B40108

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CHRISTEL HOUSE ACADEMY
MARION COUNTY, INDIANA

July 1, 2009 to June 30, 2011

FILED
02/23/2012

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SCHEDULE OF OFFICIALS

Office	Official	Term
Treasurer	Carey Dahncke	07-01-09 to 06-30-12
Business Manager	Carlos Alexander	07-01-09 to 06-30-12
Chairman of the Board of Directors	Murvin Enders	07-01-09 to 06-30-12

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 CHRISTEL HOUSE ACADEMY, MARION COUNTY, INDIANA

We have audited the accompanying financial statement of the Christel House Academy (School Corporation), for the years ended June 30, 2010 and 2011. The 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 January 23, 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 and Schedule of Capital Assets are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis and Schedule of Capital Assets 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, Board of Directors, 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

January 23, 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 CHRISTEL HOUSE ACADEMY, MARION COUNTY, INDIANA

We have audited the financial statement of the Christel House Academy (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated January 23, 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.

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

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

January 23, 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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CHRISTEL HOUSE ACADEMY
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	$ 22,210	$ 3,346,413	$ 3,325,260	$ (11,794)	$ 31,569	$ 4,129,276	$ 4,098,809	$ 768	$ 62,804
School Lunch	20,363	294,485	212,268	-	102,580	343,844	387,380	-	59,044
Textbook Rental	(99,386)	99,553	167	-	-	35,765	23,283	-	12,482
Walton Family Foundation Grant	-	250,000	6,648	-	243,352	-	225,288	-	18,064
Education Pays Fund	25	-	25	-	-	-	-	-	-
Miscellaneous Programs	4,542	-	-	-	4,542	-	-	-	4,542
Camptown	8,393	20,102	21,626	-	6,869	27,405	23,043	-	11,231
Music/Energy Grant	5,000	-	-	-	5,000	-	-	-	5,000
IME BECAS Fellowship Grant	14,909	-	14,909	-	-	-	-	-	-
School Administration	-	742,652	742,652	-	-	165,730	165,730	-	-
Non-English Speaking Programs P.L. 273-1999	-	13,183	-	-	13,183	12,953	13,183	-	12,953
School Technology	-	-	-	-	-	47,658	13,561	-	34,097
Title I 08/09	33,639	7,796	26,071	(15,364)	-	-	-	-	-
Title I Distinguished Award	1,943	-	1,943	-	-	-	-	-	-
Title I 09/10	-	361,385	366,391	15,364	10,358	36,638	46,996	-	-
Title I 10/11	-	-	-	-	-	338,146	339,881	-	(1,735)
P.L. Innovative Education Program Strategies Title V (Part A)	-	46,895	46,895	-	-	-	-	-	-
Serve America	253	-	-	-	253	-	-	-	253
Special Education 09/10	-	66,734	62,364	-	4,370	10,000	14,370	-	-
Special Education 10/11	-	-	-	-	-	70,206	71,707	-	(1,501)
Drug Free Schools	4,063	-	-	-	4,063	-	-	-	4,063
Team Nutrition Training Grants	-	-	-	-	-	2,500	-	-	2,500
National Science Foundation	6,127	83,135	97,701	12,645	4,206	147,427	158,101	-	(6,468)
Challenge Grant for Technology (Dir USDOE)	1,046	-	-	-	1,046	-	-	-	1,046
Improving Teaching Quality, No Child Left, Title II, Part A	31,210	119,548	-	-	150,758	48,766	199,524	-	-
ITQ, Enhanced Education Through Technology, Title II, Part D	-	-	-	-	-	74,707	78,813	-	(4,106)
Title III, Language Instruction	-	-	-	-	-	15,681	15,681	-	-
Charter Facilities Grant	-	173,280	173,280	-	-	193,880	193,880	-	-
TIF/TAP	-	-	-	-	-	3,001	3,001	-	-
Reading First, No Child Left Behind	36,232	123,565	111,255	-	48,542	4,949	22,127	-	31,364
Fiscal Stabilization - Education	-	88,250	88,250	-	-	-	-	-	-
Title I - Grants to LEAs	-	240,859	219,136	-	21,723	56,442	92,377	-	(14,212)
Special Education - Part B	-	51,456	45,874	-	5,582	59,281	64,863	-	-
Education Technology	-	94,750	94,750	-	-	3,250	3,250	-	-
School Lunch Equipment	-	27,000	27,000	-	-	-	-	-	-
Totals	$ 90,569	$ 6,251,041	$ 5,684,465	$ 851	$ 657,996	$ 5,827,505	$ 6,254,848	$ 768	$ 231,421

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

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.

