

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

EXAMINATION REPORT
OF
MONUMENT LIGHTHOUSE CHARTER SCHOOL
MARION COUNTY, INDIANA
July 1, 2005 to June 30, 2008



FILED
07/24/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Douglas Thaman Robert Stearns	07-01-05 to 07-08-06 07-09-06 to 06-30-09
President of the School Board	Michael Ronan	04-20-06 to 06-30-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MONUMENT LIGHTHOUSE
CHARTER SCHOOL, MARION COUNTY, INDIANA

We have examined the financial information presented herein of Monument Lighthouse Charter School (School Corporation), for the period of July 1, 2005 to June 30, 2008. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2006, 2007, and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

June 9, 2009

MONUMENT LIGHTHOUSE CHARTER SCHOOL
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
<u>Functions</u>	<u>Disbursements</u>
Governmental activities:	
Instruction	\$ (1,143)
Support services	(132,118)
Debt service	<u>(100)</u>
Total governmental activities	<u>\$ (133,361)</u>
General receipts:	
Bonds and loans	230,100
Investment earnings	<u>344</u>
Total general receipts	<u>230,444</u>
Change in net assets	97,083
Net assets - beginning	<u>-</u>
Net assets - ending	<u>\$ 97,083</u>
 <u>Assets</u>	
Cash and investments	<u>\$ 97,083</u>
 <u>Net Assets</u>	
Unrestricted	<u>\$ 97,083</u>

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

MONUMENT LIGHTHOUSE CHARTER SCHOOL
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

	Net (Disbursement) Receipts and Changes in Net Assets
<u>Functions</u>	<u>Disbursements</u>
Governmental activities:	
Instruction	\$ (21,569)
Support services	<u>(191,800)</u>
Total governmental activities	\$ <u>(213,369)</u>
General receipts:	
Other local sources	56
Grants and contributions not restricted to specific programs	145,000
Investment earnings	<u>4,241</u>
Total general receipts	<u>149,297</u>
Change in net assets	(64,072)
Net assets - beginning	<u>97,083</u>
Net assets - ending	<u><u>\$ 33,011</u></u>
 <u>Assets</u>	
Cash and investments	<u><u>\$ 33,011</u></u>
 <u>Net Assets</u>	
Unrestricted	<u><u>\$ 33,011</u></u>

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

MONUMENT LIGHTHOUSE CHARTER SCHOOL
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 962,270	\$ -	\$ 62,764	\$ (899,506)
Support services	1,563,975	13,876	137,235	(1,412,864)
Community services	2,345	-	-	(2,345)
Nonprogrammed charges	2,775	-	-	(2,775)
Debt service	<u>125,636</u>	<u>-</u>	<u>-</u>	<u>(125,636)</u>
Total governmental activities	<u>\$ 2,657,001</u>	<u>\$ 13,876</u>	<u>\$ 199,999</u>	<u>(2,443,126)</u>
General receipts:				
Other local sources				24,363
State aid				689,447
Bonds and loans				1,503,753
Grants and contributions not restricted to specific programs				452,759
Investment earnings				<u>8,460</u>
Total general receipts				<u>2,678,782</u>
Change in net assets				235,656
Net assets - beginning				<u>33,011</u>
Net assets - ending				<u>\$ 268,667</u>
 <u>Assets</u>				
Cash and investments				<u>\$ 268,667</u>
 <u>Net Assets</u>				
Unrestricted				<u>\$ 268,667</u>

