

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

EXAMINATION REPORT  
OF  
MONTESSORI ACADEMY AT GEIST  
HANCOCK COUNTY, INDIANA  
July 1, 2007 to June 30, 2009



**FILED**  
07/16/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lynn Hardman Amanda Coddens	07-01-07 to 12-31-09 01-01-10 to 06-30-10
Director of School	Cynthia Thompson Susan Kertes	07-01-07 to 12-31-09 01-01-10 to 06-30-10
President of the School Board	Daniel McAfee Sean Sweeney	07-01-07 to 03-10-10 03-11-10 to 06-30-10



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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE MONTESSORI ACADEMY AT GEIST, HANCOCK COUNTY, INDIANA

We have examined the financial information presented herein of the Montessori Academy at Geist (School Corporation), for the period of July 1, 2007 to June 30, 2009. 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, 2008 and 2009, 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 16, 2010

MONTESSORI ACADEMY AT GEIST  
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	\$ 396,192	\$ -	\$ 4,106	\$ (392,086)
Support services	207,075	1,863	118	(205,094)
Noninstructional services	1,187	-	-	(1,187)
Facilities acquisition and construction	131,599	-	-	(131,599)
Debt service	<u>72,062</u>	<u>-</u>	<u>-</u>	<u>(72,062)</u>
Total governmental activities	<u>\$ 808,115</u>	<u>\$ 1,863</u>	<u>\$ 4,224</u>	<u>(802,028)</u>
General receipts:				
Property taxes				94,219
Other local sources				42,207
State aid				216,977
Bonds and loans				187,304
Grants and contributions not restricted to specific programs				279,000
Transfers				<u>306</u>
Total general receipts and transfers				<u>820,013</u>
Change in net assets				17,985
Net assets - beginning				<u>60,188</u>
Net assets - ending				<u>\$ 78,173</u>
<u>Assets</u>				
Cash and investments				<u>\$ 78,173</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 78,173</u>

The accompanying notes are an integral part of the financial information.

MONTESSORI ACADEMY AT GEIST  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 433,518	\$ -	\$ 4,985	\$ (428,533)
Support services	191,909	3,111	93	(188,705)
Noninstructional services	52	-	-	(52)
Facilities acquisition and construction	169,931	-	-	(169,931)
Debt service	79,556	-	-	(79,556)
Total governmental activities	<u>\$ 874,966</u>	<u>\$ 3,111</u>	<u>\$ 5,078</u>	<u>(866,777)</u>
General receipts:				
Property taxes				96,820
Other local sources				45,421
State aid				388,433
Bonds and loans				207,443
Grants and contributions not restricted to specific programs				67,699
Transfers				952
Total general receipts and transfers				<u>806,768</u>
Change in net assets				(60,009)
Net assets - beginning				<u>78,173</u>
Net assets - ending				<u>\$ 18,164</u>
<u>Assets</u>				
Cash and investments				<u>\$ 18,164</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 18,164</u>

The accompanying notes are an integral part of the financial information.

MONTESSORI ACADEMY AT GEIST  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008

	General	ARRA #1	Other	Totals
Receipts:				
Local sources	\$ 132,516	\$ -	\$ 5,773	\$ 138,289
State sources	220,921	-	280	221,201
Federal sources	-	279,000	-	279,000
Temporary loans	187,304	-	-	187,304
	<u>540,741</u>	<u>279,000</u>	<u>6,053</u>	<u>825,794</u>
Total Receipts				
Disbursements:				
Current:				
Instruction	323,217	72,975	-	396,192
Support services	141,346	65,729	-	207,075
Noninstructional services	1,187	-	-	1,187
Facilities acquisition and construction	104,192	27,407	-	131,599
Debt services	72,062	-	-	72,062
	<u>642,004</u>	<u>166,111</u>	<u>-</u>	<u>808,115</u>
Total disbursements				
Excess (deficiency) of receipts over disbursements	<u>(101,263)</u>	<u>112,889</u>	<u>6,053</u>	<u>17,679</u>
Other financing sources:				
Transfers out	<u>306</u>	<u>-</u>	<u>-</u>	<u>306</u>
Total other financing sources	<u>306</u>	<u>-</u>	<u>-</u>	<u>306</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(100,957)	112,889	6,053	17,985
Cash and investments - beginning	<u>(69,584)</u>	<u>129,772</u>	<u>-</u>	<u>60,188</u>
Cash and investments - ending	<u>\$ (170,541)</u>	<u>\$ 242,661</u>	<u>\$ 6,053</u>	<u>\$ 78,173</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	<u>\$ (170,541)</u>	<u>\$ 242,661</u>	<u>\$ 6,053</u>	<u>\$ 78,173</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Unrestricted	<u>\$ (170,541)</u>	<u>\$ 242,661</u>	<u>\$ 6,053</u>	<u>\$ 78,173</u>

The accompanying notes are an integral part of the financial information.

