



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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April 4, 2024

Charter School Board
Career Academy of South Bend, Inc.
St. Joseph County, Indiana

We have reviewed the Supplemental Audit Report for Career Academy of South Bend, Inc., prepared by Kruggel, Lawton & Company LLC, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. 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 on page 3. Management's response is on page 5.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

SUPPLEMENTAL AUDIT REPORT OF
Career Academy of South Bend, Inc.

ST. JOSEPH COUNTY, INDIANA
July 1, 2021 to June 30, 2022

Contents

School Officials	1
Transmittal Letter.....	2
Audit Results and Comments.....	3
Textbook Rentals	3
Average Daily Membership	3
Exit Conference	4
Official Response.....	5

Career Academy of South Bend, Inc.
ST. JOSEPH COUNTY, INDIANA
July 1, 2021 to June 30, 2022

School Officials

Office	Official	Term
President of Board of Directors	Lawrence Garatoni	7/1/2021-6/30/2022
Superintendent	Jeremy Lugbill	7/1/2021-6/30/2022
Assistant Superintendent	Sam Ells	7/1/2021-6/30/2022
High School Principal	Nicholas Garstka	7/1/2021-6/30/2022
Middle School Principal	Rhonda Myers	7/1/2021-6/30/2022
Primary Principal	Dean Fecher	7/1/2021-6/30/2022
Business Manager	Kim Richardson	7/1/2021-6/30/2022



The Board of Directors
Career Academy of South Bend, Inc.

We have audited the financial statements of Career Academy of South Bend, Inc. (the “School”) as of and for the year ended June 30, 2022 and have issued our report thereon dated March 7, 2024. 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.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Kruggel, Lawton & Company LLC'.

Certified Public Accountants

South Bend, Indiana
March 7, 2024

Career Academy of South Bend, Inc.
ST. JOSEPH COUNTY, INDIANA
July 1, 2021 to June 30, 2022

Audit Results and Comments

TEXTBOOK RENTALS

The School provides for textbook rentals to those students that do not qualify for state reimbursement and collects other fees relating to School activities. Based on our testing, we noted that the School pursues delinquent accounts for collection, but it does not have a formal policy to address uncollectible accounts.

The charter school must have a written policy concerning a procedure for the 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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

AVERAGE DAILY MEMBERSHIP

The School reports Average Daily Membership (ADM) counts on a biannual basis as required by the Indiana Code. For the fiscal year ended June 30, 2022, these counts were required on September 17, 2021 and February 1, 2022.

Enrollment documents and attendance records are required to be maintained by the School in accordance with guidance by the Indiana Department of Education (IDOE). Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "Eligible pupil" refers to an individual who qualifies as an eligible pupil under [IC 20-43-4-1](#)". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

Forty-three students were tested for the High School. On the fall count date, two students were not present on the count date and showed no signs of engagement in the two weeks prior to the count date. One of the students was listed as not enrolled in the fall term. The School could not provide any proof of communication with either student or the parents of those students.

Sixty students were tested for the Primary School. The school was unable to provide a birth certificate for one student.

School officials shall contact the IDOE, Division of School Finance, to determine possible steps to be taken to correct any overpayment to the school because of incorrect reporting.

Career Academy of South Bend, Inc.
ST. JOSEPH COUNTY, INDIANA
July 1, 2021 to June 30, 2022

Exit Conference

The contents of this report are scheduled to be discussed on March 7, 2024 with Jeremy Lugbill (Superintendent), Mary Hunt (Interim Business Manager), Lawrence Garatoni (President of the Board of Directors) and two additional board members. The Official Response has been made a part of this report and may be found on page 5.

Official Response

Below are our responses to the Supplemental Audit Report for the period July 1, 2021 to June 30, 2022.

Textbook Rentals

The state no longer allows schools to charge for textbook rentals as of this writing.

Average Daily Membership

An internal review of the student reporting system will be conducted by June 30, 2024. Processes will be strengthened for any weaknesses discovered. The IDOE, Division of School Finance will be contacted by July 31, 2024, if any overpayments are identified.

Sincerely,

Mary M Hunt

Mary M Hunt
Interim CFO