

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

EXAMINATION REPORT  
OF

21ST CENTURY CHARTER  
SCHOOL - FOUNTAIN SQUARE  
MARION COUNTY, INDIANA

July 1, 2006 to June 30, 2008



**FILED**

05/14/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Melissa Bechtel Dana Johnson	07-01-06 to 06-30-07 07-01-07 to 06-30-09
Superintendent of Schools	Kevin Teasley	07-01-06 to 06-30-09
President of the School Board	Donald Laskowski Mark Bowell	07-01-06 to 12-31-08 01-01-09 to 06-30-09



**STATE OF INDIANA**  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE 21ST CENTURY CHARTER SCHOOL  
- FOUNTAIN SQUARE, MARION COUNTY, INDIANA

We have examined the financial information presented herein of the 21st Century Charter School - Fountain Square (School Corporation), for the period of July 1, 2006 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, 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 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 basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

April 20, 2009

21ST CENTURY CHARTER SCHOOL - FOUNTAIN SQUARE  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 823,580	\$ -	\$ 14,079	\$ -	\$ (809,501)
Support services	1,187,916	2,540	55,772	-	(1,129,604)
Debt service	<u>50,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,050)</u>
Total governmental activities	<u>\$ 2,061,546</u>	<u>\$ 2,540</u>	<u>\$ 69,851</u>	<u>\$ -</u>	<u>(1,989,155)</u>
General receipts:					
Property taxes					526,368
Other local sources					64,079
State aid					927,708
Bonds and loans					309,609
Grants and contributions not restricted to specific programs					<u>256,168</u>
Total general receipts					<u>2,083,932</u>
Change in net assets					94,777
Net assets - beginning					<u>(52,518)</u>
Net assets - ending					<u>\$ 42,259</u>
<u>Assets</u>					
Cash and investments					<u>\$ 42,259</u>
<u>Net Assets</u>					
Unrestricted					<u>\$ 42,259</u>

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

21ST CENTURY CHARTER SCHOOL - FOUNTAIN SQUARE  
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>Totals</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 926,178	\$ -	\$ 17,652	\$ -	\$ (908,526)
Support services	1,014,837	9,499	64,572	-	(940,766)
Community services	3,226	-	-	-	(3,226)
Debt service	<u>53,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,838)</u>
Total governmental activities	<u>\$ 1,998,079</u>	<u>\$ 9,499</u>	<u>\$ 82,224</u>	<u>\$ -</u>	<u>(1,906,356)</u>
General receipts:					
Property taxes					377,097
Other local sources					2,638
State aid					1,096,029
Grants and contributions not restricted to specific programs					<u>408,710</u>
Total general receipts					<u>1,884,474</u>
Change in net assets					(21,882)
Net assets - beginning					<u>42,259</u>
Net assets - ending					<u>\$ 20,377</u>
<u>Assets</u>					
Cash and investments					<u>\$ 20,377</u>
<u>Net Assets</u>					
Unrestricted					<u>\$ 20,377</u>

