



STATE OF INDIANA
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May 22, 2013

Charter School Board
The New Community School, Inc.
710 North Street
Lafayette, IN 47901

We have reviewed the Supplemental Audit Report prepared by Fitzgerald/Isaac LLC, Independent Public Accountants, for the period July 1, 2011 to June 30, 2012. 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 contain three audit results and comments. Management's response is on pages 6 and 7.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for The New Community School, 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

THE NEW COMMUNITY SCHOOL, INC.

TIPPECANOE COUNTY, INDIANA

July 1, 2011 to June 30, 2012

Fitzgerald | Isaac LLC
Certified Public Accountants

THE NEW COMMUNITY SCHOOL, INC.

TIPPECANOE COUNTY, INDIANA

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THE NEW COMMUNITY SCHOOL, INC.

TIPPECANOE COUNTY, INDIANA

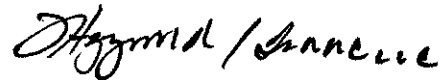
School Officials

Year Ended June 30, 2012

<u>Office</u>	<u>Official</u>	<u>Term</u>
Board President	Jennifer Christos	07/01/11 – 06/30/12
Executive Director	Eileen Steele	07/01/11 – 12/31/11
	D. Scott Fields	01/01/11 – 6/30/12
Director of Finance and Operations	Daniel Beaver	07/01/11 – 6/30/12

The Board of Directors
The New Community School, Inc.

We have audited the financial statements of **The New Community School, Inc.** (the "School") as of and for the year ended June 30, 2012 and have issued our report thereon dated March 25, 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
March 25, 2013

THE NEW COMMUNITY SCHOOL, INC.

TIPPECANOE COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2012

VENDOR DISBURSEMENTS

We selected and examined a sample of 26 cash disbursement transactions from throughout the year. Within this sample we noted the following:

- Fund numbers were not present in account coding on accounts payable vouchers.
- In 2 instances, the accounts payable voucher was not approved nor certified by school officials.
- In 1 instance, the accounts payable voucher could not be produced.
- In 1 instance, sales tax in the amount of \$5 was included on the invoice and the vendor payment.
- In 1 instance, a claim was paid without a supporting invoice.

A fund, as used in the manual, represents money set aside for specific activities of a school corporation. A fund constitutes a complete accounting entity and all financial transactions, both receipts and disbursements, are to be recorded in the fund to which they pertain. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 3)

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, Part 2)

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 Charter Schools, Part 10)

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)

THE NEW COMMUNITY SCHOOL, INC.

TIPPECANOE COUNTY, INDIANA

Audit Results and Comments, Continued

TEXTBOOK REIMBURSEMENT

We tested fifteen School Form 521 applications for proper determinations of eligibility per the income eligibility guidelines. Of the nine applications where the School made its determination based on household income we noted five instances where an incorrect eligibility determination was made.

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 IDOE, 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)

CAPITAL ASSETS

The School maintains a property record for accounting purposes, but this record does not include all assets in the possession of the School. A large number of assets with an initial cost of less than \$1,000 have been expensed in accordance with the School's accounting policies. The School did not conduct a physical inventory of its property assets as a means to verify its asset records. In addition, a complete record of assets, whether capitalized or expensed, should be produced and maintained for disaster recovery purposes.

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)

THE NEW COMMUNITY SCHOOL, INC.

TIPPECANOE COUNTY, INDIANA

Exit Conference

Year Ended June 30, 2012

The contents of this report were discussed on April 24, 2013, with Daniel Beaver (Director of Finance and Operations) and William McCaw (Board President). The Official Response has been made a part of this report and may be found on page 6.



New Community School

April 26, 2013

Re: New Community School, Corp 9340
SBOA Audit Responses

Below please find comments and narrative for the Supplemental Audit Report for the period of July 1, 2011 to June 30, 2102.

VENDOR DISBURSEMENTS:

Fund numbers were not being present in account coding on accounts payable vouchers:

Although coded correctly in account systems and reports, the fund numbers were not present, but this issue has been corrected and the omitted information on the voucher will be present going forward.

2 instances, the accounts payable voucher was not approved nor certified by school officials.

In this instance retirement payments to TRF and PERF being submitted, vouchers were created but unsigned. Payments were reviewed and approved. Going forward all vouchers will have further review prior to submission to verify no information was omitted.

In 1 instance, the accounts payable voucher could not be produced.

In this case it is unclear if the voucher was inadvertently separated from the invoice during the course of submission, filing, or storage. School officials are aware that an accounts payable voucher is required for all submissions. Will continue diligence of procedures.

In 1 instance, sales tax in the amount of \$5 was included on the invoice and the vendor payment.

New Community School is aware of governmental statutes relating to sales tax exemptions. The school will specifically review all quotes, invoices, and receipts for the proper sales tax status, and file appropriate corrective paperwork with vendors for the exclusion of such going forward.

In 1 instance, a claim was paid without a supporting invoice.

Claim when paid had supporting documentation. In this case, the invoice was not present at the time of inspection. It was able to be produced later upon inquiry. School is aware that documentation should be present at the time of inspection.

TEXTBOOK REIMBURSEMENT

Determination based on household income we noted five instances where an incorrect eligibility determination was made.

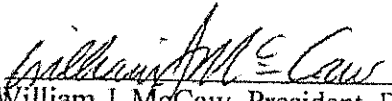
As new community school has few textbook reimbursement claims and no lunch programming, our use of the Form 521 application is limited. We are aware of the published guidelines, and review forms in accordance to those guidelines. There are cases where forms may have been revised from spring to fall whereby family status has changed. These updated forms may have not been used to replace file copies of forms completed at an earlier date. In any event, New Community School has discussed this internally, and put in place an additional review of status and certification going forward to help ensure that appropriate determinations are made and kept current.

CAPTIAL ASSETS


The School maintains a property record for accounting purposes, but this record does not include all assets in the possession of the School. A large number of assets with an initial cost of less than \$1000 have been expensed in accordance with the School's accounting policies.

A complete record of assets separate from the Capital Assets Ledger, whether capitalized or expensed, will be updated, produced, and maintained going forward.

Sincerely



William J. McCaw, President, Board of Directors



Dan Beaver, Director of Finance/Operations