



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B47693

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

February 13, 2017

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

We have reviewed the Supplemental Audit Report prepared by Crowe Horwath LLP, Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. 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 and 4 contains three audit results and comments each including Management's responses.

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 accompanying financial statements audit report are filed in our office as a matter of public record.

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

INDIANA STATE BOARD OF ACCOUNTS
COMPLIANCE REPORT OF
21ST CENTURY CHARTER SCHOOL @ GARY, INC.

LAKE COUNTY, INDIANA
July 1, 2015 to June 30, 2016

21ST CENTURY CHARTER SCHOOL @ GARY, INC.

LAKE COUNTY, INDIANA
July 1, 2015 to June 30, 2016

TABLE OF CONTENTS

SCHOOL OFFICIALS	1
TRANSMITTAL LETTER	2
AUDIT RESULTS AND COMMENTS:	
FINDING 16-001: SALES TAXES AND OTHER CHARGES	3
FINDING 16-002: CREDIT CARDS	3
FINDING 16-003: DEPOSIT OF ACCOUNTABLE ITEMS	4
EXIT CONFERENCE	5

21ST CENTURY CHARTER SCHOOL @ GARY, INC.
SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Lead Principal	Anthony Cherry	July 1, 2015 to June 30, 2016
Treasurer	Dana Johnson Teasley	July 1, 2015 to June 30, 2016
President of the Charter Board	Arlene Colvin	July 1, 2015 to June 30, 2016

INDEPENDENT ACCOUNTANTS REPORT ON COMPLIANCE
WITH GUIDELINES FOR THE AUDITS OF CHARTER
SCHOOLS PERFORMED BY PRIVATE EXAMINERS

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

We have audited the financial statements of 21st Century Charter School @ Gary, Inc. ("School") as of and for the year ended June 30, 2016, and have issued our report thereon, dated November 4, 2016.

In connection with that audit and with our consideration of School's internal control as required by the *Guidelines for the Audits of Charter Schools Performed by Private Examiners* ("Guide"), issued by the Indiana State Board of Accounts, we performed procedures prescribed under the Guide for the year ended June 30, 2016.

As required by the Guide, we performed procedures to test compliance with the requirements that are applicable to the School. Our procedures were substantially narrower in scope than an audit, the objective of which is the expression of an opinion on the School's compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings as items 16-001, 16-002 and 16-003.

The purpose of this report is solely to describe the scope of our testing over compliance with the requirements prescribed under the Guide and the results of that testing, and not to provide a legal determination of compliance with those requirements. Accordingly, this report is not suitable for any other purpose.

The School's responses to the findings identified are described in the accompanying Schedule of Findings. The School's responses were not subjected to the procedures applied and, accordingly, we express no opinion on them.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
November 4, 2016

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

FINDING 16-001: SALES TAXES & OTHER CHARGES

Criteria: Part 10 of the Indiana Charter School Manual states "Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee."

Condition: During our testing of expenditures, it was noted that for one transaction, in a sample of 26, sales tax was inappropriately paid and the School neglected to request reimbursement for the sales tax.

Recommendation: We recommend the School implement a policy to ensure all non-exempt transactions involving sales tax are required to file reimbursement forms to the state.

Management Response: Management has reviewed this comment and will request refunds for any sales tax erroneously paid.

FINDING 16-002: CREDIT CARDS

Criteria: Part 10 of the Indiana Charter School Manual states in part, "Payment shall not be made on the basis of a statement or a credit card slip only. Procedures for payments shall be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee shall be the responsibility of that officer or employee."

Condition: During our testing of travel expenditures, it was noted that for three transactions, in a sample of 10, the School did not maintain a copy of a receipt to support the expenditure.

Recommendation: We recommend the School issue, and retain copies of, receipts at the time of the transaction for all receipts of funds. All receipts should be reviewed and acknowledged by signature of the Treasurer, or equivalent.

Management Response: Management has added an additional layer of review for all credit card expenditures to ensure receipts are properly included.

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

FINDING 16-003: DEPOSIT OF ACCOUNTABLE ITEMS

Criteria: Part 10 of the Indiana Charter School Manual, in accordance with IC 5-13-6-1 states "The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payer's. The charter school's receipt of monies must agree to the ticket sales reports, all monies must be deposited daily, and all tickets are accounted for on the SA-4 Ticket Sales Form."

Condition: During our testing of ticket sales, it was noted that none of the 5 sales selected for testing were being deposited daily.

Recommendation: We recommend the School implement a policy ensuring all ticket sales monies are being deposited on a daily basis.

Management Response: The person responsible for the deposits recently has obtained professional development for State Board of Accounts requirements. She is aware of the daily deposit requirement.

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

The contents of this report were discussed on October 20, 2016, with Dana Johnson Teasley, Treasurer. The Official Response has been made a part of this report and may be found immediately following the findings on pages 3 and 4.