - beginning				-
Net assets - ending				\$ 467,098
<u>Assets</u>				
Cash and investments				\$ 467,098
<u>Net Assets</u>				
Unrestricted				\$ 467,098

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

HOOSIER ACADEMY - INDIANAPOLIS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>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	\$ 1,306,776	\$ -	\$ 11,218	\$ (1,295,558)
Support services	903,049	1,370	-	(901,679)
Noninstructional services	40,887	-	-	(40,887)
Facilities acquisition and construction	688,363	-	-	(688,363)
<b>Total governmental activities</b>	<b><u>\$ 2,939,075</u></b>	<b><u>\$ 1,370</u></b>	<b><u>\$ 11,218</u></b>	<b><u>(2,926,487)</u></b>
General receipts:				
Other local sources				12,312
State aid				2,295,137
Grants and contributions not restricted to specific programs				465,504
Investment earnings				1,904
<b>Total general receipts</b>				<b><u>2,774,857</u></b>
Change in net assets				(151,630)
Net assets - beginning				<u>467,098</u>
Net assets - ending				<b><u>\$ 315,468</u></b>
 <u>Assets</u>				
Cash and investments				<b><u>\$ 315,468</u></b>
 <u>Net Assets</u>				
Unrestricted				<b><u>\$ 315,468</u></b>

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

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

	General	Public Charter School ESEA	Other	Totals
<b>Receipts:</b>				
Local sources	\$ 5,300	\$ 79,493	\$ 380	\$ 85,173
State sources	736,736	-	8,868	745,604
Federal sources	-	441,100	248,981	690,081
Bonds and loans	2,124,618	-	-	2,124,618
<b>Total receipts</b>	<b>2,866,654</b>	<b>520,593</b>	<b>258,229</b>	<b>3,645,476</b>
<b>Disbursements:</b>				
<b>Current:</b>				
Instruction	1,197,212	48,987	87,994	1,334,193
Support services	519,008	150,337	36,715	706,060
Noninstructional services	16,342	-	3,773	20,115
Facilities acquisition and construction	798,302	254,233	65,475	1,118,010
<b>Total disbursements</b>	<b>2,530,864</b>	<b>453,557</b>	<b>193,957</b>	<b>3,178,378</b>
Excess of receipts over disbursements	335,790	67,036	64,272	467,098
Excess of receipts and other financing sources over disbursements and other financing uses	335,790	67,036	64,272	467,098
Cash and investments - beginning	-	-	-	-
Cash and investments - ending	<u>\$ 335,790</u>	<u>\$ 67,036</u>	<u>\$ 64,272</u>	<u>\$ 467,098</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	<u>\$ 335,790</u>	<u>\$ 67,036</u>	<u>\$ 64,272</u>	<u>\$ 467,098</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Unrestricted	<u>\$ 335,790</u>	<u>\$ 67,036</u>	<u>\$ 64,272</u>	<u>\$ 467,098</u>

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

HOOSIER ACADEMY - INDIANAPOLIS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2010

	General	Public Charter School ESEA	Other	Totals
<b>Receipts:</b>				
Local sources	\$ 4,829	\$ 3,573	\$ 7,185	\$ 15,587
State sources	2,306,354	-	-	2,306,354
Federal sources	-	99,500	366,004	465,504
	<u>2,311,183</u>	<u>103,073</u>	<u>373,189</u>	<u>2,787,445</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Instruction	1,171,902	16,291	118,583	1,306,776
Support services	752,178	74,585	76,286	903,049
Noninstructional services	29,531	6,698	4,658	40,887
Facilities acquisition and construction	409,506	72,535	206,322	688,363
	<u>2,363,117</u>	<u>170,109</u>	<u>405,849</u>	<u>2,939,075</u>
Deficiency of receipts over disbursements	<u>(51,934)</u>	<u>(67,036)</u>	<u>(32,660)</u>	<u>(151,630)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	10,491	10,491
Transfers out	-	-	(10,491)	(10,491)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of receipts and other financing sources over disbursements and other financing uses	(51,934)	(67,036)	(32,660)	(151,630)
Cash and investments - beginning	<u>335,790</u>	<u>67,036</u>	<u>64,272</u>	<u>467,098</u>
Cash and investments - ending	<u>\$ 283,856</u>	<u>\$ -</u>	<u>\$ 31,612</u>	<u>\$ 315,468</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	<u>\$ 283,856</u>	<u>\$ -</u>	<u>\$ 31,612</u>	<u>\$ 315,468</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Unrestricted	<u>\$ 283,856</u>	<u>\$ -</u>	<u>\$ 31,612</u>	<u>\$ 315,468</u>

