

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
LAKE COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED
03/23/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Robert Stearns	07-01-09 to 06-30-12
Superintendent of Schools	Carla Ellis Kimberlee Sia Charles Salter	07-01-09 to 12-01-09 12-02-09 to 09-07-10 09-08-10 to 06-30-12
President of the School Board	Michael Ronan Thakena D. Hogue	07-01-09 to 06-30-10 07-01-10 to 06-30-12



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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE EAST CHICAGO LIGHTHOUSE
CHARTER SCHOOL, LAKE COUNTY, INDIANA

We have audited the accompanying financial statement of the East Chicago Lighthouse Charter School (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated March 15, 2012, 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 THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. 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 financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

The School Corporation's response to the Audit Results and Comments 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, School Board, others within the entity, 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

March 15, 2012



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

TO: THE OFFICIALS OF THE EAST CHICAGO LIGHTHOUSE
CHARTER SCHOOL, LAKE COUNTY, INDIANA

We have audited the financial statement of the East Chicago Lighthouse Charter School (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated March 15, 2012. 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 opinion on the financial statement, 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
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 statement is 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.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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

March 15, 2012

FINANCIAL STATEMENT

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

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EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ 231,312	\$ 2,737,341	\$ 2,511,177	\$ (12,594)	\$ 444,882	\$ 3,303,111	\$ 3,397,079	\$ 158,496	\$ 509,410
School Lunch	2	225,787	219,650	11,541	17,680	228,861	288,235	41,694	-
Textbook Rental	-	-	-	-	-	56,060	-	(56,060)	-
Early Intervention Grant	2,425	-	-	-	2,425	-	-	-	2,425
Washington Field Trip	-	-	-	-	-	965	965	-	-
Miscellaneous Programs	-	-	1,053	1,053	-	-	-	-	-
Non-English Speaking Programs P.L. 273-1999	6,533	-	-	-	6,533	-	-	-	6,533
Title I 2008/09	1,083	13,213	6,994	(7,302)	-	-	-	-	-
Title I 2009/10	-	224,625	232,453	7,302	(526)	34,597	32,898	(1,173)	-
Title I 2010/11	-	-	-	-	-	239,183	242,962	1,173	(2,606)
Title I Improvement 2010/11	-	-	-	-	-	50,455	45,313	-	5,142
Title I Improvement 2009/10	-	116,750	74,401	-	42,349	-	42,349	-	-
Educating America, Title III	1,197	5,732	93	-	6,836	-	5,291	-	1,545
Charter Schools Facilities Grant	-	-	-	-	-	241,330	97,200	(144,130)	-
Title II	-	1,200	-	-	1,200	-	-	(1,200)	-
Title II 2009/10	-	17,999	18,396	-	(397)	74,579	74,327	1,200	1,055
Fiscal Stabilization - Education	-	261,971	261,971	-	-	-	-	-	-
Title I ARRA	-	96,375	79,430	-	16,945	39,486	47,452	-	8,979
Tax Clearing FIT	-	44,330	44,330	-	-	200,021	200,021	-	-
Tax Clearing SS/Medicare	-	32,393	32,393	-	-	111,951	111,951	-	-
Tax Clearing State	-	13,993	13,993	-	-	56,289	56,289	-	-
Tax Clearing Local	-	65	65	-	-	239	239	-	-
Scholarship Clearing	-	-	-	-	-	15	15	-	-
Life Insurance Voluntary Clearing	-	-	-	-	-	469	469	-	-
Medical Clearing	-	14,547	15,426	-	(879)	50,211	49,332	-	-
403(B)/Roth Contributions Clearing	-	14,502	14,502	-	-	18,436	17,194	-	1,242
Flexible Spending Contributions Clearing	125	1,108	758	-	475	6,581	3,425	-	3,631
Garnishment Clearing	-	3,570	3,570	-	-	12,345	12,550	-	(205)
Manual Checks and Voids	-	-	-	-	-	4,747	4,747	-	-
Totals	\$ 242,677	\$ 3,825,501	\$ 3,530,655	\$ -	\$ 537,523	\$ 4,729,931	\$ 4,730,303	\$ -	\$ 537,151

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

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statement presents the financial information for the School Corporation (primary government), and does not include financial information for any of the School Corporation's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the School Corporation (primary government).