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

MONUMENT LIGHTHOUSE CHARTER SCHOOL
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	<u>General</u>	<u>Federal Start Up Grant</u>	<u>Totals</u>
Receipts:			
Local sources	\$ 344	\$ -	\$ 344
Bonds and loans	<u>230,100</u>	<u>-</u>	<u>230,100</u>
 Total receipts	 <u>230,444</u>	 <u>-</u>	 <u>230,444</u>
Disbursements:			
Current:			
Instruction	-	1,143	1,143
Support services	7,108	125,010	132,118
Debt services	<u>100</u>	<u>-</u>	<u>100</u>
 Total disbursements	 <u>7,208</u>	 <u>126,153</u>	 <u>133,361</u>
 Excess (deficiency) of receipts over disbursements	 <u>223,236</u>	 <u>(126,153)</u>	 <u>97,083</u>
 Cash and investments - beginning	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Cash and investments - ending	 <u>\$ 223,236</u>	 <u>\$ (126,153)</u>	 <u>\$ 97,083</u>
 <u>Cash and Investment Assets - Ending</u>			
 Cash and investments	 <u>\$ 223,236</u>	 <u>\$ (126,153)</u>	 <u>\$ 97,083</u>
 <u>Cash and Investment Fund Balance - Ending</u>			
 Unrestricted	 <u>\$ 223,236</u>	 <u>\$ (126,153)</u>	 <u>\$ 97,083</u>

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

MONUMENT LIGHTHOUSE CHARTER SCHOOL
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	<u>General</u>	<u>Federal Start Up Grant</u>	<u>Totals</u>
Receipts:			
Local sources	\$ 4,297	\$ -	\$ 4,297
Federal sources	<u>-</u>	<u>145,000</u>	<u>145,000</u>
Total receipts	<u>4,297</u>	<u>145,000</u>	<u>149,297</u>
Disbursements:			
Current:			
Instruction	16,261	5,308	21,569
Support services	<u>185,305</u>	<u>6,495</u>	<u>191,800</u>
Total disbursements	<u>201,566</u>	<u>11,803</u>	<u>213,369</u>
Excess (deficiency) of receipts over disbursements	<u>(197,269)</u>	<u>133,197</u>	<u>(64,072)</u>
Cash and investments - beginning	<u>223,236</u>	<u>(126,153)</u>	<u>97,083</u>
Cash and investments - ending	<u>\$ 25,967</u>	<u>\$ 7,044</u>	<u>\$ 33,011</u>
<u>Cash and Investment Assets - Ending</u>			
Cash and investments	<u>\$ 25,967</u>	<u>\$ 7,044</u>	<u>\$ 33,011</u>
<u>Cash and Investment Fund Balance - Ending</u>			
Unrestricted	<u>\$ 25,967</u>	<u>\$ 7,044</u>	<u>\$ 33,011</u>

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

MONUMENT LIGHTHOUSE CHARTER SCHOOL
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	<u>General</u>	<u>School Lunch</u>	<u>Playground</u>	<u>Title I FY07/08</u>	<u>Federal Start Up Grant</u>	<u>Totals</u>
Receipts:						
Local sources	\$ 30,335	\$ 133	\$ 16,230	\$ -	\$ -	\$ 46,698
State sources	774,967	-	-	-	-	774,967
Federal sources	-	114,479	-	252,759	200,000	567,238
Bonds and loans	<u>1,503,753</u>	-	-	-	-	<u>1,503,753</u>
 Total receipts	 <u>2,309,055</u>	 <u>114,612</u>	 <u>16,230</u>	 <u>252,759</u>	 <u>200,000</u>	 <u>2,892,656</u>
Disbursements:						
Current:						
Instruction	884,259	-	-	74,037	3,973	962,269
Support services	1,346,337	151,445	4,000	28,800	33,393	1,563,975
Community services	2,345	-	-	-	-	2,345
Nonprogrammed charges	2,775	-	-	-	-	2,775
Debt services	<u>125,636</u>	-	-	-	-	<u>125,636</u>
 Total disbursements	 <u>2,361,352</u>	 <u>151,445</u>	 <u>4,000</u>	 <u>102,837</u>	 <u>37,366</u>	 <u>2,657,000</u>
 Excess (deficiency) of receipts over disbursements	 <u>(52,297)</u>	 <u>(36,833)</u>	 <u>12,230</u>	 <u>149,922</u>	 <u>162,634</u>	 <u>235,656</u>
 Cash and investments - beginning	 <u>25,967</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>7,044</u>	 <u>33,011</u>
 Cash and investments - ending	 <u>\$ (26,330)</u>	 <u>\$ (36,833)</u>	 <u>\$ 12,230</u>	 <u>\$ 149,922</u>	 <u>\$ 169,678</u>	 <u>\$ 268,667</u>
 <u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ (26,330)</u>	<u>\$ (36,833)</u>	<u>\$ 12,230</u>	<u>\$ 149,922</u>	<u>\$ 169,678</u>	<u>\$ 268,667</u>
 <u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ (26,330)</u>	<u>\$ (36,833)</u>	<u>\$ 12,230</u>	<u>\$ 149,922</u>	<u>\$ 169,678</u>	<u>\$ 268,667</u>

