



STATE OF INDIANA
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December 6, 2016

Charter School Board
21st Century Charter School at Fountain Square Inc.
333 N Pennsylvania Street
Indianapolis, IN 46204

We have reviewed the Supplemental Audit Report prepared by Donovan P.C., Independent Public Accountants, for the period July 1, 2014 to June 30, 2015. 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 5 contain five audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for the 21st Century Charter School at Fountain Square 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

SUPPLEMENTAL AUDIT REPORT
OF
21st CENTURY CHARTER SCHOOL AT FOUNTAIN SQUARE, INC.
d/b/a
UNIVERSITY HEIGHTS PREPARATORY ACADEMY
MARION COUNTY, INDIANA
July 1, 2014 to June 30, 2015



21st CENTURY CHARTER SCHOOL AT FOUNTAIN SQUARE, INC.
d/b/a
UNIVERSITY HEIGHTS PREPARATORY ACADEMY

MARION COUNTY, INDIANA

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21st CENTURY CHARTER SCHOOL AT FOUNTAIN SQUARE, INC.
d/b/a
UNIVERSITY HEIGHTS PREPARATORY ACADEMY

MARION COUNTY, INDIANA

School Officials

July 1, 2014 to June 30, 2015

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Rollin Dick	07/01/14 – 06/30/15
School Superintendent	Charlie Schlegel	07/01/14 – 06/30/15
Board Treasurer	Mike Smith	07/01/14 – 06/30/15



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

We have audited the financial statements of 21st Century Charter School at Fountain Square, Inc. d/b/a University Heights Preparatory Academy (the “School”) as of and for the year ended June 30, 2015 and have issued our report thereon dated August 4, 2016. 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.

DONOVAN

A handwritten signature in black ink that appears to read 'DONOVAN'.

Indianapolis, Indiana
August 4, 2016

21st CENTURY CHARTER SCHOOL AT FOUNTAIN SQUARE, INC.
d/b/a
UNIVERSITY HEIGHTS PREPARATORY ACADEMY

MARION COUNTY, INDIANA

Audit Results and Comments

July 1, 2014 to June 30, 2015

FINANCIAL REPORTING

Our examination of the semi-annual financial reports to the Indiana Department of Education (Form 9) for the period July 1, 2014 to June 30, 2015 revealed that the June 30, 2015 cash balance did not reflect the balance as reported on the books and records. The balance reported on Form 9 was higher than the general ledger balance by \$751,396.

Charter schools are required to submit a Form 9 Biannual Financial Report two times per year during the months of January and July. The financial information in the Form 9 shall reflect cash basis information. The January report must include previous calendar year financial and other required information for the period July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period January 1 to June 30. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

The charter school's accounting system must facilitate the preparation of the periodic financial reports for administrative review and the required year-end financial statements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

RECEIPTS AND DEPOSITS

The School receives cash payments for various items including extra-curricular activities, school lunches, fundraisers, and other activities. The School appears to complete a written receipt at the time that the bank deposit is prepared representing a summary of amounts collected. The School does not always provide a written receipt to each payer at time of payment.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

21st CENTURY CHARTER SCHOOL AT FOUNTAIN SQUARE, INC.
d/b/a
UNIVERSITY HEIGHTS PREPARATORY ACADEMY

MARION COUNTY, INDIANA

Audit Results and Comments, Continued

TICKET SALES

The School charges admission to certain school events, but does not utilize 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)

TEXTBOOK REIMBURSEMENT

The School was unable to provide a listing of students to support the accuracy of the request for textbook reimbursement.

Charter schools must provide accurate information to the Indiana Department of Education pertaining to the number of students that received free/reduced textbooks. If a variance occurs between the charter school records and the report provided the IDEOE, then written communication must also request a determination if any increases or decreases in funding will result to the charter school because of the variance. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

21st CENTURY CHARTER SCHOOL AT FOUNTAIN SQUARE, INC.
d/b/a
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MARION COUNTY, INDIANA

Audit Results and Comments, Continued

CREDIT CARDS

Of the five credit card statements selected for testing, we noted four instances where the statement included the imposition of interest and/or penalties.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. 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 Charter Schools, Part 10)

21st CENTURY CHARTER SCHOOL AT FOUNTAIN SQUARE, INC.
d/b/a
UNIVERSITY HEIGHTS PREPARATORY ACADEMY

MARION COUNTY, INDIANA

Exit Conference

July 1, 2014 to June 30, 2015

The contents of this report were discussed on August 17, 2016 with Mike Smith (Board Treasurer), Rollin Dick (Board President), Charlie Schlegel (School Superintendent) and Lisa Jones (Bookkeeper). The Official Response has been made a part of this report and may be found on page 7.



UHP Audit: Findings and Responses

July 1, 2014 to June 30, 2015

Financial Reporting:

Finding: Audit found that cash balance reported Form 9 for the period July 1, 2014 to June 30, 2015 was higher than the general ledger balance.

Response: We agree with the auditors' finding; however, we cannot comply or correct this matter due to the closing of *University Heights Preparatory* and its dissolution, July 1, 2015.

Receipts and Deposits:

Finding: Audit found that the school failed to provide a written receipt to each payer from whom it receives cash payments for school lunches, fund raisers and extra-curricular activities. The auditors noted that the school appeared to construct a written summary of amounts collected at the time the bank deposit is prepared.

Response: We agree with the auditors' finding. Ordinarily, we would take steps to ensure future compliance; however, we cannot comply due to the closing of *University Heights Preparatory* and the dissolution of the organization, July 1, 2015.

Ticket Sales:

Finding: Audit found that the school failed to utilize pre-numbered tickets or complete the SA-4 Ticket Form Reconciliation in the operation of athletics and other events involving ticket sales.

Response: We agree with the auditors' finding. Ordinarily, we would take steps to ensure future compliance and adequate retention of such records; however, we cannot, due to the closing of *University Heights Preparatory* and the dissolution of the organization, July 1, 2015.

Textbook Reimbursement:

Finding: Audit found that the school was unable to provide a listing of students to support the accuracy of the request for textbook reimbursement.

Response: We agree with the auditors' finding. Ordinarily, we would take steps to ensure future compliance and adequate retention of such records; however, we cannot, due to the closing of *University Heights Preparatory* and the dissolution of the organization, July 1, 2015.

Credit Card:

Finding: Audit found that of the five credit card statements selected for testing, we noted four instances where the statement included imposition of interest and/or penalties.

Response: We agree with the auditors' finding. Ordinarily, we would take steps to ensure future compliance and adequate retention of such records; however, we cannot, due to the closing of *University Heights Preparatory* and the dissolution of the organization, July 1, 2015.