



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B43121

STATE BOARD OF ACCOUNTS
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January 13, 2014

Charter School Board
Rural Community Schools, Inc.
2385 North State Road 63
Sullivan, IN 47882

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 three audit results and comments. Management's response is on page 6.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Rural Community Schools, 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
RURAL COMMUNITY SCHOOLS, INC.
SULLIVAN COUNTY, INDIANA
July 1, 2012 to June 30, 2013

RURAL COMMUNITY SCHOOLS, INC.

SULLIVAN COUNTY, INDIANA

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RURAL COMMUNITY SCHOOLS, INC.

SULLIVAN COUNTY, INDIANA

School Officials

Year Ended June 30, 2013

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Meleah Sullivan	07/01/12 – 06/30/13
School Leader/Treasurer	Susie Pierce	07/01/12 – 06/30/13

The Board of Directors
Rural Community Schools, Inc.

We have audited the financial statements of **Rural Community Schools, Inc.** (the "School") as of and for the year ended June 30, 2013 and have issued our report thereon dated December 13, 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 13, 2013

RURAL COMMUNITY SCHOOLS, INC.

SULLIVAN COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2013

FORM USAGE

The School uses a number of computer generated versions of standard forms. The forms are not in the same format as those prescribed by the State Board of Accounts and do not contain all of the information presented on those forms. Additionally, the forms do not indicate that they were approved by the State Board of Accounts.

All charter schools are required by law to use the forms prescribed by the State Board of Accounts; however, if desirable to have a prescribed form modified to conform for computer applications, a letter and copies of the proposed form may be submitted to the State Board of Accounts for approval. No form should be printed and placed into use, other than a prescribed form, without prior approval. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

PAYROLL COMPLIANCE

In our audit, we tested payroll processes and compliance with guidelines. In our sample of fifteen employees selected for testing, the School was unable to provide updated employment contracts to support pay rates for two employees. Cumulatively, the result of the discrepancies for the two employees is \$1,585 less than the documented pay rates.

All compensation and benefits paid to employees must be included in the labor contract or salary schedule unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

The charter school shall maintain adequate supporting documentation for payroll to ensure that payments are made only for services rendered. Supporting documentation, such as time cards, must show signs of supervisory approval. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

RURAL COMMUNITY SCHOOLS, INC.

SULLIVAN COUNTY, INDIANA

Audit Results and Comments, Continued

FINANCIAL REPORTING

Our examination of the semi-annual financial reports to the Indiana Department of Revenue (Form 9) for the period January 1, 2013 to June 30, 2013 revealed that the June 30, 2013 cash balance did not reflect the balance as reported on the books and records. The balance reported on Form 9 was lower than the general ledger balance by \$16,999.

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).

Charter schools are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Charter schools shall file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

RURAL COMMUNITY SCHOOLS, INC.

SULLIVAN COUNTY, INDIANA

Exit Conference

Year Ended June 30, 2013

The contents of this report were discussed on December 19, 2013, with Meleah Sullivan (Board President) and Susie Pierce (School Leader). The Official Response has been made a part of this report and may be found on page 6.

Mailing Address
P.O. Box 85
Graysville, IN 47852
Phone 812-382-4500

Rural Community Academy
"A Public School Where Every Child Soars"
www.rcsi.k12.in.us

Physical Address
2385 N. State Road 63
Sullivan, IN 47882
Fax 812-382-4055

SUPPLEMENTAL AUDIT REPORT OF
RURAL COMMUNITY SCHOOLS, INC.
SULLIVAN COUNTY, INDIANA
July 1, 2012 to June 30, 2013

Response to Compliance Findings

FORM USAGE

Forms will be sent to the SBOA for approval.

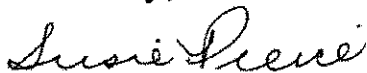
PAYROLL COMPLIANCE

The at will letters will be documented for the correct hourly rate.

FINANCIAL REPORTING

All cash accounts will appear on the Form 9 as per the Manual for Indiana Charter Schools.

Sincerely,



Susie Pierce, School Leader

"Come to the edge." "It's too high." "Come to the edge." "We might fall." "Come to the edge."
And they came. And he pushed them. And they flew. --Apollinaire