

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

MONTESSORI ACADEMY AT GEIST

HAMILTON COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

03/28/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lynn Hardman	07-01-09 to 12-31-09
	Amanda Coddens	01-01-10 to 09-30-10
	David Stowers	10-01-10 to 12-31-11
	William Humphrey	01-01-12 to 06-30-12
Superintendent of Schools	Cynthia Thompson	07-01-09 to 12-31-09
	Susan Kertes	01-01-10 to 07-31-10
	Trisha Armstrong	08-01-10 to 06-31-12
President of the School Board	Daniel McAfee	07-01-09 to 03-10-10
	Sean Sweeney	03-11-10 to 07-31-10
	Mikka Mabus	08-01-10 to 10-13-10
	Tammy Ho (acting)	10-14-10 to 03-30-11
	Michael Winterhalder	04-01-11 to 06-30-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statement of the Montessori Academy at Geist (School Corporation), for the period of July 1, 2009 to June 30, 2011. The School Corporation's management is responsible for the financial statement. 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination 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 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.

The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

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

February 9, 2012

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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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MONTESSORI ACADEMY AT GEIST
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	\$ (149,394)	\$ 721,412	\$ 588,970	\$ 26,174	\$ 9,222	\$ 979,035	\$ 900,103	\$ 218	\$ 88,372
Textbook Rental	10,201	152	175	-	10,178	12,197	5,558	-	16,817
Extra-Curricular Activities	-	1,200	-	-	1,200	27,100	12,101	-	16,199
Miscellaneous Programs	22,972	40	-	-	23,012	-	-	-	23,012
Non-English Speaking Programs P.L. 273-1999	162	-	-	-	162	-	-	-	162
School Technology	-	-	-	-	-	2,880	1,800	-	1,080
Special Education - 09/10	-	4,844	4,933	-	(89)	9,689	9,600	-	-
Special Education - 10/11	-	-	-	-	-	17,723	17,723	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	1,750	2,217	331	-	3,636	2,966	3,016	-	3,586
Public Charter School ESEA Title X, Part C - 09/10	127,589	-	99,487	(28,102)	-	-	-	-	-
Public Charter School ESEA Title X, Part C - 10/11	-	40,640	40,640	-	-	62,560	62,560	-	-
Fiscal Stabilization - Education	-	24,261	24,261	-	-	-	-	-	-
Special Education - Part B	4,888	-	5,982	-	(1,094)	-	(1,094)	-	-
Education Jobs	-	-	-	-	-	20,213	20,213	-	-
Totals	\$ 18,168	\$ 794,766	\$ 764,779	\$ (1,928)	\$ 46,227	\$ 1,134,363	\$ 1,031,580	\$ 218	\$ 149,228

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

MONTESSORI ACADEMY AT GEIST
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

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

MONTESSORI ACADEMY AT GEIST
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

MONTESSORI ACADEMY AT GEIST
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Other Financing Sources and Uses

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

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

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

G. Fund Accounting

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

Note 2. 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.

MONTESSORI ACADEMY AT GEIST
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Pension Plan

The School Corporation contributes to a pension plan unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

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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 examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant'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.

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

	General	Textbook Rental	Extra- Curricular Activities	Miscellaneous Programs	Non-English Speaking Programs P.L. 273-1999	School Technology	Special Education 09/10	Special Education 10/11
Cash and investments - beginning	\$ (149,394)	\$ 10,201	\$ -	\$ 22,972	\$ 162	\$ -	\$ -	\$ -
Receipts:								
Local sources	63,530	152	1,200	40	-	-	-	-
State sources	566,933	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	4,844	-
Temporary loans	90,949	-	-	-	-	-	-	-
Total receipts	<u>721,412</u>	<u>152</u>	<u>1,200</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>4,844</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	366,258	175	-	-	-	-	4,933	-
Support services	149,230	-	-	-	-	-	-	-
Noninstructional services	1,438	-	-	-	-	-	-	-
Facilities acquisition and construction	59,834	-	-	-	-	-	-	-
Debt services	12,210	-	-	-	-	-	-	-
Total disbursements	<u>588,970</u>	<u>175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,933</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>132,442</u>	<u>(23)</u>	<u>1,200</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>(89)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	28,102	-	-	-	-	-	-	-
Transfers out	(1,928)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>26,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>158,616</u>	<u>(23)</u>	<u>1,200</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>(89)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 9,222</u>	<u>\$ 10,178</u>	<u>\$ 1,200</u>	<u>\$ 23,012</u>	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ (89)</u>	<u>\$ -</u>

