

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WEST GARY LIGHTHOUSE CHARTER SCHOOL
LAKE COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED
03/26/2012

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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 WEST GARY LIGHTHOUSE
CHARTER SCHOOL, LAKE COUNTY, INDIANA

We have audited the accompanying financial statement of the West Gary 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 WEST GARY LIGHTHOUSE
CHARTER SCHOOL, LAKE COUNTY, INDIANA

We have audited the financial statement of the West Gary 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.

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, 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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WEST GARY 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	\$ 839,178	\$ 4,290,414	\$ 4,168,765	\$ -	\$ 960,827	\$ 5,065,569	\$ 5,030,400	\$ 177,482	\$ 1,173,478
School Lunch	(2,606)	296,021	299,125	-	(5,710)	273,260	332,310	64,760	-
Textbook Rental	-	-	-	-	-	66,562	-	(66,562)	-
Title I 08-09	28,435	45,022	17,056	(56,401)	-	-	-	-	-
Title I 09-10	-	625,877	673,728	56,401	8,550	98,764	52,199	(55,115)	-
Title I 10-11	-	-	-	-	-	666,125	731,547	55,115	(10,307)
Title I School Improvement 10-11	-	-	-	-	-	68,550	68,962	-	(412)
Title I School Improvement 09-10	-	89,791	55,564	-	34,227	8,801	43,028	-	-
Charter Facilities Grant	-	-	-	-	-	336,120	160,440	(175,680)	-
IDEA	(20,028)	45,291	19,501	(5,762)	-	-	-	-	-
IDEA 09-10	-	200,001	204,533	5,762	1,230	67,038	68,268	-	-
IDEA COOP 10-11	-	-	-	-	-	84,465	89,376	-	(4,911)
Improving Teaching Quality, No Child Left, Title II, Part A	13,875	-	14,059	(330)	(514)	-	-	514	-
Title II 09-10	-	-	4,083	330	(3,753)	74,674	68,775	(514)	1,632
ITQ, Enhanced Education Through Technology, Title II, Part D	-	-	-	-	-	44,251	49,482	-	(5,231)
Title V Part (A)	-	262	262	-	-	-	-	-	-
Fiscal Stabilization - Education	-	454,858	454,858	-	-	-	-	-	-
Title I - Grants to LEAs	-	351,343	329,029	-	22,314	28,572	53,511	-	(2,625)
Special Education - Part B	-	228,129	137,743	-	90,386	22,892	125,482	-	(12,204)
Tax Clearing Fund	-	74,953	74,872	-	81	315,418	315,499	-	-
SS/Medicare Withholding	-	60,946	60,946	-	-	195,798	195,798	-	-
State Tax Withholding	-	26,976	26,976	-	-	100,448	100,448	-	-
Local Tax Withholding	-	135	135	-	-	267	267	-	-
Life Insurance Voluntary Clearing	-	-	-	-	-	1,027	1,027	-	-
Medical Clearing Fund	-	32,082	38,822	-	(6,740)	80,735	73,995	-	-
403B/Roth Contributions	54	20,316	20,370	-	-	49,210	45,035	-	4,175
Flexible Spending	540	-	634	-	(94)	2,405	1,102	-	1,209
Garnishment Clearing Fund	-	2,103	2,103	-	-	10,043	10,043	-	-
Manual Checks and Voids	-	-	-	-	-	9,962	9,962	-	-
Totals	\$ 859,448	\$ 6,844,520	\$ 6,603,164	\$ -	\$ 1,100,804	\$ 7,670,956	\$ 7,626,956	\$ -	\$ 1,144,804

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

WEST GARY 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.

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.

WEST GARY 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 semi-annual 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.

WEST GARY LIGHTHOUSE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

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. 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 percent 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 percent. 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.