B. Basis of Accounting

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

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

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

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

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

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

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

Noninstructional services which include outflows for food service operations and community service operations.

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

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

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

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

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

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

Note 2. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 3. Risk Management

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

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

Note 4. Pension Plan

The School Corporation makes matching contributions of up to 4% 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%. As of August 1, 2010, the plan changed from a 403(b) to a 401(k) plan with no change to contribution rates.

Information regarding this plan may be obtained from the School Corporation.

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	School Lunch	Textbook Rental	Early Intervention Grant	Washington Field Trip	Miscellaneous Programs	Non-English Speaking Programs P.L. 273-1999	Title I 2008/09
Cash and investments - beginning	\$ 231,312	\$ 2	\$ -	\$ 2,425	\$ -	\$ -	\$ 6,533	\$ 1,083
Receipts:								
Local sources	73,836	-	-	-	-	-	-	-
State sources	2,366,602	-	-	-	-	-	-	-
Federal sources	-	225,787	-	-	-	-	-	13,213
Temporary loans	283,432	-	-	-	-	-	-	-
Other	13,471	-	-	-	-	-	-	-
Total receipts	<u>2,737,341</u>	<u>225,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,213</u>
Disbursements:								
Current:								
Instruction	1,280,736	-	-	-	-	886	-	1,779
Support services	813,299	-	-	-	-	167	-	5,215
Noninstructional services	368	219,650	-	-	-	-	-	-
Facilities acquisition and construction	270,838	-	-	-	-	-	-	-
Debt services	145,936	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>2,511,177</u>	<u>219,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,053</u>	<u>-</u>	<u>6,994</u>
Excess (deficiency) of receipts over disbursements	<u>226,164</u>	<u>6,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,053)</u>	<u>-</u>	<u>6,219</u>
Other financing sources (uses):								
Transfers in	14,374	25,915	-	-	-	1,053	-	-
Transfers out	<u>(26,968)</u>	<u>(14,374)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,302)</u>
Total other financing sources (uses)	<u>(12,594)</u>	<u>11,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,053</u>	<u>-</u>	<u>(7,302)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>213,570</u>	<u>17,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,083)</u>
Cash and investments - ending	<u>\$ 444,882</u>	<u>\$ 17,680</u>	<u>\$ -</u>	<u>\$ 2,425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,533</u>	<u>\$ -</u>

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Title I 2009/10	Title I 2010/11	Title I Improvement 2010/11	Title I Improvement 2009/10	Educating America, Title III	Charter Schools Facilities Grant	Title II	Title II 2009/10
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 1,197	\$ -	\$ -	\$ -
Receipts:								
Local sources	379	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	224,246	-	-	116,750	5,732	-	1,200	17,999
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>224,625</u>	<u>-</u>	<u>-</u>	<u>116,750</u>	<u>5,732</u>	<u>-</u>	<u>1,200</u>	<u>17,999</u>
Disbursements:								
Current:								
Instruction	156,764	-	-	-	93	-	-	8,054
Support services	75,689	-	-	74,401	-	-	-	10,342
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>232,453</u>	<u>-</u>	<u>-</u>	<u>74,401</u>	<u>93</u>	<u>-</u>	<u>-</u>	<u>18,396</u>
Excess (deficiency) of receipts over disbursements	<u>(7,828)</u>	<u>-</u>	<u>-</u>	<u>42,349</u>	<u>5,639</u>	<u>-</u>	<u>1,200</u>	<u>(397)</u>
Other financing sources (uses):								
Transfers in	7,302	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>7,302</u>	<u>-</u>	<u>-</u>	<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>(526)</u>	<u>-</u>	<u>-</u>	<u>42,349</u>	<u>5,639</u>	<u>-</u>	<u>1,200</u>	<u>(397)</u>
Cash and investments - ending	<u>\$ (526)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,349</u>	<u>\$ 6,836</u>	<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ (397)</u>