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.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

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.

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.

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.

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. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is subject to final approval by the School Corporation's chartering agency.

Note 3. 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 4. 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 5. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent 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.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

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.

CHRISTEL HOUSE ACADEMY
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	Walton Family Foundation Grant	Education Pays Fund	Miscellaneous Programs	Camptown	Music/Energy Grant	IME BECAS Fellowship Grant	School Administration
Cash and investments - beginning	$ 22,210	$ 20,363	$ (99,386)	$ -	$ 25	$ 4,542	$ 8,393	$ 5,000	$ 14,909	$ -
Receipts:										
Local sources	58,969	30,057	67,645	250,000	-	-	20,102	-	-	742,366
Intermediate sources	56	-	-	-	-	-	-	-	-	-
State sources	3,287,388	493	31,908	-	-	-	-	-	-	286
Federal sources	-	263,935	-	-	-	-	-	-	-	-
Total receipts	3,346,413	294,485	99,553	250,000	-	-	20,102	-	-	742,652
Disbursements:										
Current:										
Instruction	1,777,037	-	167	-	-	-	19,784	-	3,593	46,123
Support services	1,033,151	17	-	3,540	25	-	1,502	-	11,316	321,208
Noninstructional services	14,333	212,251	-	198	-	-	340	-	-	7,544
Facilities acquisition and construction	500,739	-	-	2,910	-	-	-	-	-	367,777
Total disbursements	3,325,260	212,268	167	6,648	25	-	21,626	-	14,909	742,652
Excess (deficiency) of receipts over disbursements	21,153	82,217	99,386	243,352	(25)	-	(1,524)	-	(14,909)	-
Other financing sources (uses):										
Transfers in	1,195,593	-	-	-	-	-	-	-	-	10,071
Transfers out	(1,207,387)	-	-	-	-	-	-	-	-	(10,071)
Total other financing sources (uses)	(11,794)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,359	82,217	99,386	243,352	(25)	-	(1,524)	-	(14,909)	-
Cash and investments - ending	$ 31,569	$ 102,580	$ -	$ 243,352	$ -	$ 4,542	$ 6,869	$ 5,000	$ -	$ -

CHRISTEL HOUSE ACADEMY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2010
(Continued)

	Non-English Speaking Programs P.L. 273-1999	Title I 08/09	Title I Distinguished Award	Title I 09/10	P.L. Innovative Education Program Strategies Title V (Part A)	Serve America	Special Education 09/10	Drug Free Schools	National Science Foundation	Challenge Grant for Technology (Dir USDOE)
Cash and investments - beginning	$ -	$ 33,639	$ 1,943	$ -	$ -	$ 253	$ -	$ 4,063	$ 6,127	$ 1,046
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	13,183	-	-	-	-	-	-	-	-	-
Federal sources	-	7,796	-	361,385	46,895	-	66,734	-	83,135	-
Total receipts	13,183	7,796	-	361,385	46,895	-	66,734	-	83,135	-
Disbursements:										
Current:										
Instruction	-	11,417	-	235,846	-	-	62,194	-	60,999	-
Support services	-	10,074	1,376	126,212	5,854	-	170	-	32,120	-
Noninstructional services	-	27	-	1,352	-	-	-	-	-	-
Facilities acquisition and construction	-	4,553	567	2,981	41,041	-	-	-	4,582	-
Total disbursements	-	26,071	1,943	366,391	46,895	-	62,364	-	97,701	-
Excess (deficiency) of receipts over disbursements	13,183	(18,275)	(1,943)	(5,006)	-	-	4,370	-	(14,566)	-
Other financing sources (uses):										
Transfers in	-	-	-	15,364	3,182	-	-	-	29,052	-
Transfers out	-	(15,364)	-	-	(3,182)	-	-	-	(16,407)	-
Total other financing sources (uses)	-	(15,364)	-	15,364	-	-	-	-	12,645	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,183	(33,639)	(1,943)	10,358	-	-	4,370	-	(1,921)	-
Cash and investments - ending	$ 13,183	$ -	$ -	$ 10,358	$ -	$ 253	$ 4,370	$ 4,063	$ 4,206	$ 1,046