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

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

	Private-Purpose Trust Fund
Additions:	
Contributions:	
Other	\$ 250,000
Deductions:	
Administrative and general	15,627
Excess of total additions over total deductions	234,373
Cash and investment fund balance - beginning	-
Cash and investment fund balance - ending	\$ 234,373
Net assets:	
Cash and investments	\$ 234,373

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

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

	Private-Purpose Trust Fund
Additions:	
Contributions:	
Other	\$ 426
Deductions:	
Administrative and general	160,303
Deficiency of total additions over total deductions	(159,877)
Cash and investment fund balance - beginning	234,373
Cash and investment fund balance - ending	\$ 74,496
Net assets:	
Cash and investments	\$ 74,496

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

HOOSIER ACADEMY - INDIANAPOLIS  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Hoosier Academy - Indianapolis

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

Related Organizations

The School Corporation's officials are also responsible for appointing the voting majority of the boards of other organizations, but the School Corporation's accountability for these organizations does not extend beyond making the appointments. The School Corporation appoints the voting majority of the Indiana Virtual Pilot Charter School.

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 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.

HOOSIER ACADEMY - INDIANAPOLIS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The School Corporation reports the following major governmental funds:

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

The public charter school ESEA fund is used to account for the receipts and expenditures for the financial assistance in planning, program design, and initial implementation of charter schools.

Additionally, the School Corporation reports the following fund types:

The private-purpose trust funds report a trust arrangement under which principal and income benefit the administration of the school.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

HOOSIER ACADEMY - INDIANAPOLIS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Cash and Investments

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

3. Capital Assets

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

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund 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 in the fund financial statements have been eliminated or reclassified.

HOOSIER ACADEMY - INDIANAPOLIS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

1. 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.
2. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
3. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

II. Detailed Notes on All Funds

A. 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. At June 30, 2010, the School Corporation had deposit balances in the amount of \$805,825.

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 unit.

HOOSIER ACADEMY - INDIANAPOLIS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

Interfund transfers for the year ended June 30, 2010, were as follows:

Transfer From	Transfer To	2009-10
Other Governmental Funds	Other Governmental Funds	\$ 10,491
Total		\$ 10,491

III. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past two years. There were no significant reductions in insurance by major category of risk.

B. Pension Plans

1. Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

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.

HOOSIER ACADEMY - INDIANAPOLIS  
NOTES TO FINANCIAL STATEMENTS  
(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

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

The School Corporation's contributions to the plan during the period were \$47,275.

2. 403b Retirement Plan

The School Corporation makes matching contributions of up to 7.0% of the employee's income to a 403(b) retirement plan. The 403(b) retirement plan allows employees to make contributions up to limits established by the Internal Revenue Service. The employee chooses the investment options provided by the plan administrator. All 403(b) Retirement Plan contributions to the plan, plus any earnings they generate, are vested 100%.

HOOSIER ACADEMY - INDIANAPOLIS  
 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

	<u>School Lunch</u>	<u>Textbook Rental</u>	<u>Title I 2008-09</u>	<u>Special Education 2008-09</u>	<u>Improving Teacher Quality</u>	<u>Fiscal Stabilization ARRA</u>	<u>Totals</u>
Receipts:							
Local sources	\$ 380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 380
State sources	-	8,868	-	-	-	-	8,868
Federal sources	-	-	37,530	33,149	29,339	148,963	248,981
	<u>380</u>	<u>8,868</u>	<u>37,530</u>	<u>33,149</u>	<u>29,339</u>	<u>148,963</u>	<u>258,229</u>
Disbursements:							
Current:							
Instruction	-	-	2,140	26,385	9,582	49,887	87,994
Support services	-	-	-	4,030	-	32,685	36,715
Noninstructional services	123	-	-	-	-	3,650	3,773
Facilities acquisition and construction	-	-	-	2,734	-	62,741	65,475
	<u>123</u>	<u>-</u>	<u>2,140</u>	<u>33,149</u>	<u>9,582</u>	<u>148,963</u>	<u>193,957</u>
Excess of receipts over disbursements	<u>257</u>	<u>8,868</u>	<u>35,390</u>	<u>-</u>	<u>19,757</u>	<u>-</u>	<u>64,272</u>
Excess of receipts and other financing sources over disbursements and other financing uses	257	8,868	35,390	-	19,757	-	64,272
Cash and investments - beginning	-	-	-	-	-	-	-
Cash and investments - ending	<u>\$ 257</u>	<u>\$ 8,868</u>	<u>\$ 35,390</u>	<u>\$ -</u>	<u>\$ 19,757</u>	<u>\$ -</u>	<u>\$ 64,272</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 257</u>	<u>\$ 8,868</u>	<u>\$ 35,390</u>	<u>\$ -</u>	<u>\$ 19,757</u>	<u>\$ -</u>	<u>\$ 64,272</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 257</u>	<u>\$ 8,868</u>	<u>\$ 35,390</u>	<u>\$ -</u>	<u>\$ 19,757</u>	<u>\$ -</u>	<u>\$ 64,272</u>