WEST GARY 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	Title I 08-09	Title I 09-10	Title I 10-11	Title I School Improvement 10-11	Title I School Improvement 09-10	Chater Facilities Grant	IDEA
Cash and investments - beginning	\$ 839,178	\$ (2,606)	\$ -	\$ 28,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,028)
Receipts:										
Local sources	268,890	-	-	-	-	-	-	-	-	-
State sources	3,975,145	-	-	-	-	-	-	-	-	-
Federal sources	-	296,021	-	45,022	625,877	-	-	89,791	-	45,291
Other	46,379	-	-	-	-	-	-	-	-	-
Total receipts	4,290,414	296,021	-	45,022	625,877	-	-	89,791	-	45,291
Disbursements:										
Current:										
Instruction	1,868,125	-	-	14,723	257,316	-	-	-	-	19,501
Support services	1,398,827	-	-	2,333	416,412	-	-	53,364	-	-
Noninstructional services	21,326	299,125	-	-	-	-	-	-	-	-
Facilities acquisition and construction	752,115	-	-	-	-	-	-	2,200	-	-
Debt services	128,372	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	4,168,765	299,125	-	17,056	673,728	-	-	55,564	-	19,501
Excess (deficiency) of receipts over disbursements	121,649	(3,104)	-	27,966	(47,851)	-	-	34,227	-	25,790
Other financing sources (uses):										
Transfers in	35,586	35,072	-	-	56,401	-	-	-	-	-
Transfers out	(35,586)	(35,072)	-	(56,401)	-	-	-	-	-	(5,762)
Total other financing sources (uses)	-	-	-	(56,401)	56,401	-	-	-	-	(5,762)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	121,649	(3,104)	-	(28,435)	8,550	-	-	34,227	-	20,028
Cash and investments - ending	\$ 960,827	\$ (5,710)	\$ -	\$ -	\$ 8,550	\$ -	\$ -	\$ 34,227	\$ -	\$ -

WEST GARY 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)

	IDEA 09-10	IDEA COOP 10-11	Improving Teaching Quality No Child Left Title II, Part A	Title II 09-10	ITQ Enhanced Education Through Technology Title II, Part D	Title V Part (A)	Fiscal Stabilization Education	Title I Grants to LEAs	Special Education Part B	Tax Clearing Fund
Cash and investments - beginning	\$ -	\$ -	\$ 13,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	24,307	(1)	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	200,001	-	-	-	-	262	454,858	327,036	228,130	-
Other	-	-	-	-	-	-	-	-	-	74,953
Total receipts	200,001	-	-	-	-	262	454,858	351,343	228,129	74,953
Disbursements:										
Current:										
Instruction	202,133	-	12,121	-	-	262	-	278,584	135,505	-
Support services	2,400	-	1,938	4,083	-	-	181,617	35,808	2,238	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	273,241	14,637	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	74,872
Total disbursements	204,533	-	14,059	4,083	-	262	454,858	329,029	137,743	74,872
Excess (deficiency) of receipts over disbursements	(4,532)	-	(14,059)	(4,083)	-	-	-	22,314	90,386	81
Other financing sources (uses):										
Transfers in	5,762	-	184	330	-	-	-	-	-	-
Transfers out	-	-	(514)	-	-	-	-	-	-	-
Total other financing sources (uses)	5,762	-	(330)	330	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,230	-	(14,389)	(3,753)	-	-	-	22,314	90,386	81
Cash and investments - ending	\$ 1,230	\$ -	\$ (514)	\$ (3,753)	\$ -	\$ -	\$ -	\$ 22,314	\$ 90,386	\$ 81

WEST GARY 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)

	SS/Medicare Withholding	State Tax Withholding	Local Tax Withholding	Life Insurance Voluntary Clearing	Medical Clearing Fund	403B/Roth Contributions	Flexible Spending	Garnishment Clearing Fund	Manual Checks and Voids	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54	\$ 540	\$ -	\$ -	\$ 859,448
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	293,196
State sources	-	-	-	-	-	-	-	-	-	3,975,145
Federal sources	-	-	-	-	-	-	-	-	-	2,312,289
Other	60,946	26,976	135	-	32,082	20,316	-	2,103	-	263,890
Total receipts	60,946	26,976	135	-	32,082	20,316	-	2,103	-	6,844,520
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	-	2,788,270
Support services	-	-	-	-	-	-	-	-	-	2,099,020
Noninstructional services	-	-	-	-	-	-	-	-	-	320,451
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	1,042,193
Debt services	-	-	-	-	-	-	-	-	-	128,372
Nonprogrammed charges	60,946	26,976	135	-	38,822	20,370	634	2,103	-	224,858
Total disbursements	60,946	26,976	135	-	38,822	20,370	634	2,103	-	6,603,164
Excess (deficiency) of receipts over disbursements	-	-	-	-	(6,740)	(54)	(634)	-	-	241,356
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	133,335
Transfers out	-	-	-	-	-	-	-	-	-	(133,335)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(6,740)	(54)	(634)	-	-	241,356
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (6,740)	\$ -	\$ (94)	\$ -	\$ -	\$ 1,100,804