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Fiscal Stabilization - Education	Title I ARRA	Tax Clearing FIT	Tax Clearing SS/Medicare	Tax Clearing State	Tax Clearing Local	Scholarship Clearing
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	261,971	96,375	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	44,330	32,393	13,993	65	-
Total receipts	<u>261,971</u>	<u>96,375</u>	<u>44,330</u>	<u>32,393</u>	<u>13,993</u>	<u>65</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	18,001	-	-	-	-	-
Support services	149,588	61,429	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	112,383	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	44,330	32,393	13,993	65	-
Total disbursements	<u>261,971</u>	<u>79,430</u>	<u>44,330</u>	<u>32,393</u>	<u>13,993</u>	<u>65</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>16,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<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>-</u>	<u>16,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 16,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Life Insurance Voluntary Clearing	Medical Clearing	403(B)/Roth Contributions Clearing	Flexible Spending Contributions Clearing	Garnishment Clearing	Manual Checks and Voids	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 125	\$ -	\$ -	\$ 242,677
Receipts:							
Local sources	-	-	-	-	-	-	74,215
State sources	-	-	-	-	-	-	2,366,602
Federal sources	-	-	-	-	-	-	963,273
Temporary loans	-	-	-	-	-	-	283,432
Other	-	14,547	14,502	1,108	3,570	-	137,979
Total receipts	-	14,547	14,502	1,108	3,570	-	3,825,501
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	1,466,313
Support services	-	-	-	-	-	-	1,190,130
Noninstructional services	-	-	-	-	-	-	220,018
Facilities acquisition and construction	-	-	-	-	-	-	383,221
Debt services	-	-	-	-	-	-	145,936
Nonprogrammed charges	-	15,426	14,502	758	3,570	-	125,037
Total disbursements	-	15,426	14,502	758	3,570	-	3,530,655
Excess (deficiency) of receipts over disbursements	-	(879)	-	350	-	-	294,846
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	48,644
Transfers out	-	-	-	-	-	-	(48,644)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(879)	-	350	-	-	294,846
Cash and investments - ending	\$ -	\$ (879)	\$ -	\$ 475	\$ -	\$ -	\$ 537,523

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	School Lunch	Textbook Rental	Early Intervention Grant	Washington Field Trip	Miscellaneous Programs	Non-English Speaking Programs P.L. 273-1999	Title I 2008/09
Cash and investments - beginning	\$ 444,882	\$ 17,680	\$ -	\$ 2,425	\$ -	\$ -	\$ 6,533	\$ -
Receipts:								
Local sources	338,973	-	-	-	965	-	-	-
State sources	2,964,031	-	56,060	-	-	-	-	-
Federal sources	-	228,861	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	107	-	-	-	-	-	-	-
Total receipts	<u>3,303,111</u>	<u>228,861</u>	<u>56,060</u>	<u>-</u>	<u>965</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	1,749,619	-	-	-	965	-	-	-
Support services	1,335,592	-	-	-	-	-	-	-
Noninstructional services	3,058	288,235	-	-	-	-	-	-
Facilities acquisition and construction	226,399	-	-	-	-	-	-	-
Debt services	82,411	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>3,397,079</u>	<u>288,235</u>	<u>-</u>	<u>-</u>	<u>965</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(93,968)</u>	<u>(59,374)</u>	<u>56,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	200,190	41,694	-	-	-	-	-	-
Transfers out	(41,694)	-	(56,060)	-	-	-	-	-
Total other financing sources (uses)	<u>158,496</u>	<u>41,694</u>	<u>(56,060)</u>	<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>64,528</u>	<u>(17,680)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 509,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,533</u>	<u>\$ -</u>

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title I 2009/10	Title I 2010/11	Title I Improvement 2010/11	Title I Improvement 2009/10	Educating America, Title III	Charter Schools Facilities Grant	Title II	Title II 2009/10
Cash and investments - beginning	\$ (526)	\$ -	\$ -	\$ 42,349	\$ 6,836	\$ -	\$ 1,200	\$ (397)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	34,597	239,183	50,455	-	-	241,330	-	74,579
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>34,597</u>	<u>239,183</u>	<u>50,455</u>	<u>-</u>	<u>-</u>	<u>241,330</u>	<u>-</u>	<u>74,579</u>
Disbursements:								
Current:								
Instruction	29,249	172,153	-	4,259	5,291	-	-	5,927
Support services	3,649	70,809	45,313	38,090	-	-	-	68,400
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	97,200	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>32,898</u>	<u>242,962</u>	<u>45,313</u>	<u>42,349</u>	<u>5,291</u>	<u>97,200</u>	<u>-</u>	<u>74,327</u>
Excess (deficiency) of receipts over disbursements	<u>1,699</u>	<u>(3,779)</u>	<u>5,142</u>	<u>(42,349)</u>	<u>(5,291)</u>	<u>144,130</u>	<u>-</u>	<u>252</u>
Other financing sources (uses):								
Transfers in	-	1,173	-	-	-	-	-	1,200
Transfers out	<u>(1,173)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(144,130)</u>	<u>(1,200)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,173)</u>	<u>1,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(144,130)</u>	<u>(1,200)</u>	<u>1,200</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>526</u>	<u>(2,606)</u>	<u>5,142</u>	<u>(42,349)</u>	<u>(5,291)</u>	<u>-</u>	<u>(1,200)</u>	<u>1,452</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (2,606)</u>	<u>\$ 5,142</u>	<u>\$ -</u>	<u>\$ 1,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,055</u>