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

21ST CENTURY CHARTER SCHOOL - FOUNTAIN SQUARE  
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, 2007

	General	Textbook Reimbursement	Title I Fund 413	Other	Totals
<b>Receipts:</b>					
Local sources	\$ 592,302	\$ -	\$ -	\$ 685	\$ 592,987
State sources	941,786	11,282	-	18,873	971,941
Federal sources	-	-	89,859	191,927	281,786
Bonds and loans	309,609	-	-	-	309,609
<b>Total receipts</b>	<u>1,843,697</u>	<u>11,282</u>	<u>89,859</u>	<u>211,485</u>	<u>2,156,323</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	694,276	-	68,036	61,268	823,580
Support services	1,021,185	-	16,514	150,217	1,187,916
Debt services	50,050	-	-	-	50,050
<b>Total disbursements</b>	<u>1,765,511</u>	<u>-</u>	<u>84,550</u>	<u>211,485</u>	<u>2,061,546</u>
Excess (deficiency) of receipts over disbursements	<u>78,186</u>	<u>11,282</u>	<u>5,309</u>	<u>-</u>	<u>94,777</u>
Cash and investments - beginning	<u>(52,518)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,518)</u>
Cash and investments - ending	<u>\$ 25,668</u>	<u>\$ 11,282</u>	<u>\$ 5,309</u>	<u>\$ -</u>	<u>\$ 42,259</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	<u>\$ 25,668</u>	<u>\$ 11,282</u>	<u>\$ 5,309</u>	<u>\$ -</u>	<u>\$ 42,259</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Unrestricted	<u>\$ 25,668</u>	<u>\$ 11,282</u>	<u>\$ 5,309</u>	<u>\$ -</u>	<u>\$ 42,259</u>

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

21ST CENTURY CHARTER SCHOOL - FOUNTAIN SQUARE  
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	Textbook Reimbursement	Title I Fund 413	Other	Totals
<b>Receipts:</b>					
Local sources	\$ 389,203	\$ -	\$ -	\$ 30	\$ 389,233
State sources	1,113,681	24,690	-	178	1,138,549
Federal sources	-	-	3,500	444,915	448,415
<b>Total receipts</b>	<b>1,502,884</b>	<b>24,690</b>	<b>3,500</b>	<b>445,123</b>	<b>1,976,197</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	688,692	-	2,666	234,820	926,178
Support services	856,807	-	-	158,030	1,014,837
Community services	3,226	-	-	-	3,226
Debt services	53,838	-	-	-	53,838
<b>Total disbursements</b>	<b>1,602,563</b>	<b>-</b>	<b>2,666</b>	<b>392,850</b>	<b>1,998,079</b>
Excess (deficiency) of receipts over disbursements	(99,679)	24,690	834	52,273	(21,882)
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	25,200	25,200
Transfers out	-	-	-	(25,200)	(25,200)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(99,679)	24,690	834	52,273	(21,882)
Cash and investments - beginning	25,668	11,282	5,309	-	42,259
Cash and investments - ending	<u>\$ (74,011)</u>	<u>\$ 35,972</u>	<u>\$ 6,143</u>	<u>\$ 52,273</u>	<u>\$ 20,377</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	<u>\$ (74,011)</u>	<u>\$ 35,972</u>	<u>\$ 6,143</u>	<u>\$ 52,273</u>	<u>\$ 20,377</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Unrestricted	<u>\$ (74,011)</u>	<u>\$ 35,972</u>	<u>\$ 6,143</u>	<u>\$ 52,273</u>	<u>\$ 20,377</u>

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

21ST CENTURY CHARTER SCHOOL - FOUNTAIN SQUARE  
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.

Joint Venture

The School Corporation is a participant with Andrew J. Brown Charter School, Campagna Academy, Charles A. Tindley Accelerated School, Charter School of the Dunes, Christel House Academy, Life Skills Center of Gary School, New Community School, Options Charter School, Rural Community Academy, Signature School, Southeast Neighborhood School of Excellence, Community Montessori, Flanner House Elementary School, Flanner House Higher Learning Academy, Indianapolis Metropolitan Career Academy No. 1, Indianapolis Metropolitan Career Academy No. 2, Irvington Community School, KIPP Indianapolis College Preparatory, Thea Bowman Leadership 851 Academy, Timothy L. Johnson Academy, Urban Brightest Community Academy, and Veritas Academy in a joint venture to operate Virtual Special Education Cooperative which was created to provide needed special programs and services, supplies, materials and equipment, and facilities for identified students with disabilities. The School Corporation is obligated by contract to remit annually the federal allocation received for special education assistance to supplement the Virtual Special Education Cooperative. Complete financial statements for the Virtual Special Education Cooperative can be obtained from Ball State University.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement 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.