CHRISTEL HOUSE ACADEMY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2010
(Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	Charter Facilities Grant	Reading First, No Child Left Behind	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Education Technology	School Lunch Equipment	Totals
Cash and investments - beginning	$ 31,210	$ -	$ 36,232	$ -	$ -	$ -	$ -	$ -	$ 90,569
Receipts:									
Local sources	-	-	-	-	-	-	-	-	1,169,139
Intermediate sources	-	-	-	-	-	-	-	-	56
State sources	-	-	-	-	-	-	-	-	3,333,258
Federal sources	119,548	173,280	123,565	88,250	240,859	51,456	94,750	27,000	1,748,588
Total receipts	119,548	173,280	123,565	88,250	240,859	51,456	94,750	27,000	6,251,041
Disbursements:									
Current:									
Instruction	-	-	106,937	3,475	102,528	42,986	-	-	2,473,086
Support services	-	-	4,318	25,825	31,594	2,140	55,260	-	1,665,702
Noninstructional services	-	-	-	-	498	-	-	-	236,543
Facilities acquisition and construction	-	173,280	-	58,950	84,516	748	39,490	27,000	1,309,134
Total disbursements	-	173,280	111,255	88,250	219,136	45,874	94,750	27,000	5,684,465
Excess (deficiency) of receipts over disbursements	119,548	-	12,310	-	21,723	5,582	-	-	566,576
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	1,253,262
Transfers out	-	-	-	-	-	-	-	-	(1,252,411)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	851
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	119,548	-	12,310	-	21,723	5,582	-	-	567,427
Cash and investments - ending	$ 150,758	$ -	$ 48,542	$ -	$ 21,723	$ 5,582	$ -	$ -	$ 657,996

CHRISTEL HOUSE ACADEMY
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	Walton Family Foundation Grant	Miscellaneous Programs	Camptown	Music/Energy Grant	School Administration	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	$ 31,569	$ 102,580	$ -	$ 243,352	$ 4,542	$ 6,869	$ 5,000	$ -	$ 13,183	$ -
Receipts:										
Local sources	110,218	32,821	2,263	-	-	27,405	-	159,109	-	-
Intermediate sources	94	-	-	-	-	-	-	19	-	-
State sources	3,678,260	522	33,502	-	-	-	-	-	12,953	47,658
Federal sources	-	310,501	-	-	-	-	-	-	-	-
Temporary loans	340,704	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	6,602	-	-
Total receipts	4,129,276	343,844	35,765	-	-	27,405	-	165,730	12,953	47,658
Disbursements:										
Current:										
Instruction	1,767,793	-	23,283	28,894	-	19,800	-	63,522	13,183	329
Support services	1,488,725	36	-	40	-	3,220	-	84,678	-	3,194
Noninstructional services	9,806	301,944	-	57	-	23	-	7,688	-	-
Facilities acquisition and construction	491,781	85,400	-	196,297	-	-	-	9,842	-	10,038
Debt services	340,704	-	-	-	-	-	-	-	-	-
Total disbursements	4,098,809	387,380	23,283	225,288	-	23,043	-	165,730	13,183	13,561
Excess (deficiency) of receipts over disbursements	30,467	(43,536)	12,482	(225,288)	-	4,362	-	-	(230)	34,097
Other financing sources (uses):										
Transfers in	634,343	-	-	-	-	-	-	-	-	-
Transfers out	(633,575)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	768	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	31,235	(43,536)	12,482	(225,288)	-	4,362	-	-	(230)	34,097
Cash and investments - ending	$ 62,804	$ 59,044	$ 12,482	$ 18,064	$ 4,542	$ 11,231	$ 5,000	$ -	$ 12,953	$ 34,097

CHRISTEL HOUSE ACADEMY
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 09/10	Title I 10/11	Serve America	Special Education 09/10	Special Education 10/11	Drug Free Schools	Team Nutrition Training Grants	National Science Foundation	Challenge Grant for Technology (Dir USDOE)	Improving Teaching Quality, No Child Left, Title II, Part A
Cash and investments - beginning	$ 10,358	$ -	$ 253	$ 4,370	$ -	$ 4,063	$ -	$ 4,206	$ 1,046	$ 150,758
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	36,638	338,146	-	10,000	70,206	-	2,500	147,427	-	48,766
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	36,638	338,146	-	10,000	70,206	-	2,500	147,427	-	48,766
Disbursements:										
Current:										
Instruction	26,299	208,100	-	14,370	71,429	-	-	104,130	-	164,637
Support services	20,697	107,111	-	-	278	-	-	42,516	-	34,887
Noninstructional services	-	1,021	-	-	-	-	-	81	-	-
Facilities acquisition and construction	-	23,649	-	-	-	-	-	11,374	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Total disbursements	46,996	339,881	-	14,370	71,707	-	-	158,101	-	199,524
Excess (deficiency) of receipts over disbursements	(10,358)	(1,735)	-	(4,370)	(1,501)	-	2,500	(10,674)	-	(150,758)
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	(10,358)	(1,735)	-	(4,370)	(1,501)	-	2,500	(10,674)	-	(150,758)
Cash and investments - ending	$ -	$ (1,735)	$ 253	$ -	$ (1,501)	$ 4,063	$ 2,500	$ (6,468)	$ 1,046	$ -

