



**STATE OF INDIANA**  
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April 28, 2016

Charter School Board  
Paramount School of Excellence, Inc.  
3020 Nowland Avenue  
Indianapolis, IN 46201

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 and 4 contain four audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Paramount School of Excellence, 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

**PARAMOUNT SCHOOL OF EXCELLENCE, INC.**

MARION COUNTY, INDIANA

July 1, 2014 to June 30, 2015

**Fitzgerald** | **Isaac** LLC  
Certified Public Accountants

PARAMOUNT SCHOOL OF EXCELLENCE, INC.

MARION COUNTY, INDIANA

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PARAMOUNT SCHOOL OF EXCELLENCE, INC.

MARION COUNTY, INDIANA

School Officials

July 1, 2014 to June 30, 2015

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chair of Board of Directors	Thomas Rude	07/01/14 – 06/30/15
Executive Director	Thomas Reddicks	07/01/14 – 06/30/15
Director of Operations	Shawna Ping	07/01/14 – 06/30/15

The Board of Directors  
Paramount School of Excellence, Inc.

We have audited the financial statements of **Paramount School of Excellence, Inc.** (the "School") as of and for the year ended June 30, 2015 and have issued our report thereon dated February 23, 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.



Indianapolis, IN  
February 23, 2016

PARAMOUNT SCHOOL OF EXCELLENCE, INC.

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 the following:

1. The overall cash balance on the Form 9 at June 30, 2015 did not agree with the balance of cash per the School's accounting records. The Form 9 reported a cash balance of \$345,675. The cash balance per the accounting records was \$1,064,053.
2. Fund balances for federal grant programs reported on Form 9 did not reflect the true balances on the accounting records.

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)

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)

CAPITAL ASSETS

The School maintains a property record for accounting purposes; however, it has not performed an inventory of such assets as verification of the accounting records.

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).

PARAMOUNT SCHOOL OF EXCELLENCE, INC.

MARION COUNTY, INDIANA

Audit Results and Comments, Continued

July 1, 2014 to June 30, 2015

RECEIPTS AND DEPOSITS

The School collects payments for various items including lunches, activity fees, athletic fees, and other items. In our sample of 25 cash receipts transactions, we noted 9 instances where the bank deposit was not made in a timely manner. The length of time between receipt of funds and deposit in the bank was as long as 41 days. Additionally, receipts were not being issued for all payment transactions.

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.

All charter school money must be deposited in the designated depository not 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)

CREDIT CARD DISBURSEMENTS

In our audit of credit card disbursements, we selected 5 credit card payments for review. We noted one instance where interest charges of \$136.78 were incurred due to delinquent payment.

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

PARAMOUNT SCHOOL OF EXCELLENCE, INC.

MARION COUNTY, INDIANA

Exit Conference

July 1, 2014 to June 30, 2015

The contents of this report were discussed on March 4, 2016 with Thomas Rude (Board Chair), Thomas Reddicks (Executive Director), and Shawna Ping (Director of Operations). The Official Response has been made a part of this report and may be found on page 6.



## Paramount School of Excellence

3020 Nowland Avenue, Indianapolis, IN 46201

March 4, 2016

Fitzgerald | Isaac LLC  
9245 N. Meridian Street, Suite 302  
Indianapolis, IN 46260

Paramount School of Excellence will take the following action to address the FY2015 audit comments:

1. We will make appropriate adjustments on the next Form 9 submission to reconcile individual fund differences that resulted after adjusting entries were made in our accounting system. Also, we are evaluating our outsourced bookkeeping service as part of ongoing strategic organizational planning. We intend to fully evaluate all financial processes as we prepare to potentially take our total accounting function in-house.
2. We take a physical inventory of all equipment every Summer. We will formalize this process to ensure we are capturing all capital assets reflected in the Capital Assets Ledger during our annual physical inventory count.
3. We will continue to strive for timely compliance with our cash deposit procedures. Like many schools, we constantly balance the priorities of how our staff spends time, and we continue to try to create a system where leaving campus to make deposits during the school day does not conflict with other staff priorities.
4. We have opened a Post Office Box for Accounts Receivables. This will ensure timely processing of all items during regularly scheduled breaks in the calendar. Will continue to pay bills on-time and with proper supporting documentation.

Sincerely,

Paramount School of Excellence Management  
Thomas Reddicks, Executive Director  
Shawna Ping, Director of Operations

***Inspire learning through an unparalleled academic approach.  
Transform communities by changing lives.***

**[www.paramountindy.org](http://www.paramountindy.org) 317.775.6660**