21ST CENTURY CHARTER SCHOOL - FOUNTAIN SQUARE  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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 textbook reimbursement fund is used to account for receipts and disbursements concerning textbook and worksheets furnished to students.

The title I fund 413 accounts for activity of federal title 1 program.

**B. Measurement Focus and Basis of Accounting**

The government-wide, governmental fund, proprietary 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.

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. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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.

21ST CENTURY CHARTER SCHOOL - FOUNTAIN SQUARE  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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). 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.

21ST CENTURY CHARTER SCHOOL - FOUNTAIN SQUARE  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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:

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.

21ST CENTURY CHARTER SCHOOL - FOUNTAIN SQUARE  
 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, 2007

	School Lunch	Alternative Education Grant	Title I	Title V, Part A Innovative Education Program Strategies	Title IV Drug Free Schools	Title II, Part A Improving Teacher Quality	Title V, Part V Federal Start Up Grant	Totals
<b>Receipts:</b>								
Local sources	\$ 685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 685
State sources	233	18,640	-	-	-	-	-	18,873
Federal sources	44,258	-	7,400	959	1,994	7,116	130,200	191,927
<b>Total receipts</b>	<b>45,176</b>	<b>18,640</b>	<b>7,400</b>	<b>959</b>	<b>1,994</b>	<b>7,116</b>	<b>130,200</b>	<b>211,485</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	-	17,353	7,400	959	1,994	7,116	26,446	61,268
Support services	45,176	1,287	-	-	-	-	103,754	150,217
<b>Total disbursements</b>	<b>45,176</b>	<b>18,640</b>	<b>7,400</b>	<b>959</b>	<b>1,994</b>	<b>7,116</b>	<b>130,200</b>	<b>211,485</b>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	-
Cash and investments - beginning	-	-	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>								
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

21ST CENTURY CHARTER SCHOOL - FOUNTAIN SQUARE  
 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

	School Lunch	McKinney Vento Grant	Title I Fund 410	Title I Fund 414	Title V, Part A Community Relations
<b>Receipts:</b>					
Local sources	\$ 30	\$ -	\$ -	\$ -	\$ -
State sources	178	-	-	-	-
Federal sources	<u>39,704</u>	<u>46,000</u>	<u>92,237</u>	<u>93,533</u>	<u>429</u>
Total receipts	<u>39,912</u>	<u>46,000</u>	<u>92,237</u>	<u>93,533</u>	<u>429</u>
<b>Disbursements:</b>					
Current:					
Instruction	-	-	87,571	68,333	-
Support services	<u>39,912</u>	<u>24,671</u>	<u>2,526</u>	<u>-</u>	<u>429</u>
Total disbursements	<u>39,912</u>	<u>24,671</u>	<u>90,097</u>	<u>68,333</u>	<u>429</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>21,329</u>	<u>2,140</u>	<u>25,200</u>	<u>-</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	25,200	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,200)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>25,200</u>	<u>(25,200)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>21,329</u>	<u>27,340</u>	<u>-</u>	<u>-</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 21,329</u>	<u>\$ 27,340</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	<u>\$ -</u>	<u>\$ 21,329</u>	<u>\$ 27,340</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Unrestricted	<u>\$ -</u>	<u>\$ 21,329</u>	<u>\$ 27,340</u>	<u>\$ -</u>	<u>\$ -</u>

21ST CENTURY CHARTER SCHOOL - FOUNTAIN SQUARE  
 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  
 (Continued)

