



**STATE OF INDIANA**  
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December 15, 2017

Charter School Board  
Rural Community Schools, Inc.  
2385 IN-63  
Sullivan, IN 47882

We have reviewed the Supplemental Audit Report for Rural Community Schools, Inc. prepared by Donovan CPAs, Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. 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 finding in the report. Pages 3 through 4 contain two audit results and comments. Management's response is on page 6.

The Supplemental Audit Report and associated audited Financial Statements 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, 2016 to June 30, 2017



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**RURAL COMMUNITY SCHOOLS, INC.**  
**SULLIVAN COUNTY, INDIANA**  
**School Officials**  
**July 1, 2016 to June 30, 2017**

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Meleah Sullivan	07/01/16 – 06/30/17
School Leader/Treasurer	Susie Pierce	07/01/16 – 06/30/17



# Donovan CPAs

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, 2017 and have issued our report thereon dated November 21, 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. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

DONOVAN

Indianapolis, Indiana  
December 6, 2017

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**RURAL COMMUNITY SCHOOLS, INC.**  
**SULLIVAN COUNTY, INDIANA**  
**Audit Results and Comments**  
**July 1, 2016 to June 30, 2017**

**CASH RECEIPTS AND DEPOSITS**

The School receives payments for various purposes, including meal purchases, textbook rental fees, fundraising, and field trips. In our sample of 25 cash receipts transactions from throughout the year, we noted 4 instances where the payment received was not deposited timely. The length of time for these 4 transactions between the receipt of payment and deposit in the bank ranged from 17 days to 31 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)

**RURAL COMMUNITY SCHOOLS, INC.**  
**SULLIVAN COUNTY, INDIANA**  
**Audit Results and Comments**  
**July 1, 2016 to June 30, 2017**

**CREDIT CARD USAGE**

The School uses credit cards to purchase supplies and other materials for school purposes. In our sample of 5 credit card statements from throughout the year, we noted 3 instances in which the School failed to use state required accounts payable vouchers. Additionally, we noted 2 instances of the School paying interest.

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 is the responsibility of that officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

The State Board of Accounts will not take exception to the use of credit cards by a charter school provided the following criteria are observed:

1. The charter school must authorize credit card use through an appropriate policy.
2. Issuance and use shall be handled by an employee designated by the charter school.
3. The purposes for which the credit card may be used must be specifically stated in the policy.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the designated employee.
5. The designated employee must maintain an accounting system or log which would include the names of individuals requesting the usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track expenses to provide the charter school and other administration with timely and accurate accounting information and monitoring of the accounting system.
7. 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.
8. If properly authorized, an annual fee may be paid. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

**RURAL COMMUNITY SCHOOLS, INC.**  
**SULLIVAN COUNTY, INDIANA**  
**Exit Conference**  
**July 1, 2016 to June 30, 2017**

The contents of this report were discussed on November 21, 2017, with Meleah Sullivan (Board President), Tanna Jo Weszely (School Leader), Susie Pierce (Retired School Leader/Treasurer), and Leona Davis (CFO). 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

December 6, 2017

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, 2017 and have issued your report thereon dated November 21, 2017. 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.

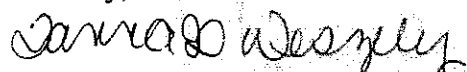
CASH DEPOSITS AND RECEIPTS

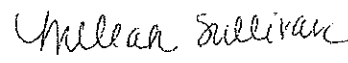
Deposits and receipts were not taken to the bank in a timely matter. It is agreed that the finding is correct in that we have not made timely deposits. We are rectifying those findings by selecting an alternative way to get deposits to the bank by using night deposit more frequently to help meet SBOA requirements.

CREDIT CARD USAGE

It is agreed that the findings are correct. We are rectifying the findings by making the credit card payments in a timely manner with proper supporting documentation to match the appropriate bill. Payments will be made prior to the due date to prevent interest fees. The state required accounts payable vouchers will be attached. A credit card policy is being created by administration and will be presented to the RCSI Board of Directors for approval at an upcoming meeting.

Sincerely,

  
Tanna Jo Weszely, School Leader

  
Meleah Sullivan, RCSI Board President

*"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*