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

	<u>General</u>	<u>ARRA #1</u>	<u>Other</u>	<u>Totals</u>
Receipts:				
Local sources	\$ 118,165	\$ -	\$ 27,188	\$ 145,353
State sources	393,417	-	93	393,510
Federal sources	-	-	67,699	67,699
Temporary loans	<u>207,443</u>	<u>-</u>	<u>-</u>	<u>207,443</u>
 Total receipts	 <u>719,025</u>	 <u>-</u>	 <u>94,980</u>	 <u>814,005</u>
Disbursements:				
Current:				
Instruction	341,459	60,162	31,897	433,518
Support services	144,516	32,014	15,379	191,909
Noninstructional services	-	52	-	52
Facilities acquisition and construction	133,845	22,845	13,241	169,931
Debt services	<u>79,012</u>	<u>-</u>	<u>544</u>	<u>79,556</u>
 Total disbursements	 <u>698,832</u>	 <u>115,073</u>	 <u>61,061</u>	 <u>874,966</u>
 Excess (deficiency) of receipts over disbursements	 <u>20,193</u>	 <u>(115,073)</u>	 <u>33,919</u>	 <u>(60,961)</u>
Other financing sources (uses):				
Transfers in	101,500	-	-	101,500
Transfers out	<u>(100,548)</u>	<u>-</u>	<u>-</u>	<u>(100,548)</u>
 Total other financing sources (uses)	 <u>952</u>	 <u>-</u>	 <u>-</u>	 <u>952</u>
 Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	 <u>21,145</u>	 <u>(115,073)</u>	 <u>33,919</u>	 <u>(60,009)</u>
 Cash and investments - beginning	 <u>(170,541)</u>	 <u>242,661</u>	 <u>6,053</u>	 <u>78,173</u>
 Cash and investments - ending	 <u>\$ (149,396)</u>	 <u>\$ 127,588</u>	 <u>\$ 39,972</u>	 <u>\$ 18,164</u>
 <u>Cash and Investment Assets - Ending</u>				
 Cash and investments	 <u>\$ (149,396)</u>	 <u>\$ 127,588</u>	 <u>\$ 39,972</u>	 <u>\$ 18,164</u>
 <u>Cash and Investment Fund Balance - Ending</u>				
 Unrestricted	 <u>\$ (149,396)</u>	 <u>\$ 127,588</u>	 <u>\$ 39,972</u>	 <u>\$ 18,164</u>

The accompanying notes are an integral part of the financial information.

MONTESSORI ACADEMY AT GEIST  
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 taxes, 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, liabilities, 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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 ARRA #1 fund accounts for money provided by the federal government through the American Reinvestment Recovery Act and is used for support services.

B. Measurement Focus and Basis of Accounting

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

MONTESSORI ACADEMY AT GEIST  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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.

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

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

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

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become

MONTESSORI ACADEMY AT GEIST  
NOTES TO FINANCIAL INFORMATION  
(Continued)

delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

Note 5. 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.

Note 6. 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.

MONTESSORI ACADEMY AT GEIST  
NOTES TO FINANCIAL INFORMATION  
(Continued)

B. Teacher's Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teacher's 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:

Teacher's 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.

MONTESSORI ACADEMY AT GEIST  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	<u>Textbook</u>	<u>Donations Gifts and Trusts</u>	<u>Miscellaneous Programs</u>	<u>Non-English Speaking Programs</u>	<u>Totals</u>
Receipts:					
Local sources	\$ 3,303	\$ 1,150	\$ 1,320	\$ -	\$ 5,773
State sources	<u>118</u>	<u>-</u>	<u>-</u>	<u>162</u>	<u>280</u>
Total receipts	<u>3,421</u>	<u>1,150</u>	<u>1,320</u>	<u>162</u>	<u>6,053</u>
Disbursements:					
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>3,421</u>	<u>1,150</u>	<u>1,320</u>	<u>162</u>	<u>6,053</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,421</u>	<u>\$ 1,150</u>	<u>\$ 1,320</u>	<u>\$ 162</u>	<u>\$ 6,053</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 3,421</u>	<u>\$ 1,150</u>	<u>\$ 1,320</u>	<u>\$ 162</u>	<u>\$ 6,053</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 3,421</u>	<u>\$ 1,150</u>	<u>\$ 1,320</u>	<u>\$ 162</u>	<u>\$ 6,053</u>

MONTESSORI ACADEMY AT GEIST  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009