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

	Improving Teaching Quality No Child Left Title II, Part A	Public Charter School ESEA Title X Part C 09/10	Public Charter School ESEA Title X Part C 10/11	Fiscal Stabilization Education	Special Education Part B	Education Jobs	Totals
Cash and investments - beginning	\$ 1,750	\$ 127,589	\$ -	\$ -	\$ 4,888	\$ -	\$ 18,168
Receipts:							
Local sources	-	-	-	-	-	-	64,922
State sources	-	-	-	-	-	-	566,933
Federal sources	2,217	-	40,640	24,261	-	-	71,962
Temporary loans	-	-	-	-	-	-	90,949
Total receipts	2,217	-	40,640	24,261	-	-	794,766
Disbursements:							
Current:							
Instruction	-	4,734	-	10,809	-	-	386,909
Support services	331	405	-	13,452	5,982	-	169,400
Noninstructional services	-	-	-	-	-	-	1,438
Facilities acquisition and construction	-	94,348	40,640	-	-	-	194,822
Debt services	-	-	-	-	-	-	12,210
Total disbursements	331	99,487	40,640	24,261	5,982	-	764,779
Excess (deficiency) of receipts over disbursements	1,886	(99,487)	-	-	(5,982)	-	29,987
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	28,102
Transfers out	-	(28,102)	-	-	-	-	(30,030)
Total other financing sources (uses)	-	(28,102)	-	-	-	-	(1,928)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,886	(127,589)	-	-	(5,982)	-	28,059
Cash and investments - ending	\$ 3,636	\$ -	\$ -	\$ -	\$ (1,094)	\$ -	\$ 46,227

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

	General	Textbook Rental	Extra- Curricular Activities	Miscellaneous Programs	Non-English Speaking Programs P.L. 273-1999	School Technology	Special Education 09/10	Special Education 10/11
Cash and investments - beginning	\$ 9,222	\$ 10,178	\$ 1,200	\$ 23,012	\$ 162	\$ -	\$ (89)	\$ -
Receipts:								
Local sources	57,559	12,042	27,100	-	-	-	-	-
State sources	777,548	155	-	-	-	2,880	-	-
Federal sources	-	-	-	-	-	-	9,689	17,723
Temporary loans	143,928	-	-	-	-	-	-	-
Total receipts	<u>979,035</u>	<u>12,197</u>	<u>27,100</u>	<u>-</u>	<u>-</u>	<u>2,880</u>	<u>9,689</u>	<u>17,723</u>
Disbursements:								
Current:								
Instruction	360,012	5,421	12,101	-	-	-	6,384	17,723
Support services	278,724	137	-	-	-	1,800	3,216	-
Noninstructional services	550	-	-	-	-	-	-	-
Facilities acquisition and construction	170,612	-	-	-	-	-	-	-
Debt services	90,205	-	-	-	-	-	-	-
Total disbursements	<u>900,103</u>	<u>5,558</u>	<u>12,101</u>	<u>-</u>	<u>-</u>	<u>1,800</u>	<u>9,600</u>	<u>17,723</u>
Excess (deficiency) of receipts over disbursements	<u>78,932</u>	<u>6,639</u>	<u>14,999</u>	<u>-</u>	<u>-</u>	<u>1,080</u>	<u>89</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	300	-	-	-	-	-	-	-
Transfers out	(82)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>79,150</u>	<u>6,639</u>	<u>14,999</u>	<u>-</u>	<u>-</u>	<u>1,080</u>	<u>89</u>	<u>-</u>
Cash and investments - ending	<u>\$ 88,372</u>	<u>\$ 16,817</u>	<u>\$ 16,199</u>	<u>\$ 23,012</u>	<u>\$ 162</u>	<u>\$ 1,080</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Improving Teaching Quality No Child Left Title II, Part A	Public Charter School ESEA Title X Part C 09/10	Public Charter School ESEA Title X Part C 10/11	Fiscal Stabilization Education	Special Education Part B	Education Jobs	Totals
Cash and investments - beginning	\$ 3,636	\$ -	\$ -	\$ -	\$ (1,094)	\$ -	\$ 46,227
Receipts:							
Local sources	-	-	-	-	-	-	96,701
State sources	-	-	-	-	-	-	780,583
Federal sources	2,966	-	62,560	-	-	20,213	113,151
Temporary loans	-	-	-	-	-	-	143,928
Total receipts	<u>2,966</u>	<u>-</u>	<u>62,560</u>	<u>-</u>	<u>-</u>	<u>20,213</u>	<u>1,134,363</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	20,213	421,854
Support services	3,016	-	-	-	(1,094)	-	285,799
Noninstructional services	-	-	-	-	-	-	550
Facilities acquisition and construction	-	-	62,560	-	-	-	233,172
Debt services	-	-	-	-	-	-	90,205
Total disbursements	<u>3,016</u>	<u>-</u>	<u>62,560</u>	<u>-</u>	<u>(1,094)</u>	<u>20,213</u>	<u>1,031,580</u>
Excess (deficiency) of receipts over disbursements	<u>(50)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,094</u>	<u>-</u>	<u>102,783</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	300
Transfers out	-	-	-	-	-	-	(82)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>218</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(50)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,094</u>	<u>-</u>	<u>103,001</u>
Cash and investments - ending	<u>\$ 3,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,228</u>

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MONTESSORI ACADEMY AT GEIST
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

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:		
Common School Loans:		
A084	\$ 98,035	\$ 9,987
A100	112,458	11,047
A187	143,928	-
Bank Loan	90,519	20,174
Grant Repayment	<u>67,949</u>	<u>67,949</u>
Total governmental activities debt	<u>\$ 512,889</u>	<u>\$ 109,157</u>

MONTESSORI ACADEMY AT GEIST
EXIT CONFERENCE

The contents of this report were discussed on February 14, 2012, with Michael Winterhalder, President of the School Board, and Trisha Armstrong, Superintendent of Schools. Our examination disclosed no material items that warrant comment at this time.