	Special Education	Title II Prvent Remediation	Title II, Part A Improving Teacher Quality	Title II, Part D Education Technology	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 30
State sources	-	-	-	-	178
Federal sources	<u>6,750</u>	<u>50,703</u>	<u>62,972</u>	<u>52,587</u>	<u>444,915</u>
Total receipts	<u>6,750</u>	<u>50,703</u>	<u>62,972</u>	<u>52,587</u>	<u>445,123</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	28,213	50,703	-	-	234,820
Support services	<u>-</u>	<u>-</u>	<u>39,480</u>	<u>51,012</u>	<u>158,030</u>
Total disbursements	<u>28,213</u>	<u>50,703</u>	<u>39,480</u>	<u>51,012</u>	<u>392,850</u>
Excess (deficiency) of receipts over disbursements	<u>(21,463)</u>	<u>-</u>	<u>23,492</u>	<u>1,575</u>	<u>52,273</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	25,200
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,200)</u>
Total other financing sources (uses)	<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>(21,463)</u>	<u>-</u>	<u>23,492</u>	<u>1,575</u>	<u>52,273</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ (21,463)</u>	<u>\$ -</u>	<u>\$ 23,492</u>	<u>\$ 1,575</u>	<u>\$ 52,273</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	<u>\$ (21,463)</u>	<u>\$ -</u>	<u>\$ 23,492</u>	<u>\$ 1,575</u>	<u>\$ 52,273</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Unrestricted	<u>\$ (21,463)</u>	<u>\$ -</u>	<u>\$ 23,492</u>	<u>\$ 1,575</u>	<u>\$ 52,273</u>

21ST CENTURY CHARTER SCHOOL - FOUNTAIN SQUARE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2008

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, at cost:	
Improvements other than buildings	\$ 23,049
Machinery and equipment	<u>487,547</u>
 Total governmental activities, capital assets at cost.	 <u><u>\$ 510,596</u></u>

21ST CENTURY CHARTER SCHOOL - FOUNTAIN SQUARE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2008

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable:		
Common School Loans	\$ 1,023,164	\$ 94,619

21ST CENTURY CHARTER SCHOOL – FOUNTAIN SQUARE  
EXAMINATION RESULTS AND COMMENTS

FEDERAL AND STATE AGENCIES - REPORTING COMPLIANCE REQUIREMENTS

The school lunch reports, form CND-1, submitted to the State of Indiana were not filed by the 10<sup>th</sup> of the month following the month for which reimbursement is requested. Out of 20 reports filed, 20 were filed late. A similar comment appeared in prior Report B29603.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PENALTIES, INTEREST, AND OTHER CHARGES

Information presented for examination indicates that, in some cases, amounts payable to vendors and other suppliers of goods and services are not being paid until months after the invoice dates.

Penalties and interest totaling \$401.55 were paid to various vendors during the examination period.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

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.

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)

SALES TAX

Sales tax totaling \$345.43 was reimbursed during the examination period on purchases made by GEO Foundation for monthly operating expenses.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN CASH BALANCES

The cash balances of the General and Special Education Funds were overdrawn at June 30, 2008. A similar comment appeared in prior Report B29603.

21ST CENTURY CHARTER SCHOOL – FOUNTAIN SQUARE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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)

OFFICIAL BONDS

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

Melissa Bechtel    July 1, 2006 to June 30, 2007  
Dana Johnson     July 1, 2007 to June 30, 2008

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 . . ."

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use:

Form 369, Capital Assets Ledger

The computer generated ledgers being used were not approved for use.

A similar comment appeared in prior Report B29603.

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)

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. A credit card statement was included as documentation without itemized invoices or receipts. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

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)

21ST CENTURY CHARTER SCHOOL – FOUNTAIN SQUARE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

COMPENSATION AND BENEFITS

A teacher received \$630 in payment for an after school program during the examination period which was not included in the payroll system or on the salary resolution.

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

CONTRACTS

Records presented for examination indicate payments were made for athletic stipends, building maintenance and construction during the examination period without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

21ST CENTURY CHARTER SCHOOL - FOUNTAIN SQUARE  
EXIT CONFERENCE

The contents of this report were discussed on April 20, 2009, with Dana Johnson, Treasurer; and Kevin Teasley, Superintendent of Schools.