



STATE OF INDIANA
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March 30, 2016

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

We have reviewed the Supplemental Audit Report prepared by Donovan P.C. 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 and 4 contain three audit results and comment. 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.

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

SUPPLEMENTAL AUDIT REPORT
OF
RURAL COMMUNITY SCHOOLS, INC.
SULLIVAN COUNTY, INDIANA
July 1, 2014 to June 30, 2015



RURAL COMMUNITY SCHOOLS, INC.

SULLIVAN COUNTY, INDIANA

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RURAL COMMUNITY SCHOOLS, INC.

SULLIVAN 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	Meleah Sullivan	07/01/14 – 06/30/15
School Leader/Treasurer	Susie Pierce	07/01/14 – 06/30/15



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, 2015 and have issued our report thereon dated February 22, 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 P.C.

Indianapolis, IN
February 22, 2016

RURAL COMMUNITY SCHOOLS, INC.

SULLIVAN COUNTY, INDIANA

Audit Results and Comments

July 1, 2014 to June 30, 2015

FINANCIAL REPORTING

The School is responsible for reporting receipts and expenditures for the year to the Indiana Department of Education on the bi-annually submitted Form 9 report. The data submitted on the bi-annual reports was correct in aggregate; however, the activity for the Federal Special Education grant was not reported in the fund designated by the Indiana State Board of Accounts.

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

Audit Results and Comments, Continued

July 1, 2014 to June 30, 2015

CASH RECEIPTS AND DEPOSITS

The School receives payments for various purposes, including membership fees, meal purchases, fundraising, and field trips. In our sample of 25 cash receipts transactions from throughout the year, we noted twenty instances where the payment received was not deposited timely. The length of time between the receipt of payment and deposit in the bank ranged from 20 days to 77 days.

All charter school money must be deposited in the designated depository no later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. Timely receipts and deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

INCOME VERIFICATION

The School performed the required 3% income verification as required with regard to eligibility of students for free or reduced-price meals. The verified application indicated that the student should receive a reduction in benefits, but documentation could not be provided to indicate that the required reduction had occurred.

The results of test checks are to be reported to the Indiana Department of Education in accordance with 7CFR 245.6a . . . An error for purposes of the test-check is an approved application, attempted to be verified that cannot be verified by the program participants with requested income verification information (i.e., paycheck stub, W-2, etc.).

The State Board of Accounts is of the audit position charter schools shall request a written position from the Indiana Department of Education stating whether the corrective action taken was sufficient or if additional verifications need to be performed when high incidences of errors in test sample verifications are noted. The written communication to the Department of Education must also request a determination if any increases or decreases in funding will result to the charter school because of the concerns noted with the verification process. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 17)

RURAL COMMUNITY SCHOOLS, INC.

SULLIVAN COUNTY, INDIANA

Exit Conference

July 1, 2014 to June 30, 2015

The contents of this report were discussed on March 3, 2016, 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
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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

To: Donovan, Certified Public Accountants and Advisors

You have audited the financial statements of Rural Community Schools, Inc. dba Rural Community Academy, as of and for the year ended June 30, 2015 and have issued your report thereon dated February 22, 2016. As part of your audit, you 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 you found we were not in compliance. Below is our response to those compliance findings.

FINANCIAL REPORTING

The activity for the Federal Special Education grant was not reported in the fund designated by the Indiana State Board of Accounts. This has been corrected.

CASH DEPOSITS AND RECEIPTS

Deposits and receipts were not taken to the bank in a timely matter. It is agreed that the finding is correct in that we have not made timely deposits. We are rectifying those findings by finding an alternative way to get deposits to the bank.

INCOME VERIFICATION

The School performed the required 3% income verification as required with regard to eligibility of students for free or reduced-price meals. The verified application indicated that the student should receive a reduction in benefits, but documentation could not be provided to indicate that the required reduction had occurred. This incident occurred during the 2014-15 school year but was rectified and reported during the 2015-16 school year.

Sincerely,


Susie Pierce, School Leader


Meleah Sullivan, RCSI Board President

~~"Come to the edge."~~ ~~"I'm not here."~~ ~~"Come to the edge."~~ ~~"We might fall."~~ ~~"Come to the edge."~~
~~And they came.~~ ~~And they pushed them.~~ ~~And they fell.~~ ~~And they fell.~~