HOOSIER ACADEMY - INDIANAPOLIS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2010

	School Lunch	Textbook Rental	Title I 2008-09	Title I 2009-10	Special Education 2008-09	Special Education 2009-10
<b>Receipts:</b>						
Local sources	\$ 1,178	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	16,478	17,447	50,596
<b>Total receipts</b>	<b>1,178</b>	<b>-</b>	<b>-</b>	<b>16,478</b>	<b>17,447</b>	<b>50,596</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	4,719	16,133	15,793	28,524
Support services	-	-	-	-	1,654	22,072
Noninstructional services	1,435	-	-	-	-	-
Facilities acquisition and construction	-	-	20,180	-	-	-
<b>Total disbursements</b>	<b>1,435</b>	<b>-</b>	<b>24,899</b>	<b>16,133</b>	<b>17,447</b>	<b>50,596</b>
Excess (deficiency) of receipts over disbursements	(257)	-	(24,899)	345	-	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	10,491	-	-
Transfers out	-	-	(10,491)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(10,491)</b>	<b>10,491</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(257)	-	(35,390)	10,836	-	-
Cash and investments - beginning	257	8,868	35,390	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 8,868</u>	<u>\$ -</u>	<u>\$ 10,836</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ -</u>	<u>\$ 8,868</u>	<u>\$ -</u>	<u>\$ 10,836</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	<u>\$ -</u>	<u>\$ 8,868</u>	<u>\$ -</u>	<u>\$ 10,836</u>	<u>\$ -</u>	<u>\$ -</u>

HOOSIER ACADEMY - INDIANAPOLIS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2010  
 (Continued)

	Improving Teacher Quality	Facilities Grant	Fiscal Stabilization ARRA	Special Education ARRA	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 6,007	\$ 7,185
Federal sources	<u>10,300</u>	<u>127,500</u>	<u>93,087</u>	<u>50,596</u>	<u>366,004</u>
Total receipts	<u>10,300</u>	<u>127,500</u>	<u>93,087</u>	<u>56,603</u>	<u>373,189</u>
Disbursements:					
Current:					
Instruction	16,857	-	7,067	29,490	118,583
Support services	2,900	-	49,660	-	76,286
Noninstructional services	-	-	3,223	-	4,658
Facilities acquisition and construction	<u>-</u>	<u>127,500</u>	<u>33,137</u>	<u>25,505</u>	<u>206,322</u>
Total disbursements	<u>19,757</u>	<u>127,500</u>	<u>93,087</u>	<u>54,995</u>	<u>405,849</u>
Excess (deficiency) of receipts over disbursements	<u>(9,457)</u>	<u>-</u>	<u>-</u>	<u>1,608</u>	<u>(32,660)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	10,491
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,491)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(9,457)</u>	<u>-</u>	<u>-</u>	<u>1,608</u>	<u>(32,660)</u>
Cash and investments - beginning	<u>19,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,272</u>
Cash and investments - ending	<u>\$ 10,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,608</u>	<u>\$ 31,612</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 10,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,608</u>	<u>\$ 31,612</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 10,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,608</u>	<u>\$ 31,612</u>

HOOSIER ACADEMY - INDIANAPOLIS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2010

	<u>Walton Grant</u>	<u>School Administration</u>	<u>Totals</u>
Additions:			
Contributions:			
Other	\$ -	\$ 426	\$ 426
Total additions	<u>-</u>	<u>426</u>	<u>426</u>
Deductions:			
Administrative and general	<u>159,877</u>	<u>426</u>	<u>160,303</u>
Excess (deficiency) of total additions over total deductions	(159,877)	-	(159,877)
Cash and investment fund balance - beginning	<u>234,373</u>	<u>-</u>	<u>234,373</u>
Cash and investments - June 30	<u>\$ 74,496</u>	<u>\$ -</u>	<u>\$ 74,496</u>
Net assets:			
Cash and investments	<u>\$ 74,496</u>	<u>\$ -</u>	<u>\$ 74,496</u>
Total net assets - cash and investment basis held in trust	<u>\$ 74,496</u>	<u>\$ -</u>	<u>\$ 74,496</u>

