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STATE OF INDIANA

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February 28, 2014

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

We have reviewed the Supplemental Audit Report prepared by Comer, Nowling and Associates, P.C., Independent Public Accountants, for the period July 1, 2010 to June 30, 2011. 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 and 4 contain six 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.

State Board of Accounts

SUPPLEMENTAL AUDIT REPORT

OF

CHARTER SCHOOL OF THE DUNES, INC.

LAKE COUNTY, INDIANA

July 1, 2010 to June 30, 2011

CHARTER SCHOOL OF THE DUNES, INC.
LAKE COUNTY, INDIANA

Table of Contents

CHARTER SCHOOL OF THE DUNES, INC.
LAKE COUNTY, INDIANA
School Officials
Year Ended June 30, 2011

Office	Official	Term
President of Board of Directors	Danielle Sleight	07/01/10 – 06/30/11
Principal	Christine Pepa	07/01/10 – 06/30/11
Treasurer	Marikite Segrest	07/01/10 – 06/30/11

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

We have audited the financial statements of **Charter School of the Dunes, Inc.** (the "School") as of and for the year ended June 30, 2011 and have issued our report thereon dated March 26, 2012. As part of our audits, 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.

Comer, Nowling and Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
January 20, 2014

Comer, Nowling and Associates, P.C. | 8606 Allisonville Road, Suite 120 | Indianapolis, Indiana 46250 | 317.841.3393 office | www.comernowling.com

CAPITAL ASSETS

The School maintains a record of capital assets for accounting purposes; however, the School does not routinely conduct a physical inventory of its capital assets as a means to verify its asset records.

Every charter school must have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory must be recorded on the applicable Capital Assets Ledger. A complete inventory shall be taken for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 15).

TEXTBOOK RENTAL AND SCHOOL LUNCH REIMBURSEMENT

The School could not produce documentation to support the income eligibility of enrolled students for state and federal benefits. The School did not retain Forms 521, *Application for Free and Reduced Price Meals and Other Benefits*, a list of eligible students, or support for sponsor claim reports. As such, no determination could be made as to the accuracy of the information provided to the Indiana Department of Education.

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).

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).

EXTRA-CURRICULAR ACTIVITIES

The School records funds received for student activities in the general fund. Use of separate extra-curricular activity funds to record money set aside for student activities would facilitate accountability.

Special Funds may be established to account for money received by a school corporation for a specific purpose or purposes if no local tax revenues are involved. These Funds may be supported by gifts, donations, endowments or be established pursuant to federal statutes. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 3).

AVERAGE DAILY MEMBERSHIP (ADM)

The School was able to produce a signed copy of its October 4, 2010 ADM report; however, it could not produce a listing of students in support of the ADM count.

The building level administrator (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the Organizer, shall provide a written certification of ADM to properly document responsibility. The certification must at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate the ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

FINANCIAL REPORTING

The School was not able to produce copies of the Form 9 Biannual Financial Reports submitted for the 2011 fiscal year. As such, the School was unable to document that accurate and timely reports had been submitted.

Charter schools are required to file an annual report with the State Examiner not later than sixty (60) after the close of each fiscal year, IC 5-11-1-4. In order to not duplicate efforts, the State Board of Accounts considers the combination of the two 6 month periods for each school year on the Indiana Department of Education's (IDOE) Form 9 Biannual Financial Report as the annual report for charter schools.

FINANCIAL REPORTING (continued)

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 SCHOOL OF THE DUNES, INC.
LAKE COUNTY, INDIANA
Official Response
Year Ended June 30, 2011

The contents of this report were discussed on February 3, 2014, with Danielle Sleight (Board President), Christine Pepa (Principal), 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

7300 East Melton Road, Gary, IN 46403 ♦ Phone: (219) 939-9690 ♦ Fax: (219) 939-9031

www.csdunes.org

January 10, 2014

This letter is in response to the findings in the July 1, 2010 to June 30, 2011 Supplemental Audit Report.

- **Average Daily Membership (ADM).** We understand the significance of having a signed ADM report and this issue has been since corrected.
- **Financial Reporting.** Since this audit, all Form 9 Financial Reports have been accounted for and this issue has been corrected.
- **Capital Assets.** We understand the importance of a physical inventory and now conduct a physical inventory of all assets.
- **Textbook Rental and School Lunch Reimbursements.** To remedy this issue we changed our enrollment forms so it includes 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 keep all ticket stubs along with a receipt of deposit for all athletic and school events.
- **Eligibility Verification.** This is now part of the enrollment process. Please refer to Textbook Rental and School Lunch Verification.
- **Extra-Curricular Activities.** All deposit slips are identified to which fund the deposit is to designated.

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

Danielle Sleight

Coo/Founder

Charter School of the Dunes

dsleight@csdunes.org