WEST GARY 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	Title I 08-09	Title I 09-10	Title I 10-11	Title I School Improvement 10-11	Title I School Improvement 09-10	Chater Facilities Grant	IDEA
Cash and investments - beginning	\$ 960,827	\$ (5,710)	\$ -	\$ -	\$ 8,550	\$ -	\$ -	\$ 34,227	\$ -	\$ -
Receipts:										
Local sources	471,087	-	-	-	-	-	-	-	-	-
State sources	4,521,147	-	66,562	-	-	-	-	-	-	-
Federal sources	-	273,260	-	-	98,764	666,125	68,550	8,801	336,120	-
Temporary loans	73,335	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	5,065,569	273,260	66,562	-	98,764	666,125	68,550	8,801	336,120	-
Disbursements:										
Current:										
Instruction	2,172,046	-	-	-	19,453	293,049	-	2,634	-	-
Support services	2,021,510	-	-	-	32,746	438,498	66,328	40,394	-	-
Noninstructional services	-	332,310	-	-	-	-	-	-	-	-
Facilities acquisition and construction	761,859	-	-	-	-	-	2,634	-	160,440	-
Debt services	74,985	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,030,400	332,310	-	-	52,199	731,547	68,962	43,028	160,440	-
Excess (deficiency) of receipts over disbursements	35,169	(59,050)	66,562	-	46,565	(65,422)	(412)	(34,227)	175,680	-
Other financing sources (uses):										
Transfers in	242,242	64,760	-	-	-	55,115	-	-	-	-
Transfers out	(64,760)	-	(66,562)	-	(55,115)	-	-	-	(175,680)	-
Total other financing sources (uses)	177,482	64,760	(66,562)	-	(55,115)	55,115	-	-	(175,680)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	212,651	5,710	-	-	(8,550)	(10,307)	(412)	(34,227)	-	-
Cash and investments - ending	\$ 1,173,478	\$ -	\$ -	\$ -	\$ -	\$ (10,307)	\$ (412)	\$ -	\$ -	\$ -

WEST GARY 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)

	IDEA 09-10	IDEA COOP 10-11	Improving Teaching Quality No Child Left Title II, Part A	Title II 09-10	ITQ Enhanced Education Through Technology Title II, Part D	Title V Part (A)	Fiscal Stabilization Education	Title I Grants to LEAs	Special Education Part B	Tax Clearing Fund
Cash and investments - beginning	\$ 1,230	\$ -	\$ (514)	\$ (3,753)	\$ -	\$ -	\$ -	\$ 22,314	\$ 90,386	\$ 81
Receipts:										
Local sources	-	-	-	-	-	-	-	-	1,267	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	67,038	84,465	-	74,674	44,251	-	-	28,572	21,625	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	315,418
Total receipts	<u>67,038</u>	<u>84,465</u>	<u>-</u>	<u>74,674</u>	<u>44,251</u>	<u>-</u>	<u>-</u>	<u>28,572</u>	<u>22,892</u>	<u>315,418</u>
Disbursements:										
Current:										
Instruction	68,268	85,535	-	33,104	20,181	-	-	34,913	124,184	-
Support services	-	3,841	-	35,671	-	-	-	18,598	1,298	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	29,301	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	315,499
Total disbursements	<u>68,268</u>	<u>89,376</u>	<u>-</u>	<u>68,775</u>	<u>49,482</u>	<u>-</u>	<u>-</u>	<u>53,511</u>	<u>125,482</u>	<u>315,499</u>
Excess (deficiency) of receipts over disbursements	<u>(1,230)</u>	<u>(4,911)</u>	<u>-</u>	<u>5,899</u>	<u>(5,231)</u>	<u>-</u>	<u>-</u>	<u>(24,939)</u>	<u>(102,590)</u>	<u>(81)</u>
Other financing sources (uses):										
Transfers in	-	-	514	-	-	-	-	-	-	-
Transfers out	-	-	-	(514)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>514</u>	<u>(514)</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>(1,230)</u>	<u>(4,911)</u>	<u>514</u>	<u>5,385</u>	<u>(5,231)</u>	<u>-</u>	<u>-</u>	<u>(24,939)</u>	<u>(102,590)</u>	<u>(81)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (4,911)</u>	<u>\$ -</u>	<u>\$ 1,632</u>	<u>\$ (5,231)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,625)</u>	<u>\$ (12,204)</u>	<u>\$ -</u>

WEST GARY 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)

