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April 5, 2019

Charter School Board  
Signature School, Inc.  
610 Main Street  
Evansville, IN 47708

We have reviewed the Supplemental Audit Report for Signature School, Inc. prepared by Kemper CPA Group, LLP, 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. Page 4 contains 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

**SIGNATURE SCHOOL, INC.**

**Vanderburgh County, Indiana**

**SUPPLEMENTAL COMPLIANCE  
EXAMINATION REPORT**

**Year Ended June 30, 2018**

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**SIGNATURE SCHOOL, INC.**

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**SIGNATURE SCHOOL, INC.**

**SCHOOL OFFICIALS**

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Charter School Board	Robert L. Koch, II	7/1/17 to 6/30/18
Executive Director	Jean Hitchcock	7/1/17 to 6/30/18
Treasurer	Susan Parsons	7/1/17 to 6/30/18
Finance Director	Ashley DiMarco	7/1/17 to 6/30/18



**TRANSMITTAL LETTER**

The Officials of  
Signature School, Inc.

We have audited the records of Signature School, Inc. (School) for the period from July 1, 2017 to June 30, 2018, and have issued our report thereon dated March 13, 2019. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Manual for the audits of Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contract, and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

*Kemper CPA Group, LLP*

Certified Public Accountants and Consultants

Evansville, Indiana

March 13, 2019



## INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors  
Signature School, Inc.

We have examined Signature School, Inc.'s (School) compliance with the *Accounting and Uniform Compliance Manual for the audits of Indiana Charter Schools* issued by the Indiana State Board of Accounts (Manual) during the year ended June 30, 2018. Management is responsible for the School's compliance with those requirements. Our responsibility to express an opinion on the School's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the requirements prescribed by the Indiana State Board of Accounts in *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, and, accordingly, included examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the School's compliance with specified requirements.

Our examination disclosed certain instances of noncompliance with the Manual, as described in the Audit Results and Comments.

In our opinion, except for the noncompliance described in the third paragraph, the School complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2018.

This report is intended solely for the information and use of management, the Board of Directors, and the Indiana State Board of Accountants, and is not intended to be and should not be used by anyone other than these specified parties.

*Kemper CPA Group, LLP*

Evansville, Indiana  
March 13, 2019

Certified Public Accountants and Consultants

**SIGNATURE SCHOOL, INC.**  
**Vanderburgh County, Indiana**  
**Audit Results and Comments**  
**Year Ended June 30, 2018**

**Receipts and Deposits**

Our testing revealed that the School does not issue or record receipts at the time of the transaction.

Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Part 8: 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.

**Bad Debts and Uncollectible Accounts**

Our testing revealed that the School is not following its internal policy regarding bad debts and uncollectible accounts. The School's policy states that accounts over 30 days past due will receive a statement of the balance to the student's residence, over 60 days will receive a letter. Over 90 days another statement will be mailed and emailed to the account holder and over 180 days will be turned over to collections agency. Section 10 of the Charter School Manual requires the School to maintain documentation for all efforts made by the School to collect amounts owed prior to write offs. At the end of the fiscal year there were numerous accounts that were in excess of 180 days that had not been turned over for collections. Additionally, the School did not maintain documentation for all efforts made to collect the outstanding accounts.

Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Part 10: The charter school must have a written policy concerning a procedure for writing off of bad debts, uncollectible accounts receivable or any adjustments to record balances. Documentation must exist for all efforts made by the charter school to collect amounts owed prior to any write-offs. Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible.

**SIGNATURE SCHOOL, INC.**  
**Vanderburgh County, Indiana**  
**Exit Conference**  
**Year Ended June 30, 2018**

The contents of this report were discussed on March 13, 2019, with the following persons:

Susan Parsons, Treasurer

The Official Response has been made a part of this report and may be found on page 6

# *Signature School, Inc.*

*Susan E. Parsons, Treasurer*  
*14 South Eleventh Avenue*  
*Evansville, IN 47712*  
*Voice 812-465-9623*  
*Fax 812-465-9613*  
*E-mail sparsons@kochenterprises.com*



March 15, 2019

Michelle Smith  
Kemper CPA Group  
Evansville, IN

Dear Michelle:

Please see our official response below to the Audit Results letter you provided for our June 30, 2018 audit.

## **Receipts and Deposits**

As you are aware, we lost our Finance Director after year end and we have a new Executive Assistant who handles cash receipts. Since these changes, there is a concerted effort that deposits are made within one school business day following receipt of the funds and we believe our compliance is over 95%. Receipts are also issued generally within one school business day, but no later than two business days. With the new Finance Director, we will impress the importance of this requirement.

## **Bad Debts and Uncollectible Accounts**

We are now sending electronic statements to all past due accounts at least monthly. We will also be turning over accounts after 180 days in accordance with the policy unless they are on a payment plan or free and reduced status. There are some past dues from last school year that are being researched and will also be turned over to collection once we assure they are valid receivables.

Susan Parsons  
Treasurer