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November 28, 2018

Charter School Board
Duneland Charter School, Inc.
d/b/a Discovery Charter School
800 Canonie Drive
Chesterton, IN 46304

We have reviewed the Supplemental Audit Report for Duneland Charter School, Inc. d/b/a Discovery Charter School prepared by Donovan CPAs, 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 3 contains two audit results and comments. Management's response is on page 5.

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

SUPPLEMENTAL AUDIT REPORT
OF
DUNELAND CHARTER SCHOOL, INC.
d/b/a DISCOVERY CHARTER SCHOOL

PORTER COUNTY, INDIANA

July 1, 2017 to June 30, 2018



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**DUNELAND CHARTER SCHOOL, INC.
d/b/a DISCOVERY CHARTER SCHOOL**

PORTER COUNTY, INDIANA

School Officials

July 1, 2017 to June 30, 2018

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Laurie Metz	07/01/17 – 06/30/18
School Director	Ernesto Martinez	07/01/17 – 06/30/18
School Treasurer	William Schmuhl	07/01/17 – 06/30/18



Donovan CPAs

The Board of Directors
Duneland Charter School, Inc.

We have audited the financial statements of Duneland Charter School, Inc. d/b/a Discovery Charter School (the "School") as of and for the year ended June 30, 2018 and have issued our report thereon dated November 16, 2018. 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
November 16, 2018

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DUNELAND CHARTER SCHOOL, INC.
d/b/a DISCOVERY CHARTER SCHOOL
PORTER COUNTY, INDIANA
Audit Results and Comments
July 1, 2017 to June 30, 2018

FINANCIAL REPORTING

Our examination of the semi-annual financial report to the Indiana Department of Education (Form 9) for the period January 1, 2017 to June 30, 2018 revealed that the June 30, 2018 cash balance did not reflect the balance as reported on the School's books and records. The balance reported on Form 9 was \$1,210,116 while cash per the financial statements was \$1,191,959. In addition, fund 800 had negative balance, of which \$11,833 was not the result of awaiting reimbursement on a reimbursement grant.

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)

The charter school's accounting system must facilitate the preparation of the periodic financial reports for administrative review and the required year-end financial statements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

MINIMUM INTERNAL CONTROL STANDARDS

Per review and discussion with School personnel, we 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))

**DUNELAND CHARTER SCHOOL, INC.
d/b/a DISCOVERY CHARTER SCHOOL
PORTER COUNTY, INDIANA**

Exit Conference

July 01, 2017 to June 30, 2018

The contents of this report were discussed on November 16, 2018 with Ernesto Martinez (School Director), Allan Gabriele (School Treasurer), Bill Schmuhl (Board Treasurer), and Julie Tegt (Board Secretary). The Official Response has been made a part of this report and may be found on page 5.


RESPONSE TO SUPPLEMENTAL AUDIT
OF
DUNELAND CHARTER SCHOOL, INC.
DBA DISCOVERY CHARTER SCHOOL

July 1, 2017 to June 30, 2018

The Supplemental Audit report for Discovery Charter School for our year ended June 30, 2018 contained results and comments in two areas: Financial Reporting and Minimum Internal Control Standards.

The financial reporting finding noted a discrepancy between cash balance as reported on Form 9 for the six months ended June 30, 2018 and the financial statements for the year then ended of approximately \$18,157. This was the result of a balance sheet account which we label Interest Offset inappropriately being included in the Form 9 cash balance. This has been corrected and will not affect future Form 9. In addition, the negative balance in fund 800, the School Lunch Fund, in the amount of \$11,883 is the result of an inaccurate posting of a loan payment that was due to our food service provider. It has since been properly reflected.

The minimum internal control requirements required by Indiana Law as set forth in IC 5-11-1-27(g) will be met and the appropriate training implemented as required by statute.


Allan Gabriele
Business Manager, Discovery Charter School

November 19, 2018