	SS/Medicare Withholding	State Tax Withholding	Local Tax Withholding	Life Insurance Voluntary Clearing	Medical Clearing Fund	403B/Roth Contributions	Flexible Spending	Garnishment Clearing Fund	Manual Checks and Voids	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (6,740)	\$ -	\$ (94)	\$ -	\$ -	\$ 1,100,804
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	472,354
State sources	-	-	-	-	-	-	-	-	-	4,587,709
Federal sources	-	-	-	-	-	-	-	-	-	1,772,245
Temporary loans	-	-	-	-	-	-	-	-	-	73,335
Other	195,798	100,448	267	1,027	80,735	49,210	2,405	10,043	9,962	765,313
Total receipts	195,798	100,448	267	1,027	80,735	49,210	2,405	10,043	9,962	7,670,956
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	-	2,853,367
Support services	-	-	-	-	-	-	-	-	-	2,658,884
Noninstructional services	-	-	-	-	-	-	-	-	-	332,310
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	954,234
Debt services	-	-	-	-	-	-	-	-	-	74,985
Nonprogrammed charges	195,798	100,448	267	1,027	73,995	45,035	1,102	10,043	9,962	753,176
Total disbursements	195,798	100,448	267	1,027	73,995	45,035	1,102	10,043	9,962	7,626,956
Excess (deficiency) of receipts over disbursements	-	-	-	-	6,740	4,175	1,303	-	-	44,000
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	362,631
Transfers out	-	-	-	-	-	-	-	-	-	(362,631)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	6,740	4,175	1,303	-	-	44,000
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,175	\$ 1,209	\$ -	\$ -	\$ 1,144,804

WEST GARY LIGHTHOUSE CHARTER SCHOOL
AUDIT RESULTS AND COMMENTS

RECEIPT ISSUANCE

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

1. Receipts did not always indicate the method of payment, i.e. cash, check, money order.
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. All copies of voided receipts were not retained for audit.
6. Multiple receipt books were in use at the same time; therefore, receipts were not issued in numerical order.
7. 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.

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)

WEST GARY LIGHTHOUSE CHARTER SCHOOL
AUDIT RESULTS AND COMMENTS
(Continued)

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 Charter School. 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

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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 WEST GARY LIGHTHOUSE
CHARTER SCHOOL, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the West Gary 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

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)

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.

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.

WEST GARY 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>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553		\$ 65,249	\$ 61,061
National School Lunch Program	10.555		<u>206,679</u>	<u>204,229</u>
Total for federal grantor agency			<u>271,928</u>	<u>265,290</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010			
09-9535		S010A080014	17,231	-
10-9535		S010A090014	673,728	52,200
11-9535		S010A100014	-	731,546
School Improvement				
10-9535			55,563	43,027
11-9535			<u>-</u>	<u>68,961</u>
Total for program			<u>746,522</u>	<u>895,734</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	S389A090014	<u>329,029</u>	<u>53,511</u>
Total for cluster			<u>1,075,551</u>	<u>949,245</u>
Pass-Through Indiana Department of Education Special Education Cluster Special Education - Grants to States (IDEA, Part B)	84.027			
		14209-220-PN01	19,501	-
		14210-220-PN01	204,532	68,268
		14211-220-PN01	<u>-</u>	<u>89,377</u>
Total for program			<u>224,033</u>	<u>157,645</u>
ARRA - Special Education - Grants to States (IDEA, Part B)	84.391	3310-9585-SN01	<u>137,744</u>	<u>125,481</u>
Total for cluster			<u>361,777</u>	<u>283,126</u>
Pass-Through Indiana Department of Education Educational Technology State Grants Cluster ARRA - Educational Technology State Grants, Recovery Act	84.386	S318X050014	<u>-</u>	<u>49,481</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	<u>454,857</u>	<u>-</u>
Pass-Through Indiana Department of Education Charter Schools - Per Pupil Facilities Grant	84.282D			
10-9535			175,680	-
11-9535			<u>-</u>	<u>160,440</u>
Total for program			<u>175,680</u>	<u>160,440</u>
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298	S298A700014	<u>262</u>	<u>-</u>
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367			
09-9535		S367A09013	14,088	-
10-9535		S367A10013	<u>4,083</u>	<u>68,776</u>
Total for program			<u>18,171</u>	<u>68,776</u>
Total for federal grantor agency			<u>2,086,298</u>	<u>1,511,068</u>
Total federal awards expended			<u>\$ 2,358,226</u>	<u>\$ 1,776,358</u>

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

WEST GARY 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 West Gary 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.

WEST GARY 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 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
	Special Education Cluster
	State Fiscal Stabilization Fund Cluster
84.282D	Charter Schools – Pupil Facilities Grant

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.

West Gary Lighthouse Charter School

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING. 2009-2 ALLOWABLE COST CONROLS AND COMPLIANCE

Federal Agency: U.S. Department of Education
Federal Program: Title I, Part A Cluster
CFDA Number: 10.553, 10.555, 10.559, 84.010, and 84.282
Federal Award No.: FY 2007-08, FY 2008-09, 07-9585, 08-9585, 09-9585
Pass-Through Entity: Indiana Department of Education
Auditee Contact Person: Robert Stearns
Title of Contact Person: Treasurer
Phone Number: 508-626-0901 ex 244

Payments to Vendors

Accounts payable vouchers (APV) did not contain fund numbers or account numbers. An invoice payable to a related organization for a shared employee who was the internal food auditor and managed the meals program did not contain payroll records and as such the invoice was not verified. Reclassifications were made in the ledger to reclassify expenses from Title I to the General Fund and vice versa.

