



STATE OF INDIANA
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January 23, 2014

Charter School Board
21st Century Charter School @ Gary, Inc.
556 Washington Street
Gary, IN 46402

We have reviewed the Supplemental Audit Report prepared by Katz, Sapper & Miller, LLP, Independent Public Accountants, for the period July 1, 2012 to June 30, 2013. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Pages 3 through 4 contain four audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for 21st Century Charter School @ Gary, Inc. was prepared in accordance with the guidelines established by the State Board of Accounts.

The Supplemental Audit Report and the Financial Statements and Independent Auditors' Report are filed in our office as a matter of public record.

State Board of Accounts

**SUPPLEMENTAL AUDIT REPORT
OF
21ST CENTURY CHARTER SCHOOL @ GARY, INC.
LAKE COUNTY, INDIANA**

JULY 1, 2012 TO JUNE 30, 2013

21ST CENTURY CHARTER SCHOOL @ GARY, INC.

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21ST CENTURY CHARTER SCHOOL @ GARY, INC.

SCHOOL OFFICIALS

Office	Official	Terms
Treasurer	Dana Johnson	07-01-11 to 06-30-14
Superintendent of Schools	Kevin Teasley	07-01-11 to 06-30-14
President of the Charter School Board	Alyce Butler	07-01-11 to 06-30-14

*Independent Auditors' Supplemental
Audit Report*

Board of Directors
21st Century Charter School @ Gary, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of 21st Century Charter School @ Gary, Inc. as of and for the year ended June 30, 2013 and have issued our report thereon dated December 27, 2013.

In connection with our audits, nothing came to our attention that caused us to believe that 21st Century Charter School @ Gary, Inc. failed to comply with the conditions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, as outlined in the *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, issued by the Indiana State Board of Accounts, except as stated in the Audit Results and Comments.

This report is intended solely for the information and use of the Board of Directors and management of 21st Century Charter School @ Gary, Inc. and the Indiana State Board of Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
December 27, 2013

**21ST CENTURY CHARTER SCHOOL @ GARY, INC.
LAKE COUNTY
AUDIT RESULTS AND COMMENTS**

Year Ended June 30, 2013

BOARD MINUTES

It was noted from the review of the minutes that approval of claims or accounts payable vouchers was not discussed. Claims are signed as approved by the Board President, but the minutes are unclear as to if the claims are presented to the entire Board for approval. A similar comment appeared in prior year.

Charter schools 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 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 board having jurisdiction over the allowance of the payment of the claim. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Chapter 2).

PRESCRIBED FORMS

The capital asset inventory is not kept on a prescribed or approved form. A similar comment appeared in prior year.

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 Charter Schools, Chapter 10)

SCHOOL LUNCH

The Charter School did not present for audit the detail for the submitted CND-1 reports or the SF-2, SF-2A or SF-3 daily forms. A similar comment appeared in prior year.

The Charter School did not present for audit a subsidiary record of prepaid accounts for school lunch, by student.

School Food Form SF-2, Daily Record of Cash Received, categorizes cash receipts on a daily basis and must be totaled monthly. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Chapter 17)

School Food Form SF-2A, Daily Record of Meals/Milk Served, records daily the number of meals/milk served and must be totaled monthly and will be a source of information for preparation of the monthly claim for federal reimbursement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Chapter 17)

School Food Form SF-3, Cash Disbursements and Fund Balance, is used to record on a daily basis the disbursements of the School Food Service Program and together with the SF-2 acts as the source information for the calculation of the fund balance as shown on the SF-3. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Chapter 17)

Forms SF-1, SF-2, SF-2A, and SF-3 shall be maintained on a daily basis and totaled monthly. These monthly totals are a source of information for preparation of the claim for federal reimbursement, the quarterly financial report, etc. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Chapter 17)

SCHOOL LUNCH (CONTINUED)

Subsidiary records by student must be routinely reconciled to the cash balance and at month end. The School Food Prescribed Forms and any approved computerized Forms will be required to be maintained in the following manner to accurately account for prepaid items. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Chapter 17)

OFFICIALS BONDS

Officials bonds were not provided for audit, or found recorded, for the School Treasurer and the Extra-Curricular Treasurer. A similar comment appeared in prior year.

The organizer shall designate employees who are responsible for handling a majority of the cash, receipts, and disbursements for the school. The designated employees must have either a cash bond or an insurance policy on their behalf that protects the charter school from employee theft, fraud, errors, and omissions. The cash bond or insurance policy should represent an average amount of cash or receipts on hand during the school year. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Chapter 8)

***21ST CENTURY CHARTER SCHOOL @ GARY, INC.
LAKE COUNTY
EXIT CONFERENCE***

The contents of this report were discussed on December 27, 2013 with Dana Johnson, Treasurer.