



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B51582

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

December 19, 2018

Charter School Board
Northern Rush County Schools, Inc.
d/b/a Mays Community Academy
929 South Street
Mays, IN 46155

We have reviewed the Supplemental Audit Report for Northern Rush County Schools, Inc. d/b/a Mays Community Academy prepared by Donovan CPAs, Independent Public Accountants, for the period July 1, 2017 to June 30, 2018. 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 four 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
NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
d/b/a MAYS COMMUNITY ACADEMY**

RUSH COUNTY, INDIANA

July 1, 2017 to June 30, 2018



TABLE OF CONTENTS

	Page
School Officials	1
Transmittal Letter	2
Audit Results and Comments:	
Required Reports	3
Receipts and Deposits	3
Payroll Compliance.....	3
School Lunch Eligibility	4
Exit Conference	5
Official Response	6

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
d/b/a MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
School Officials
July 1, 2017 to June 30, 2018

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Nansi Custer	07/01/17 – 06/30/18
CEO	Carissa Williams	07/01/17 – 06/30/18
Principal	Shannon New	07/01/17 – 06/30/18



Donovan CPAs

The Board of Directors
Northern Rush County Schools Incorporated

We have audited the financial statements of Northern Rush County Schools Incorporated d/b/a Mays Community Academy, (the “School”) as of and for the year ended June 30, 2018, and have issued our report thereon dated December 17, 2018. 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 17, 2018

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
d/b/a MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
Audit Results and Comments
July 1, 2017 to June 30, 2018

REQUIRED REPORTS

The School is required to file two Biannual Financial Reports during the year that reflect the cash activity during the year. After reviewing the Form 9 reports it was noted that the cash balance did not tie to the trial balance.

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 of July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period of January 1 to June 30. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

RECEIPTS AND DEPOSITS

The School issues receipts for various fees such as lunch fees, textbook fees, and after school program fees. Of the twenty-five receipts we tested, four receipts were not deposited timely.

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)

PAYROLL COMPLIANCE

We made sampled of fifteen employees and reviewed their employment agreements and pay rates. We noted that three of the fifteen employees tested did not have proper employment agreements.

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)

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)

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
d/b/a MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
Audit Results and Comments
July 1, 2017 to June 30, 2018

SCHOOL LUNCH ELIGIBILITY

The School serves lunch and accepts applications from students to determine meal eligibility status. We tested a sample of fifteen students and reviewed their applications to ensure the School correctly determined their eligibility. Three of the fifteen applications reviewed were not noted as being reviewed by School staff.

We also requested documentation that the School properly completed the 3% verification as mandated by the state. The School was unable to provide documentation to support that the verification was properly completed.

The local educational agency must determine household eligibility for free or reduced-price meals either through direct certification or the application process at or about the beginning of the school year. [7 CFR, part 245.6(c)]

The governing board is charged with the duty to preserve, keep, maintain, or file all the official records of the political subdivision pursuant to IC 5-15-1-1.

A public record is defined as all documentation of the informational, communicative or decision-making processes of the political subdivision in connection with the transaction of public business or governmental functions, which documentation is created, received, retained, maintained, or filed by the political subdivision as evidence of its activities or because of the information value of the data in the documentation, and which is generated on paper or paper substitutes; photographic or chemically based media; magnetic or machine readable media; or any other materials, regardless of form or characteristics. [IC 5-15-5.1-1] (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 12)

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
d/b/a MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
Exit Conference
July 1, 2017 to June 30, 2018

The contents of this report were discussed on December 14, 2018 with Krissi Williams (Director/Chief Executive Officer) and Nansi Custer (Board President). The Official Response has been made a part of this report and may be found on page 6.



December 17, 2018

RESPONSE TO SBOA REPORT

Required Reports – MCA is working with Bookkeeping Plus to facilitate the Form 9 filing. QuickBooks is used to maintain financial records. An implemented procedure of closing out the fiscal period along with the utilization of the bookkeeping company will prevent postings into any prior period.

Receipts and Deposits – MCA is located approximately 15 miles from the nearest bank. Every attempt is made to make the deposits within the required amount of time. We have all free meals beginning with school year 2018-2019. This will greatly reduce the amount of money collected at school. Management recognizes the deposit requirement rules, and will work diligently to make sure these are fully met moving forward.

Payroll Compliance – All current employees are given an employment agreement. This now included part-time employees. Any adjustments to pay shall be noted on an updated employment agreement for each employee.

School Lunch Eligibility – The 2017-2018 school year was the first year MCA participated in the Food Program. More training has been given on the requirements of records retention for maintaining this program. MCA is now participating in the CEP program. Full records retention policies have been put in place for tracking these students.