



STATE OF INDIANA
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March 28, 2014

Charter School Board
21st Century Charter School, Inc. d/b/a
Fall Creek Academy
2540 N. Capitol Avenue
Indianapolis, IN 46208

We have reviewed the Supplemental Audit Report prepared by Fitzgerald/Isaac, LLC, 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. Management's response is on pages 6 through 7.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for 21st Century Charter School, Inc. d/b/a Fall Creek Academy 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, INC.
d/b/a
FALL CREEK ACADEMY
MARION COUNTY, INDIANA
July 1, 2012 to June 30, 2013

21ST CENTURY CHARTER SCHOOL, INC.
d/b/a
FALL CREEK ACADEMY

MARION COUNTY, INDIANA

Table of Contents

	<u>Page</u>
School Officials	1
Transmittal Letter	2
Audit Results and Comments:	
Capital Assets	3
Receipts and Deposits	3
Travel Claims	3
Ticket Sales	4
Exit Conference	5
Official Response	6-7

21ST CENTURY CHARTER SCHOOL, INC.
d/b/a
FALL CREEK ACADEMY

MARION COUNTY, INDIANA

School Officials

Year Ended June 30, 2013

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Rollin Dick	07/01/12 – 06/30/13
School Leader	Rick Hunt	07/01/12 – 06/30/13
Treasurer	Kyle Rouse	07/01/12 – 06/30/13

The Board of Directors
21st Century Charter School, Inc.

We have audited the financial statements of **21st Century Charter School, Inc. d/b/a Fall Creek Academy** (the "School") as of and for the year ended June 30, 2013 and have issued our report thereon dated December 31, 2013. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.



Indianapolis, IN
December 31, 2013

21ST CENTURY CHARTER SCHOOL, INC.

d/b/a

FALL CREEK ACADEMY

MARION COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2013

CAPITAL ASSETS

The School maintains a capital assets record for accounting purposes; however, it has not conducted a physical inventory of such assets as verification of the accounting records.

Every charter school must have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory must be recorded on the applicable Capital Assets Ledger. A complete inventory shall be taken for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 15).

RECEIPTS AND DEPOSITS

The School issues receipts for cash payments including extra-curricular activities, school lunches and various other items; however, receipt records for the period from July 1, 2012 to September 20, 2012 could not be located.

All accounting transactions must be supported by adequate documentation. Transaction entries are supported by an explanation of the reason for the entry and must show an evidence of supervisory approval. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

TRAVEL CLAIMS

The School reimburses personnel for travel and other school-related expenses, but does not have a formal travel policy.

The charter school must establish a travel policy that details the procedures for an employee to get approval to attend meetings and conferences; must detail when an employee is in travel status; must detail the procedures for employees to get reimbursement for travel expenses; and the policy must establish a reasonable mileage reimbursement rate. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

21ST CENTURY CHARTER SCHOOL, INC.
d/b/a
FALL CREEK ACADEMY

MARION COUNTY, INDIANA

Audit Results and Comments, Continued

TICKET SALES

The School charges admission to certain school events, but does not retain pre-numbered tickets or complete the SA-4 Ticket Form Reconciliation.

The designated charter school employee shall be responsible for the proper accounting for all tickets and must keep a record of the number purchased, the number issued for sale, and the number returned. The designee must see that proper accounting is made for the cash received from those sold. All tickets shall be pre-numbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the charter school, the charter school's receipt issued therefore must show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

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, Part 10).

21ST CENTURY CHARTER SCHOOL, INC.
d/b/a
FALL CREEK ACADEMY

MARION COUNTY, INDIANA

Exit Conference

Year Ended June 30, 2013

The contents of this report were discussed on January 20, 2014 with Mike Smith (Board Member) and Kyle Rouse (Director of Operations). The Official Response has been made a part of this report and may be found on page 6.

21ST CENTURY CHARTER SCHOOL, INC.
d/b/a
FALL CREEK ACADEMY

MARION COUNTY, INDIANA

Year Ended June 30, 2013

AUDIT RESPONSE

FINDING:

CAPITAL ASSETS

The School maintains a capital assets record for accounting purposes; however, it has not conducted a physical inventory of such assets as verification of the accounting records. Every charter school must have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory must be recorded on the applicable Capital Assets Ledger. A complete inventory shall be taken for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 15).

RESPONSE:

The School will conduct an asset inventory audit during the 2014 summer break in order to establish an updated Capital Assets Ledger.

FINDING:

RECEIPTS AND DEPOSITS

The School issues receipts for cash payments including extra-curricular activities, school lunch and various other items; however, receipt records for the period from July 1, 2012 to September 20, 2012 could not be located.

All accounting transactions must be supported by adequate documentation. Transaction entries are supported by an explanation of the reason for the entry and must show an evidence of supervisory approval. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

RESPONSE:

The receipt books for lunch sales and extra-curricular activities are maintained by the School's Business Manager. Once a book is empty, it will be filed away in an appropriate manner to be available upon request for the subsequent audit.

FINDING

TRAVEL CLAIMS

The School reimburses personnel for travel and other school-related expenses, but does not have a formal travel policy.

The charter school must establish a travel policy that details the procedures for an employee to get approval to attend meetings and conferences; must detail when an employee is in travel status; must detail the procedures for employees to get reimbursement for travel expenses; and the policy must establish a reasonable mileage reimbursement rate. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

RESPONSE:

The School has formally adopted a travel policy. It is included in the School's Staff Handbook.

FINDING:

TICKET SALES

The School charges admission to certain school events, but does not use pre-numbered tickets or complete the SA-4 Ticket Form Reconciliation. Additionally, funds from such events were maintained in a separate account and not recorded on the School's accounting records.

The designated charter school employee shall be responsible for the proper accounting for all tickets and must keep a record of the number purchased, the number issued for sale, and the number returned. The designee must see that proper accounting is made for the cash received from those sold. All tickets shall be pre-numbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the charter school, the charter school's receipt issued therefore must show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

RESPONSE:

The School has purchased pre-numbered tickets with a different ticket color for each price group. The School will complete the SA-4 Ticket Form Reconciliation after each extra-curricular event. Funds will be deposited into the School's main operating account and recorded on the School's accounting records.