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December 5, 2019

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

We have reviewed the Supplemental Audit Report for Dugger Union Community School Corporation prepared by Greenwalt CPAs, Inc., Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. 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 4 contain four audit results and comments.

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

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SUPPLEMENTAL AUDIT REPORT OF  
**DUGGER UNION COMMUNITY SCHOOL CORPORATION**  
SULLIVAN COUNTY, INDIANA  
JULY 1, 2018 TO JUNE 30, 2019

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GREENWALT<sup>CPAs</sup>

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**DUGGER UNION COMMUNITY SCHOOL CORPORATION**

SUPPLEMENTAL AUDIT REPORT

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SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Kyle Foli	07/01/2018 – to date
Treasurer	Tina Hubbard	07/01/2018 – to date
Principal	Darin Simpson	07/01/2018 – to date



Greenwalt CPAs, Inc.  
5342 W. Vermont Street  
Indianapolis, IN 46224  
www.greenwaltcpas.com

To the Board of Directors of  
Dugger Union Community School Corporation:

We have audited the financial statements of Dugger Union Community School Corporation (the School) as of and for the year ended June 30, 2019 and have issued our report thereon dated November 27, 2019.

In connection with that audit and with our consideration of the School's internal controls as required by the *Guidelines for the Audits of Charter Schools Performed by Private Examiners* (Guide), issued by the Indiana State Board of Accounts, we performed procedures prescribed under the Guide for the year ended June 30, 2019.

As required by the Guide, we performed procedures to test compliance with the requirements that are applicable to the School. Our procedures were substantially narrower in scope than an audit, the objective of which is the expression of an opinion on the School's compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance with those requirements, which is described in the accompanying Schedule of Audit Results and Comments.

The purpose of this report is solely to describe the scope of our testing over compliance with the requirements prescribed under the Guide and the results of that testing, and not to provide a legal determination of compliance with those requirements. Accordingly, this report is not suitable for any other purpose.

*Greenwalt CPAs, Inc.*

November 27, 2019

DUGGER UNION COMMUNITY SCHOOL CORPORATION

SULLIVAN COUNTY

SCHEDULE OF AUDIT RESULTS AND COMMENTS

Cash receipts were not deposited timely.

The School did not timely deposit twelve out of the forty cash receipts selected for testing. The receipts were deposited more than one business day after the corresponding cash was received.

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)

National School Lunch Program reimbursement claims were not submitted correctly.

One out of the four monthly National School Lunch Program (NSLP) reimbursement claims tested inadvertently included nineteen adult meals. While the School subsequently corrected, the claim, NSLP claims should only include student meals.

School Food Form SF-2, Daily Record of Cash Received, categorizes cash receipts on a daily basis and must be totaled monthly.

School Food Form SF-2A, Daily Record of Meals/Milk Served, records daily the number of meals/milk served and must be totaled monthly and will be a source of information for preparation of the monthly claim for federal reimbursement.

School Food Form SF-3, Cash Disbursements and Fund Balance, is used to record on a daily basis the disbursements of the School Food Service Program and together with the SF-2 acts as the source information for the calculation of the fund balance as shown on the SF-3. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 2 and 17)

Forms SF-1, SF-2, SF-2A, and SF-3 shall be maintained on a daily basis and totaled monthly. These monthly totals are a source of information for preparation of the claim for federal reimbursement, the quarterly financial report, etc. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 17)

DUGGER UNION COMMUNITY SCHOOL CORPORATION

SULLIVAN COUNTY

SCHEDULE OF AUDIT RESULTS AND COMMENTS

Ticket sales for events were not reported appropriately.

For all four of the ticket sales events selected, total sales per Form SA-4 did not match the total sales documented per the corresponding cash receipt form (Form 517A). Furthermore, for one of the four ticket sales events selected, cash collected was not deposited by the following business day.

Tickets, goods for sale, billings and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the charter school (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10). 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.

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)

Documentation for free, reduced, and paid lunches were not maintained.

One out of the five free, reduced, and paid meal selections did not have documentation on file to support the eligibility determination.

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 17)

DUGGER UNION COMMUNITY SCHOOL CORPORATION

SULLIVAN COUNTY, INDIANA

EXIT CONFERENCE

The contents of this report were discussed on November 27, 2019 with Darin Simpson (Principal), Tamara Chaney, (Outsourced Bookkeeper with Milestone Accounting), and Jim Stringer (Board Member). The officials concurred with our findings.