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

MONUMENT LIGHTHOUSE CHARTER SCHOOL
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets - Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through intergovernmental revenues and other nonexchange revenues.

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

The school lunch fund is used to account for receipts and disbursements for the food service program.

The playground fund is used to account for donations and disbursements for the purchase of playground equipment.

The Title I FY07/08 fund accounts for federal grants and disbursements for the program.

The Federal Start Up Grant fund accounts for federal grants and disbursements for the program.

MONUMENT LIGHTHOUSE CHARTER SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

B. Measurement Focus and Basis of Accounting

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The School Corporation has elected not to follow subsequent private-sector guidance.

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

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

Note 3. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

MONUMENT LIGHTHOUSE CHARTER SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 4. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

MONUMENT LIGHTHOUSE CHARTER SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

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.

MONUMENT LIGHTHOUSE CHARTER SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following long-term debt:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Notes and loans payable:		
Common School Loans:		
A-094	\$ 1,178,753	\$ 93,541
Line of Credit:		
Harris Bank	200,000	203,103
Interlocal Loans:		
Lighthouse Academies, Inc	<u>230,000</u>	<u>-</u>
Total governmental activities long-term debt	<u>\$ 1,608,753</u>	<u>\$ 296,644</u>

MONUMENT LIGHTHOUSE CHARTER SCHOOL
EXAMINATION RESULT AND COMMENT

OVERDRAWN CASH BALANCES

The cash balance of the Federal Start Up Grant Fund was overdrawn by \$126,153 at June 30, 2006. The cash balances of the General Fund and School Lunch Fund were overdrawn by \$26,330 and \$36,833, respectively, at June 30, 2008.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

MONUMENT LIGHTHOUSE CHARTER SCHOOL
EXIT CONFERENCE

The contents of this report were discussed on June 9, 2009, with Robert Stearns, Treasurer. The official response has been made a part of this report and may be found on page 17.

Monument Lighthouse Charter School

June 9, 2009

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

OFFICIAL RESPONSE SBOA Audit July 1, 2005 to June 30, 2008

Finding: Overdrawn Cash Balances – The cash balance of the Federal Start Up Grant Fund was overdrawn by \$126,153 at June 30, 2006. The cash balances of the General Fund and School Lunch Fund were overdrawn by \$26,330 and \$36,833 respectively at June 30, 2008. The cash balance of any fund may not be reduced below zero.

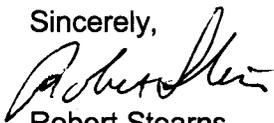
Response: The school maintains one checking account for all of its funds. For the startup grant we had filed the cash request form in 2005 with the full amount of the grant to be drawn before June 30, 2006. The IDOE did not fund our account in accordance with the originally submitted cash request form. After an inquiry was made with the IDOE, they funded our account for the grant but subsequent to June 30, 2006. We received the proceeds in August 2006. Expenses were actually paid using general funds and subsequently reimbursed.

For the general funds we prepared checks for payment upon learning of the local county receipt expected on June 30, 2008. The checks were not released until the receipt was confirmed received which was actually July 3, 2008. With the change in the funding of charter schools which is now the responsibility of the state, we do not expect these timing differences to occur. We will make sure that expenditures reported are matched with adequate funding resources in the same period.

The lunch program was overdraft as the receivables from IDOE were lagging the invoices to the vended meals program. We will make use of fund transfers to and from the general fund in instances where receipts from the meals program lag the program expenses.

Please do not hesitate to contact me if you have any questions.

Sincerely,



Robert Stearns
Treasurer
Lighthouse Academies of Indiana, Inc.

