



**STATE OF INDIANA**  
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June 17, 2014

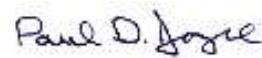
Charter School Board  
Charter School of the Dunes, Inc.  
7300 East Melton Road  
Gary, IN 46403

We have reviewed the Supplemental Audit Report prepared by Fitzgerald/Isaac LLC, Independent Public Accountants, for the period July 1, 2012 to June 30, 2013. 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 5 contain four audit results and comments. Management's response is on page 7.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Charter School of the Dunes, 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, CPA  
State Examiner

SUPPLEMENTAL AUDIT REPORT  
OF  
**CHARTER SCHOOL OF THE DUNES, INC.**

LAKE COUNTY, INDIANA

July 1, 2012 to June 30, 2013

CHARTER SCHOOL OF THE DUNES, INC.

LAKE COUNTY, INDIANA

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CHARTER SCHOOL OF THE DUNES, INC.

LAKE COUNTY, INDIANA

School Officials

Year Ended June 30, 2013

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Danielle Sleight	07/01/12 – 03/26/13
	Paul Orner	03/26/13 – 06/30/13
School Director	Christine Pepa	07/01/12 – 06/30/13
Treasurer	Marikite Segrest	07/01/12 – 06/30/13

The Board of Directors  
Charter School of the Dunes, Inc.

We have audited the consolidated financial statements of **Charter School of the Dunes, Inc. and Affiliate** (the "School") as of and for the year ended June 30, 2013 and have issued our report thereon dated May 27, 2014. 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.

*Fitzgerald Isaac LLC*

Indianapolis, IN  
May 27, 2014

CHARTER SCHOOL OF THE DUNES, INC.

LAKE COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2013

TEXTBOOK RENTAL & SCHOOL LUNCH REIMBURSEMENT

We selected a sample of 15 students for the purpose of verifying the income eligibility for subsidized meals and textbook reimbursement. Within this sample we noted:

- One of the 15 applications resulted in an inaccurate determination of eligibility.
- None of the applications contained evidence of the person responsible for the eligibility determination.

Charter schools must provide accurate information to the Indiana Department of Education pertaining to the number of students that received free/reduced textbooks. If a variance occurs between the charter school records and the report provided the IDOE, then written communication must also request a determination if any increases or decreases in funding will result to the charter school because of the variance. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

TICKET SALES

The School charges admission to various athletic and other school events; however, it does not use pre-numbered tickets or reconcile ticket sales via the SA-4 Ticket Sales Form.

The designated charter school employee shall be responsible for the proper accounting for all tickets and must keep a record of the number purchased, the number issued for sale, and the number returned. The designee must see that proper accounting is made for the cash received from those sold. All tickets shall be pre-numbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the charter school, the charter school's receipt issued therefore must show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

CHARTER SCHOOL OF THE DUNES, INC.

LAKE COUNTY, INDIANA

Audit Results and Comments, Continued

ELIGIBILITY VERIFICATION

Five applicants were selected for eligibility verification with regard to the school nutrition program; however, the verification consisted only of communication with the applicants regarding any change in status. The School did not request documentation to substantiate the information submitted on the application.

An error for purposes of the test-check is an approved application, attempted to be verified that cannot be verified by the program participants with requested income verification information (i.e., paycheck stub, W-2, etc.). Program participants who have an application that cannot be verified are not always dropped from the free and reduced-price meal program and corrections in reporting and additional testing does not always occur.

The State Board of Accounts is of the audit position charter schools shall request a written position from the Indiana Department of Education stating whether the corrective action taken was sufficient or if additional verifications need to be performed when high incidences of errors in test sample verifications are noted. The written communication to the Department of Education must also request a determination if any increases or decreases in funding will result to the charter school because of the concerns noted with the verification process. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 17)

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)

CHARTER SCHOOL OF THE DUNES, INC.

LAKE COUNTY, INDIANA

Audit Results and Comments, Continued

FINANCIAL REPORTING

Our examination of expenditures applied to the Title I School Improvement Grant during the period of July 1, 2012 to June 30, 2013 revealed expenses from the 2012 fiscal year. These expenses were previously reported as general fund expenditures. This resulted in the expenses on the report to the Indiana Department of Education (Form 9) for both years to be incorrectly reported by \$56,749.

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

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)



CHARTER SCHOOL OF THE DUNES, INC.

LAKE COUNTY, INDIANA

Exit Conference

Year Ended June 30, 2013

The contents of this report were discussed on May 28, 2014, with Danielle Sleight (Chief Operating Officer), Christine Pepa (School Director), and Marikite Segrest (Treasurer). The Official Response has been made a part of this report and may be found on page 7.



# Charter School of the Dunes

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[www.csdunes.org](http://www.csdunes.org)

May 29, 2014

Mr. Eugene P. Fitzgerald,

This letter is in response to the findings in the July 1, 2012 to June 30, 2013 Supplemental Audit Report.

- **Textbook Rental and School Lunch Reimbursements.** To remedy this issue we changed our enrollment forms to include the Free and Reduced Lunch application. A student is not enrolled until the form is completely and accurately filled out. Once the form is completed it is verified & signed off on by the registrar.
- **Ticket Sales.** We now use a double ticket system for admission to all athletic and other various events. All ticket stubs are retained along with a receipt of deposit for all athletic and school events. Ticket sales are reconciled via the SA-4 Ticket Sales Form.
- **Eligibility Verification.** Eligibility verification is now part of the enrollment process. We have changed our enrollment forms to include the Free and Reduced Lunch application. A student is not enrolled until the form is completely and accurately filled out. Once the form is completed it is verified & signed off on by the registrar. We also retain copies of pay-stubs or W-2 forms so we can substantiate the information submitted on the application.
- **Financial Reporting.** We understand the need to minimize any reclassing having to do with the prior fiscal year resulting in the income and expenses to be incorrectly reported. We will not have any reclasses this year; each of the grants is being spent down appropriately. We have put in place measures to review the grant reports each month to be sure that we are reporting expenses correctly and they are being reported in their proper class instead of the General Fund.

Please feel free to contact me if you have any questions.

Danielle Sleight  
COO/Founder  
Charter School of the Dunes  
[dsleight@csdunes.org](mailto:dsleight@csdunes.org)