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Fiscal Stabilization - Education	Title I ARRA	Tax Clearing FIT	Tax Clearing SS/Medicare	Tax Clearing State	Tax Clearing Local	Scholarship Clearing
Cash and investments - beginning	\$ -	\$ 16,945	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	39,486	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	200,021	111,951	56,289	239	15
Total receipts	-	39,486	200,021	111,951	56,289	239	15
Disbursements:							
Current:							
Instruction	-	17,784	-	-	-	-	-
Support services	-	29,668	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	200,021	111,951	56,289	239	15
Total disbursements	-	47,452	200,021	111,951	56,289	239	15
Excess (deficiency) of receipts over disbursements	-	(7,966)	-	-	-	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(7,966)	-	-	-	-	-
Cash and investments - ending	\$ -	\$ 8,979	\$ -	\$ -	\$ -	\$ -	\$ -

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Life Insurance Voluntary Clearing	Medical Clearing	403(B)/Roth Contributions Clearing	Flexible Spending Contributions Clearing	Garnishment Clearing	Manual Checks and Voids	Totals
Cash and investments - beginning	\$ -	\$ (879)	\$ -	\$ 475	\$ -	\$ -	\$ 537,523
Receipts:							
Local sources	-	-	-	-	-	-	339,938
State sources	-	-	-	-	-	-	3,020,091
Federal sources	-	-	-	-	-	-	908,491
Temporary loans	-	-	-	-	-	-	-
Other	469	50,211	18,436	6,581	12,345	4,747	461,411
Total receipts	469	50,211	18,436	6,581	12,345	4,747	4,729,931
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	1,985,247
Support services	-	-	-	-	-	-	1,591,521
Noninstructional services	-	-	-	-	-	-	291,293
Facilities acquisition and construction	-	-	-	-	-	-	323,599
Debt services	-	-	-	-	-	-	82,411
Nonprogrammed charges	469	49,332	17,194	3,425	12,550	4,747	456,232
Total disbursements	469	49,332	17,194	3,425	12,550	4,747	4,730,303
Excess (deficiency) of receipts over disbursements	-	879	1,242	3,156	(205)	-	(372)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	244,257
Transfers out	-	-	-	-	-	-	(244,257)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	879	1,242	3,156	(205)	-	(372)
Cash and investments - ending	\$ -	\$ -	\$ 1,242	\$ 3,631	\$ (205)	\$ -	\$ 537,151

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
AUDIT RESULTS AND COMMENTS

RECEIPT ISSUANCE

We found the following deficiencies in our review of receipts issued by the School Corporation:

1. Receipts did not always indicate the method of payment, cash, check, money order, etc.
2. Receipts lacked the signature of the person issuing the receipt.
3. Receipts did not always include the name of the fund and account number to properly record the receipt in the ledger.
4. Although receipts were issued, it could not be determined if they were issued in numerical order, as receipt dates were not in the same chronological order.
5. Multiple receipt books were in use at the same time; therefore, receipts were not issued in numerical order.
6. Form SA-8, "Summary Collection Form" was not in use by teachers/sponsors who were collecting money for field trips, uniforms, and fundraisers.

Due to these deficiencies, we could not determine if all receipts were deposited and we could not determine if receipts were deposited intact.