HOOSIER ACADEMY - INDIANAPOLIS  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
For The Year Ended June 30, 2010

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 628,737
Machinery and equipment	<u>670,795</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,299,532</u>

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

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable	\$ 2,124,618	\$ -
Total governmental activities debt	<u>\$ 2,124,618</u>	<u>\$ -</u>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**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](http://www.in.gov/sboa)

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 HOOSIER ACADEMY - INDIANAPOLIS, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of the Hoosier Academy - Indianapolis (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, 2009 and 2010. 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, 2009 and 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2010-1.

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

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)

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. 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, Board of Directors, 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 14, 2011

HOOSIER ACADEMY - INDIANAPOLIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010

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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster National School Lunch	10.555	FY2009-10	\$ -	\$ 1,178
Total for cluster and federal grantor agency			-	1,178
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I Cluster Title I Grants to Local Educational Agencies	84.010	FY2008-09 FY2009-10	\$ 2,140 -	\$ 24,899 16,133
Total for cluster			2,140	41,032
Special Education Cluster Special Education - Grants to States	84.027	FY2008-09 FY2009-10	33,149 -	17,447 50,596
ARRA - Special Education	84.391	FY2009-10	-	54,995
Total for cluster			33,149	123,038
Fiscal Stabilization Cluster State Fiscal Stabilization Fund ARRA - State Fiscal Stabilization Fund (SFSF) Education State Grants, Recovery	84.394		148,963	93,087
Charter Schools	84.282	FY 2008-09 FY 2009-10 FY 2009-10	453,557 - -	- 170,109 127,500
Facilities Grant			-	-
Total for program			453,557	297,609
Improving Teacher Quality State Grants	84.367	FY 2008-09 FY 2009-10	9,582 -	- 19,757
Total for program			9,582	19,757
Total for federal grantor agency			647,391	574,523
Total federal awards expended			\$ 647,391	\$ 575,701

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

HOOSIER ACADEMY - INDIANAPOLIS  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Hoosier Academy - Indianapolis (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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 schools shall be conducted biennially. Such audits shall include both years within the biennial period.

HOOSIER ACADEMY - INDIANAPOLIS  
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?	yes

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? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.282	Charter Schools

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.

HOOSIER ACADEMY - INDIANAPOLIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-1, CASH MANAGEMENT

Federal Agency: U.S. Department of Education  
Federal Program: Charter School  
CFDA Number: 84.282  
Pass-Through Entity: Indiana Department of Education

EDGAR 80.20 (b)(7) states: "Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

We identified during our audit period that the Fund for the Charter School Planning and Implementation Grant had a cash balance greater than 150% of the average monthly expenditures in seven months during the 2008-2009 school year and two months during the 2009-2010 school year. Surplus cash indicates noncompliance with the Cash Management requirements as set forth by the grant agreement.

We recommended that School Corporation Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized.

HOOSIER ACADEMY - INDIANAPOLIS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters were reportable.



Indianapolis Learning Center  
5640 Caito Drive  
Indianapolis, IN 46226  
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February 4, 2011

FINDING NO. 2010-1 Internal Control Reportable Condition/ Cash Management

Federal Agency: Indiana Department of Education

Federal Program: Charter School Planning and implementation grant

CFDA Number: 84.282

Title of Contact Person: Treasurer

Phone Number: 317-695-1330

Corrective Action Plan:

The Hoosier Academy Indianapolis Board Finance Committee, will monitor more closely the grant balances at the end of each month to ensure that the cash balance is not higher than the average monthly expenditures. This should not be an issue in the future due to the change in the way the Indiana Department of Education issues the funds. Charter schools must spend the funds first before receiving the fund reimbursements.

Andrea Goldwater  
Treasurer  
Hoosier Adademy Inc.  
P: 317-495-6494  
C: 317-695-1330  
agoldwater@k12.com

HOOSIER ACADEMY - INDIANAPOLIS  
EXIT CONFERENCE

The contents of this report were discussed on February 8, 2011, Lynn Black, Head of Schools, and John Maerske, Board member.

The contents of this report were discussed on February 14, 2011, Andrea Goldwater, Treasurer.