CHRISTEL HOUSE ACADEMY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2011
(Continued)

	ITQ, Enhanced Education Through Technology, Title II, Part D	Title III, Language Instruction	Charter Facilities Grant	TIF/TAP	Reading First, No Child Left Behind	Title I - Grants to LEAs	Special Education - Part B	Education Technology	Totals
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ 48,542	$ 21,723	$ 5,582	$ -	$ 657,996
Receipts:									
Local sources	-	-	-	-	-	-	-	-	331,816
Intermediate sources	-	-	-	-	-	-	-	-	113
State sources	-	-	-	-	-	-	-	-	3,772,895
Federal sources	74,707	15,681	193,880	3,001	4,949	56,442	59,281	3,250	1,375,375
Temporary loans	-	-	-	-	-	-	-	-	340,704
Other	-	-	-	-	-	-	-	-	6,602
Total receipts	74,707	15,681	193,880	3,001	4,949	56,442	59,281	3,250	5,827,505
Disbursements:									
Current:									
Instruction	-	12,041	-	-	20,738	72,400	64,605	-	2,675,553
Support services	17,386	3,640	-	2,766	1,118	14,729	-	-	1,825,021
Noninstructional services	-	-	-	235	271	86	-	-	321,212
Facilities acquisition and construction	61,427	-	193,880	-	-	5,162	258	3,250	1,092,358
Debt services	-	-	-	-	-	-	-	-	340,704
Total disbursements	78,813	15,681	193,880	3,001	22,127	92,377	64,863	3,250	6,254,848
Excess (deficiency) of receipts over disbursements	(4,106)	-	-	-	(17,178)	(35,935)	(5,582)	-	(427,343)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	634,343
Transfers out	-	-	-	-	-	-	-	-	(633,575)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	768
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,106)	-	-	-	(17,178)	(35,935)	(5,582)	-	(426,575)
Cash and investments - ending	$ (4,106)	$ -	$ -	$ -	$ 31,364	$ (14,212)	$ -	$ -	$ 231,421

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CHRISTEL HOUSE ACADEMY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Capital assets not being depreciated:	
Improvements other than buildings	$ 68,209
Machinery and equipment	1,560,816
Total capital assets not being depreciated	$ 1,629,025

INTERNAL CONTROLS OVER THE AUTHORIZATION OF SALARIES AND WAGES

The controls over the authorization of salaries and wages were insufficient. Sufficient evidence was not provided to document proper approval of salaries and wages by the Board of Directors. The following deficiencies and errors were noted:

1. Payroll worksheets were prepared by the school's administration for each school year and used to develop a budget amount for salaries and wages. The total amount budgeted for salaries and wages was approved by the Board of Directors, but individual salaries and wages did not show any evidence of approval by the Board of Directors.

2. Employee contracts were prepared for employees using the "base" salary or wage amount from the payroll worksheet, but did not include stipends or other additional wages paid to employees and were not signed by the Board of Directors.

3. Employee contracts were not executed in a timely manner. Employee contracts for the 2009-2010 school year were not signed until May 2010.

4. Seven out of twelve employees reviewed for the 2010-2011 school year did not have current contracts in their personnel file. These contracts were not presented for audit. This included the Treasurer who did not have a contract for 2009-2010 or 2010-2011 school years.

5. Wages paid to the seven employees noted above did not agree with the amounts on the payroll worksheet. Differences between the amounts paid and amounts on the payroll worksheet were immaterial.

6. Information provided to the School's payroll servicing company regarding employee compensation, as well as any changes in compensation, was informal and did not provide adequate evidence of authorization from the Board of Directors.

Failure to maintain adequate controls over the authorization of salaries and wages could result in unauthorized compensation being paid to employees.

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

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)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF DOCUMENTATION

School records to support the ADM claimed by the School Corporation for the September 18, 2009, and September 17, 2010, count dates were not presented for audit. Therefore, ADM could not be verified.

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

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SUPPLEMENTAL AUDIT OF

FEDERAL AWARDS

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Christel House Academy (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 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.