All school corporation money must be deposited in the duly designated depository not later than the business day following the receipt of funds on business days of the depository designated in the same form in which the funds were received in accordance with IC 5-13-6-1. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 4)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
AUDIT RESULTS AND COMMENTS
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Summary Collection Form (SA-8) is prenumbered and to be prepared in duplicate by the sponsor. The original is to the extra-curricular treasurer to be retained in numerical order and the duplicate is to be retained in numerical order by the sponsor. A sponsor for the purpose of Form (SA-8) is the teacher or other person in charge of a classroom or function collecting money. Form SA-8 is to be used as a transmittal document each time fundraiser or field trip money is reported from the sponsor to the extra-curricular treasurer. Form SA-8 can be used at the discretion of school officials to account for other items. Space is provided to list check numbers and amounts as applicable. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

COMINGLED GENERAL FUND AND EXTRA-CURRICULAR ACTIVITY

Receipts and disbursements for field trips, donations and fundraisers, which are extra-curricular activities, were recorded in the General Fund of the School Corporation. Disbursements relating to the corresponding extra-curricular revenue stream could not be readily identified.

Extra-curricular activities are defined as athletic, social or other school functions, the cost of which is not paid from public funds. These activities do not include functions conducted solely by any organization of parents and/or teachers (IC 20-41-1-7). Note that this statutory definition does not include any curricular or educational functions. All educational functions are the specific responsibility of the governing body (board of school trustees, etc.) of the school corporation acting on its behalf (IC 20-26-5-4), including providing the facilities and equipment therefore. All monies received for educational purposes, including those related to educational programs or facilities must be receipted to school corporation funds. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

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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

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 EAST CHICAGO LIGHTHOUSE
CHARTER SCHOOL, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the East Chicago Lighthouse Charter School (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, 2010 and 2011. 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, 2010 and 2011.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in 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 and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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

March 15, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the School Corporation. The schedule and note are presented as intended by the School Corporation.

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553		\$ 79,654	\$ 67,721
National School Lunch Program	10.555		146,133	136,132
Total for cluster			<u>225,787</u>	<u>203,853</u>
Pass-Through Indiana Department of Education Fresh Fruit and Vegetable Program	10.582		-	25,008
Total for federal grantor agency			<u>225,787</u>	<u>228,861</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010			
Allocation				
09-9595		S010A080014	6,994	-
10-9595		S010A090014	232,453	32,899
11-9595		S010A100014	-	242,961
School Improvement				
10-9595			74,401	27,690
11-9595			-	45,313
Total for program			<u>313,848</u>	<u>348,863</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	S389A090014	79,432	47,453
Total for cluster			<u>393,280</u>	<u>396,316</u>
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	S394A090014	261,971	-
Pass-Through Indiana Department of Education Charter Schools - Per Pupil Facilities Grant 10-9595	84.282D		144,130	97,200
Pass-Through Indiana Department of Education English Language Acquisition Grants Language Instruction for Limited English Proficient and Immigration Students	84.365	Q186A060015	93	5,291
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants 10-9595	84.367	S367A10013	18,397	74,327
Total for federal grantor agency			<u>817,871</u>	<u>573,134</u>
Total federal awards expended			<u>\$ 1,043,658</u>	<u>\$ 801,995</u>

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

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
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 East Chicago Lighthouse Charter School (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 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.

EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	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
State Fiscal Stabilization Fund 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.

East Chicago Lighthouse Charter School

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING. 2009-2 ALLOWABLE COST/ACTIVITIES ALLOWED - MEAL COUNTS

Federal Agency: U.S. Department of Agriculture
Federal Program: Child Nutrition Cluster
CFDA Number: 10.553, 10.555
Federal Award No.: FY2007-08
Pass-Through Entity: Indiana Department of Education
Auditee Contact Person: Robert Stearns
Title of Contact Person: Treasurer
Phone Number: 508-626-0901 ex 244

Status of action taken to correct finding:

The meal counts provided to support the claim for November 2007 did not agree to the number of students claimed for free and reduced served. Since the incident in November 2007, the school has implemented a new and better electronic meal counting system. School personnel are trained on the implementation of the system and also a manual backup system. The school prepares and retains the meal count documentation used in filing the claims.

Signed 
Date 2/10/2012

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East Chicago Lighthouse Charter School

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING. 2009-3 ELIGIBILITY

Federal Agency: U.S. Department of Agriculture
Federal Program: Child Nutrition Cluster
CFDA Number: 10.553, 10.555
Federal Award No.: FY2007-08, FY2008-09
Pass-Through Entity: Indiana Department of Education
Auditee Contact Person: Robert Stearns
Title of Contact Person: Treasurer
Phone Number: 508-626-0901 ex 244

Status of action taken to correct finding:

The applications for free and reduced eligibility were not presented for audit. The application and income guidelines used are to be retained for audit. The school now determines eligibility for most of the eligible students from the state student reporting website using the federally required Direct Certification method. The school retains screen shots of those eligible students and for any student using applications.