	Textbook	Non-English Speaking Programs	Donations Gifts and Trusts	Miscellaneous Programs	Improving Teacher Quality	ARRA #2	ARRA #3	Totals
<b>Receipts:</b>								
Local sources	\$ 6,686	\$ -	\$ -	\$ 20,502	\$ -	\$ -	\$ -	\$ 27,188
State sources	93	-	-	-	-	-	-	93
Federal sources	-	-	-	-	1,750	46,136	19,813	67,699
<b>Total receipts</b>	<b>6,779</b>	<b>-</b>	<b>-</b>	<b>20,502</b>	<b>1,750</b>	<b>46,136</b>	<b>19,813</b>	<b>94,980</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	-	-	-	-	-	31,353	544	31,897
Support services	-	-	-	-	-	5,798	9,581	15,379
Facilities acquisition and construction	-	-	-	-	-	8,441	4,800	13,241
Debt services	-	-	-	-	-	544	-	544
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,136</b>	<b>14,925</b>	<b>61,061</b>
Excess (deficiency) of receipts over disbursements	6,779	-	-	20,502	1,750	-	4,888	33,919
Cash and investments - beginning	3,421	162	1,150	1,320	-	-	-	6,053
Cash and investments - ending	<u>\$ 10,200</u>	<u>\$ 162</u>	<u>\$ 1,150</u>	<u>\$ 21,822</u>	<u>\$ 1,750</u>	<u>\$ -</u>	<u>\$ 4,888</u>	<u>\$ 39,972</u>
<b>Cash and Investment Assets - Ending</b>								
Cash and Investments	<u>\$ 10,200</u>	<u>\$ 162</u>	<u>\$ 1,150</u>	<u>\$ 21,822</u>	<u>\$ 1,750</u>	<u>\$ -</u>	<u>\$ 4,888</u>	<u>\$ 39,972</u>
<b>Cash and Investment Fund Balance - Ending</b>								
Unrestricted	<u>\$ 10,200</u>	<u>\$ 162</u>	<u>\$ 1,150</u>	<u>\$ 21,822</u>	<u>\$ 1,750</u>	<u>\$ -</u>	<u>\$ 4,888</u>	<u>\$ 39,972</u>

MONTESSORI ACADEMY AT GEIST  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2009

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable	\$ <u>289,026</u>	\$ <u>1,062</u>

MONTESSORI ACADEMY AT GEIST  
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN BANK ACCOUNT

Two separate bank accounts were overdrawn in separate months. One account was overdrawn in April 2009 that resulted in \$35 in overdraft fees being charged. The other account was overdrawn in May 2009 that resulted in \$133 in overdraft fees being charged.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

OVERDRAWN CASH BALANCES

The cash balance of the General Fund was overdrawn for 23 of the 24 months of the examination period. Additionally, the PERF Withholding Fund and the Withholding Taxes Funds were overdrawn in 2007. The 403B Withholdings Fund was overdrawn in 2009. A similar comment appeared in prior Report B31799.

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)

PUBLIC RECORDS RETENTION

Board minutes for two meetings, duplicate checks for the period June through December 2008, and Average Daily Membership (ADM) verification information for the examination period were not presented for examination.

IC 5-15-6-3(f) concerning destruction of public records, states in part:

"Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Officials should 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.) 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. (The School Administrator and Uniform Compliance Guidelines, Volume 123, September 1993, and Volume 142, June 1998)

MONTESSORI ACADEMY AT GEIST  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

IC 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept: (1) The date, time, and place of the meeting. (2) The members of the governing body recorded as either present or absent. (3) The general substance of all matters proposed, discussed, or decided. (4) A record of all votes taken, by individual members if there is a roll call. (5) Any additional information required under IC 5-1.5-2-2.5."

OFFICIAL BOND

The official bonds were not filed in the Office of the County Recorder.

IC 5-4-1-5.1(b) states in part:

"Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

PAYROLL DISBURSEMENTS

Classroom assistants paid during the 2008-2009 school year were not paid according to a salary schedule and lead classroom teachers were not paid according to individual teacher contracts. The rate of pay for the Director's position was not covered by either the salary schedule or a formal contract. No information was presented for examination that the directors pay, the salary schedule for classroom assistants, or the teacher's contracts were formally approved by the School Board. A similar comment appeared in prior Report B31799.

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

INTERNAL CONTROLS – CLAIMS NOT APPROVED

The controls over disbursing for financial activities were insufficient. Claims were not approved by the School Board. A similar comment appeared in prior Report B31799.

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)

IC 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

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"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

PRESCRIBED FORMS

Montessori Academy at Geist sent in the School Corporation Check and Purchase Order forms into the State Board of Accounts for approval. These forms were approved with the stipulations that additional information be added to the forms. Currently the School Corporation is using the aforementioned forms as originally submitted without the required additional information.

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)

OLD OUTSTANDING CHECKS (WARRANTS)

Multiple checks were voided prior to the two year requirement. Prior to these checks being voided, the total funds balance was overdrawn for nine consecutive months.

IC 5-11-10.5-2 states in part:

"All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

IC 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the: (1) board of finance of the political subdivision; or (2) the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

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IC 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks. (b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

The 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)

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EXIT CONFERENCE

The contents of this report were discussed on June 16, 2010, with Sean Sweeney, President of the School Board; and Susan Kertes, Director of School.