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

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

January 23, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

CHRISTEL HOUSE ACADEMY
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	FY09	$ 3,913	$ -
		FY10	50,690	12,071
		FY11	-	51,761
Total for program			54,603	63,832
National School Lunch Program	10.555	FY09	14,932	-
		FY10	196,667	44,964
		FY11	-	182,613
Total for program			211,599	227,577
Summer Food Service Program for Children	10.559	FY09	13,091	-
		FY10	-	16,272
Total for program			13,091	16,272
Total for cluster			279,293	307,681
ARRA - Child Nutrition Discretionary Grants Limited Availability, Recovery Act	10.579	FY10	27,000	-
Fresh Fruit and Vegetable Program	10.582	FY10	-	3,204
		FY11	-	17,787
Total for program			-	20,991
Total for federal grantor agency			306,293	328,672
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	09-9380	26,071	-
		10-9380	368,334	46,996
		11-9380	-	339,881
Total for program			394,405	386,877
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-9380	219,136	92,377
Total for cluster			613,541	479,254
Special Education Cluster				
Special Education - Grants to States	84.027	FY10	62,364	14,370
		FY11	-	71,707
Total for program			62,364	86,077
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY10	45,874	64,863
Total for cluster			108,238	150,940

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

CHRISTEL HOUSE ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011
(Continued)

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 EDUCATION (continued)				
Pass-Through Indiana Department of Education (continued)				
Educational Technology State Grants Cluster				
Educational Technology State Grants	84.318	FY10	-	78,813
ARRA - Education Technology State Grants, Recovery Act	84.386	FY10	94,750	3,250
Total for cluster			94,750	82,063
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY10	88,250	-
Total for cluster			88,250	-
Charter Schools	84.282			
Per Pupil Facilities Funding		FY10	173,280	-
		FY11	-	193,880
Total for program			173,280	193,880
Twenty-First Century Community Learning Centers	84.287	FY09	6,127	-
		FY10	91,574	4,206
		FY11	-	153,895
Total for program			97,701	158,101
State Grants for Innovative Programs	84.298	FY10	46,895	-
Early Reading First	84.359	FY09	36,232	-
		FY10	75,023	22,127
Total for program			111,255	22,127
English Language Acquisition Grants	84.365	FY10	-	13,183
		FY11	-	15,681
Total for program			-	28,864
Improving Teacher Quality State Grants	84.367	FY09	-	31,210
		FY10	-	119,548
		FY11	-	48,766
Total for program			-	199,524
Teacher Incentive Fund Cluster				
Teacher Incentive Fund	84.374	FY11	-	3,001
Total for federal grantor agency			1,333,910	1,317,754
Total federal awards expended			$ 1,640,203	$ 1,646,426

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

CHRISTEL HOUSE ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Christel House Academy (School Corporation) and is presented in accordance with the 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.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
School Breakfast Program	10.553	$ 3,338	$ 3,553
National School Lunch Program	10.555	12,021	14,618

CHRISTEL HOUSE ACADEMY
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 deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies 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:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
	Title I, Part A 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.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CHRISTEL HOUSE ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CHRISTEL HOUSE ACADEMY
EXIT CONFERENCE

The contents of this report were discussed on January 23, 2012, with Carey Dahncke, Treasurer; Carlos Alexander, Business Manager; and Murvin Enders, Chairman of the Board of Directors. The Official Response has been made a part of this report and may be found on page 38.

Christel House
Academy

Tuesday, January 24, 2012

To Whom It May Concern:

This is a public response to the State Board of Accounts audit comments performed November 2011- January 2012.

Comment #1: Internal Controls over the authorization of salaries and wages

Christel House Academy will create an internal change to our salary approval process to include a schedule of annual salaries/wages by individual employee, to be approved by the Board in the same format as the Approval of Vouchers. Changes will be approved in quarterly Board meetings using the same process. In the past, the Board was provided with a range of salaries by position for approval as a part of the budgeting process. Additionally, internal changes to certain human resources processes will be made, in conjunction with additional utilization of our outside HR vendor software, to aid us in ensuring paperwork is properly documented in personnel files.

Comment #2: Average Daily Membership (ADM) - lack of documentation

It had been the school's past practice to use electronic records to verify the headcount for ADM. In order to comply with the State Board of Accounts' requirements in the area of ADM reporting, a new process will be established to first produce a paper record indicating the name of each student enrolled by class and grade, verified by the teacher and principal, prior to the creation of the official ADM record for the Indiana Department of Education.

Christel House Academy continues to strive to be a beacon of excellence in both our academic and operational practices. These changes will increase the internal accounting controls for the Academy and will ensure we are fully compliant with the State Board of Account expectations.

Respectfully yours,

Carey J. Dahncke, Principal and Director

Carlos Alexander, Business Manager

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