



STATE OF INDIANA
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July 6, 2017

Charter School Board
Timothy L. Johnson Academy, Inc.
4625 Werling Drive
Fort Wayne, IN 46806

We have reviewed the Supplemental Audit Report prepared by Darnell & Meyering, PC, 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 through 4 contain two 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 Timothy L. Johnson Academy, 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
TIMOTHY L. JOHNSON ACADEMY, INC.
ALLEN COUNTY, INDIANA
July 1, 2015 to June 30, 2016

TIMOTHY L. JOHNSON ACADEMY, INC.

ALLEN COUNTY, INDIANA

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TIMOTHY L. JOHNSON ACADEMY, INC.
ALLEN COUNTY, INDIANA
School Officials
Year Ended June 30, 2016

<u>Office</u>	<u>Official</u>	<u>Term</u>
President, Board of Directors	Ian Rolland	07/01/15 - 06/30/16
Superintendent	Dawn Starks	07/01/15 - 06/30/16
Treasurer	Alan Grinsfelder	07/01/15 - 06/30/16

DARNELL & MEYERING, P.C.
Certified Public Accountants

CLINTON MEYERING, C.P.A.
RANDALL H. DARNELL, C.P.A.
DALE A. VESTRAND, C.P.A.

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Timothy L. Johnson Academy, Inc.

We have audited the financial statements of Timothy L. Johnson Academy, Inc. (the "School") as of and for the year ended June 30, 2016 and have issued our report thereon dated May 26, 2017.

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. Our procedures were substantially narrower in scope than an audit. Accordingly, we do not express an opinion on the School's compliance with these requirements.

The results of our tests disclosed an instance of non-compliance with the requirements prescribed under the Guide. This instance is reported in the Audit Results and Comments as matters where we believe the School was not in compliance with those provisions.

Darnell & Meyering, P.C.

Darnell & Meyering, P.C.

Taylor, MI
May 26, 2017

TIMOTHY L. JOHNSON ACADEMY, INC.

ALLEN COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2016

FORM USAGE

Description: We selected a random sample of cash disbursement transactions to test internal controls, compliance with form usage requirements, proper approval, and proper supporting documentation. As part of our test, we inquired of management regarding usage of Prescribed Form 98 Purchase Order, Ledger of Appropriations, Allotments, Encumbrances, Disbursements and Balances (Form 512) and Accounts Payable Voucher Form 523. The School does not use these prescribed forms.

Requirements: Parts 2 and 8 of the Indiana Charter School Manual includes the following requirements:

“Purchase Order (General Form 98): The Purchase Order (General Form 98) form in triplicate is prescribed for the placing of orders for school supplies, materials, goods and equipment. The original (with a claim blank) is forwarded to the vendor, the duplicate is filed in the ordering department or school to be used as a receiving copy and the triplicate is retained in the file of the business office as a public record. The purchase order should show the amount of the purchase, if known, or if not known and estimate should be made. The actual or estimated amount should be posted as an encumbrance to the Ledger of Appropriations, Allotments, Encumbrances, Disbursements and Balances (Form 512) in the “Value of Purchase Orders Encumbered” column and added to the amount in the “Value of Purchase Orders Outstanding” column of the Expenditure Account concerned and carried in accumulated totals to the corresponding column of the program account.”

“Accounts Payable Voucher (Form 523): The Accounts Payable Voucher (Form 523) is designed to replace Claim Form 505. The form must be used in accordance with the following conditions: 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 service; (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 Reporting: “All accounting transactions must be supported by adequate documentation. Transaction entries are supported by an explanation of the reason for the entry and must show an evidence of supervisory approval.

Recommendation: We recommend that the School use all required prescribed forms or obtain approval to use alternate forms.

TIMOTHY L. JOHNSON ACADEMY, INC.

ALLEN COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2016

RECEIPTS AND DEPOSIT

Description: We reviewed the receipts of the Charter School and found that a rent receipt, in the amount of \$2,667, from the Head Start program that rents space in the Charter School's building was not received or deposited for the month of June 2016. The Head Start Program was notified and they subsequently issued a check to the Academy for the June rent payment.

Requirements: Part 8 of the Indiana Charter School Manual includes the following requirements:

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.

Recommendation: We recommend that the School deposit all receipts no later than the next business day following the receipt of the funds.

TIMOTHY L. JOHNSON ACADEMY, INC.
ALLEN COUNTY, INDIANA
Exit Conference
Year Ended June 30, 2016

The contents of this report were discussed on May 4, 2017 with:

Ian Rolland, Current President

Dawn Starks, Superintendent

The Official Response has been made a part of this report and may be found on the following page.

TIMOTHY L. JOHNSON ACADEMY, INC.

ALLEN COUNTY, INDIANA

Official Responses

Year Ended June 30, 2016

FORM USAGE

While the School does not currently use the Accounts Payable Voucher (Form 523), all information and documentation necessary for payment of a claim is present and approved by the appropriate officials. The School will contact the State Board charter schools personnel to seek an alternative method of adhering to the compliance guidelines.

RECEIPTS AND DEPOSIT

The School will ensure that established deposit procedures are followed and that all funds are deposited into the designated depository no later than the next business day after the funds are received.