Status of action taken to correct finding:

School office personnel were trained to code expenses on the APV form using the appropriate fund-expense-object coding system. School office personnel and finance personnel are trained twice per year as to what makes up an acceptable APV package to avoid submitting for payment vouchers that do not have attached invoices. Starting in 2011, no checks would be issued for APV's submitted by the school without proper documentation. Although the school entered into a valid contract to share the food auditor with other schools in the Lighthouse network, and those services and payments were made in accordance with the contract, the shared position was eliminated as the schools developed greater proficiency in managing the program.

We feel we have steadily decreased the number of APV's submitted for payment to the Treasurer that did not contain adequate supporting documentation or incorrect account coding. Lastly we have recently started to make use of a special report from the accounting system that will assist in monitoring the grants such as Title I. The report will show budget to actual for the grant and will include pending transactions. This will help in determining if grant resources are being utilized and amount remaining in any grant line. Previously we monitored the grants spending using a spreadsheet which was not efficient and as a result some reclassifications were required.

Payments to Employees – The finding reported that the school uses an outside payroll service to prepare its payroll and that the payroll service's departmental reports were not used to record the payroll into the accounting system and as a result numerous reclassifications were made. Another finding reported that the activity report as reported by the Title I Director omitted the names of two teachers paid from the Title I fund. The school has implemented additional steps to manage the recording of payroll to mitigate the number of reclassifications due to the misposting of payroll to incorrect funds.

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West Gary Lighthouse Charter School

The school maintains a payroll data base each fiscal year that contains the records for each payroll period during its fiscal year. The data base is used by the payroll manager to as a tool to approve the payroll, and by the accountants since it allows the departmentalization of the payroll into funds, accounts and object codes that correspond with the accounting system. The payroll is also reviewed with the school by the accountants to make sure that the payroll is properly coded by department. The payroll service reports do not allow for enough flexibility in departmentalizing the payroll. The payroll service's payroll register and cash report is attached to the payroll journal entry as evidence and a source document. The payroll entry on the APV clearly shows the names, amounts and fun/account/object codes with each payroll.

The payroll in the accounting system is then reconciled to the data base for each six month and fiscal year period. Since April 2010 after the audit finding, the school had two reclassifications in August 2010 of newly hired counselor from Title I to the General Fund. Detailed payroll have reconciled to the final Title I reports and to the accounting system.

The activity reports are completed by the Title I Director semi annually and have begun to be reviewed and reconciled to the accounting and payroll records for the grant in order to mitigate the omission of an employee who may have been terminated during the year and to account for all of the Title I positions that are approved in the Title I budget and paid during each six month period and reported on the semi-annual activity reports.

Signed Robert Stearns

Date 2/10/2012

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West Gary Lighthouse Charter School

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING. 2009-3 PROGRAM INCOME AND REPORTING

Federal Agency: U.S. Department of Agriculture
Federal Program: Child Nutrition Cluster
CFDA Number: 10.553, 10.555, 10.559, 84.010, and 84.282
Federal Award No.: FY2007-08, FY2008-09, 07-9585, and 09-9585
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 1:

For the year ended June 30, 2009, 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 2009-2 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.

Status of action taken to correct reporting finding 2:

The School is required to file Quarterly Financial Monitoring Reports. The quarterly monitoring reports did not agree to the Budget History Report for expenditures during the period. The school filed its quarterly reports on time for the eight quarters within the current audit period. Subsequent to the audit report in March 2010, and beginning in FY11 the Quarterly Monitoring Reports reconciled to the Budget History reports.

Signed Robert Stearns

Date 2/10/2012

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West Gary Lighthouse Charter School

FINDING 2009-4; CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Title I, Part A Cluster
CFDA Number: 84.010 and 84.0282
Federal Award No.: 07-9585, 08-9585, and 09-9585
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 Title I, 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 for Title I and other grants. The school did not make use of the quarterly monitoring reports option to reduce future payments. 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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WEST GARY LIGHTHOUSE CHARTER SCHOOL
EXIT CONFERENCE

The contents of this report were electronically mailed on March 15, 2012, with subsequent telephone discussions 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 36.

West Gary 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 West Gary 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 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,
West Gary Lighthouse Charter School