Signed Robert Stearns

Date 2/10/2012

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East Chicago Lighthouse Charter School

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING, 2009-4 PROGRAM INCOME AND REPORTING

Federal Agency: U.S. Department of Agriculture
Federal Program: Child Nutrition Cluster
CFDA Number: 10.553 and 10.555
Federal Award No.: FY2007-08, FY2008-09
Pass-Through Entity: Indiana Department of Education
Auditee Contact Person: Robert Stearns
Title of Contact Person: Treasurer
Phone Number: 508-626-0901 ex 244

Status of action taken to correct reporting finding:

The school had the finding of not recording meal subsidies in the meal program fund from the General Fund. Additionally the school recorded some meal expenses as expenses of the General Fund rather than as an expense of the meal program fund. Since the audit finding 2009-4 was issued, the school has recorded the meal expenses to the meal program fund. The school has also calculated the meal subsidy and recorded it as a fund transfer with the receipt recorded to the meal program fund and the expense transfer to the General Fund. The meal subsidy was determined from the source documents of meals counts and monthly claim forms. The school is a universal feeding school because of its high free and reduced eligibility of its students. The sales price that would have been charged was determined for each category and recorded as a fund transfer.

Signed Robert Stearns

Date 2/10/2012

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East Chicago Lighthouse Charter School

FINDING 2009-5: CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Charter Schools Program
CFDA Number: 84.282
Pass-Through Entity: Indiana Department of Education
Auditee Contact Person: Robert Stearns
Title of Contact Person: Treasurer
Phone Number: 508-626-0901 ex 244

Status of action taken to correct finding:

Upon receiving the grant award, such as Public Charter Schools Grant, the school would submit a twelve month cash request form to the pass-through entity per the state's former procedures. The school's scheduled draw downs resulted in an accumulation of cash. Starting with FY11, the pass-through entity changed its procedure from a cash request and advance to a reimbursement method. The school submitted reimbursement requests to the pass-through entity and as a result the school has improved its compliance of cash management provisions of federal awards.

Signed Robert Stearns

Date 2/10/2012

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EAST CHICAGO LIGHTHOUSE CHARTER SCHOOL
EXIT CONFERENCE

The contents of this report were electronically mailed on March 15, 2012, with subsequent telephone discussions on the comments with Robert Stearns, Treasurer, and Thakena D. Hogue, President of the School Board. The Official Response has been made a part of this report and may be found on page 38.

East Chicago Lighthouse Charter School

March 19, 2012

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

From: Robert Stearns, Treasurer

OFFICIAL RESPONSE for East Chicago Lighthouse Charter School

RECEIPT ISSUANCE

Audit comment: Receipts did not indicate the method of payment. Receipts lacked the signature of the person issuing the receipt. Receipts did not always indicate the fund and account number. The date on the receipts fluctuated. Voided receipts were not retained. Multiple receipt books were in use. Form SA-8 "Summary Collection Form" was not in use by teachers or sponsors.

School response: The school will mark on the receipts the type of payment method (e.g. cash, check, etc). The school will make sure to sign using the name of the person issuing the receipt. The school will also do away with implementing multiple receipt books for different functions and centralize the receipting as the responsibility of the Business Manager. The school will order and implement the Form SA-8 which should eliminate the problem of using multiple receipt books. The school will retain the original multiple part forms for any voided receipt. The school will issue receipts contemporaneously and issue receipts chronological.

COMMINGLED GENERAL FUND AND EXTRA-CURRICULAR ACTIVITY

Audit comment: Receipts and disbursements for field trips, donations and fundraisers, which are extra-curricular activities, were recorded in the General Fund of the Charter School. Disbursements relating to the corresponding extra-curricular revenue stream could not be readily identified.

School response: The school will create and maintain separate fund accounts for the receipt and disbursement of extra-curricular activities such as athletic, social or other school functions.



Robert V. Stearns, Treasurer
Lighthouse Academies of Indiana, Inc, the Organizer for,
East Chicago Lighthouse Charter School