



**STATE OF INDIANA**  
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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](http://www.in.gov/sboa)

December 28, 2017

Charter School Board  
Dugger Union Community Schools Corporation  
7356 E Co Rd 50 S  
Dugger, IN 47848

We have reviewed the Supplemental Audit Report for Dugger Union Community Schools Corporation prepared by Donovan CPAs, Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. 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 3 contains three audit results and comments. Management's response is on pages 5 through 7.

The Supplemental Audit Report and associated audited Financial Statements are filed in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

SUPPLEMENTAL AUDIT REPORT  
OF  
**DUGGER UNION COMMUNITY SCHOOLS CORPORATION**

SULLIVAN COUNTY, INDIANA

July 1, 2016 to June 30, 2017



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**DUGGER UNION COMMUNITY SCHOOLS CORPORATION**  
**SULLIVAN COUNTY, INDIANA**  
**School Officials**  
**July 1, 2016 to June 30, 2017**

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Kyle Foli	07/01/16 – 06/30/17
Treasurer	Tina Hubbard	07/01/16 – 06/30/17
Principal	Ross Martin	07/01/16 – 06/30/17



# Donovan CPAs

The Board of Directors  
Dugger Union Community Schools Corporation

We have audited the financial statements of Dugger Union Community Schools Corporation, (the "School") as of and for the year ended June 30, 2017, and have issued our report thereon dated December 19, 2017. 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 19, 2017

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[www.cpadonovan.com](http://www.cpadonovan.com)

**Westside Office** | 5151 E. US Hwy 36, Avon, IN 46123 | 317.745.6411

**Northside Office** | 9292 N. Meridian Street, Suite 150, Indianapolis, IN 46260 | 317.844.8300

**DUGGER UNION COMMUNITY SCHOOLS CORPORATION**  
**SULLIVAN COUNTY, INDIANA**  
**Audit Results and Comments**  
**July 1, 2016 to June 30, 2017**

**CASH RECEIPTS AND DEPOSITS**

The School receives payments for various purposes, including meal purchases, textbook rental fees, extra-curricular activities, and other items. In our sample of twenty-five cash receipts transactions from throughout the year, we noted nine instances where the payment received was not deposited timely. The length of time for these nine transactions between the receipt of payment and deposit in the bank ranged from seven to twenty-one days. Additionally, we noted that receipts were not issued when extra-curricular funds were turned over to the School's main office.

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

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)

**TICKET SALES**

The school did not maintain ticket stubs, which prevented verification of the amounts reported on the SA-4 forms.

Serially prenumbered tickets by the printing supplier should be used for all athletic and other social activities and events for which admission is charged. Part of the prenumbered ticket must be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) must be retained. All tickets (unused tickets and stubs) shall be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

**MINIMUM INTERNAL CONTROL STANDARDS**

Per review and discussion with school personnel, it was determined that the School was not in compliance with either of the minimum internal control requirements as set forth by IC 5-11-1-27(g).

After June 30, 2016, the legislative body of a political subdivision shall ensure that:

1. the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
2. personnel received training concerning the internal control standards and procedures adopted by the political subdivision.

(IC 5-11-1-27(g))

**DUGGER UNION COMMUNITY SCHOOL CORPORATION**  
**SULLIVAN COUNTY, INDIANA**  
**Exit Conference**  
**July 1, 2016 to June 30, 2017**

The contents of this report were discussed on December 14, 2017 with Darin Simpson (Principal), Tamara Chaney (Outsourced Bookkeeper, Milestone Accounting), and Deanna Myers (Outsourced Bookkeeper, Milestone Accounting). The official response has been made a part of this report and may be found on page 5.



## DUGGER UNION COMMUNITY SCHOOL

Donovan CPAs  
9345 N. Meridian St., Suite 302  
Indianapolis, IN 46260

RE: Official Response to Indiana State Board of Accounts Compliance Finding(s)

### CASH RECEIPTS AND DEPOSITS

*Finding:*

The School receives payments for various purposes, including meal purchases, textbook rental fees, extra-curricular activities, and other items. In our sample of twenty-five cash receipts transactions from throughout the year, we noted nine instances where the payment received was not deposited timely. The length of time for these nine transactions between the receipt of payment and deposit in the bank ranged from seven to twenty-one days. Additionally, we noted that receipts were not issued when extra-curricular funds were turned over to the School's main office.

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

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)

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*School Response:*

Handwritten receipts with carbon copies and receipts printed from Harmony are used to show a payment has been made. Starting July 1, 2017, deposits are made no later than 2 business days following the receipt of funds.

## **TICKET SALES**

*Finding:*

The school did not maintain ticket stubs, which prevented verification of the amounts reported on the SA-4 forms.

Serially prenumbered tickets by the printing supplier should be used for all athletic and other social activities and events for which admission is charged. Part of the prenumbered ticket must be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) must be retained. All tickets (unused tickets and stubs) shall be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

*School Response:*

Beginning July 1, 2017, all ticket stubs from each athletic event are kept in a container during the event and then bagged up and dated at the conclusion of the event. These are then filed in the school treasurer's office.

**MINIMUM INTERNAL CONTROL STANDARDS**

*Finding:*

Per review and discussion with school personnel, it was determined that the School was not in compliance with either of the minimum internal control requirements as set forth by IC 5-11-1-27.

After June 30, 2016, the legislative body of a political subdivision shall ensure that:

1. the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
2. personnel received training concerning the internal control standards and procedures adopted by the political subdivision.

(IC 5-11-1-27, Part (g))

*School Response:*

Beginning July 1, 2017, all staff members who handle school funds or supervise those handle school funds will receive the appropriate training from the state of Indiana.

Sincerely,



Darin Simpson, Jr./Sr. High School Administrator  
Dugger Union Community Schools

12/19/17

Date