

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT  
OF  
SOUTHEASTERN CAREER CENTER  
RIPLEY COUNTY, INDIANA  
July 1, 2007 to June 30, 2009



**FILED**  
03/17/2010



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Deborah Tompkins	07-01-07 to 06-30-10
Director	Bradley Street	07-01-07 to 06-30-10
President of the Board of Managers	Ted Ahaus	07-01-07 to 06-30-10



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE SOUTHEASTERN CAREER CENTER, RIPLEY COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Career Center (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 2, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

STATE BOARD OF ACCOUNTS

February 2, 2010



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE SOUTHEASTERN CAREER CENTER, RIPLEY COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Career Center (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management, Board of Managers, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 2, 2010

SOUTHEASTERN CAREER CENTER  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	Program Receipts				Net (Disbursement) Receipts and Changes in Net Assets
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Totals
Governmental activities:					
Instruction	\$ 2,647,401	\$ 142,305	\$ 3,000	\$ -	\$ (2,502,096)
Support services	2,092,672	22,600	-	-	(2,070,072)
Facilities acquisition and construction	43,793	-	-	-	(43,793)
Total governmental activities	\$ 4,783,866	\$ 164,905	\$ 3,000	\$ -	(4,615,961)
General receipts:					
Other local sources					3,308,072
State aid					199,268
Grants and contributions not restricted to specific programs					766,296
Sale of property					3,414
Investment earnings					41,462
Other					74
Special item:					
Asset transfer to Indiana Virtual Academy					(1,029,205)
Total general receipts and special items					3,289,381
Change in net assets					(1,326,580)
Net assets - beginning					1,773,472
Net assets - ending					\$ 446,892
<u>Assets</u>					
Cash and investments					\$ 446,892
<u>Net Assets</u>					
Unrestricted					\$ 446,892

The notes to the financial statements are an integral part of this statement.

SOUTHEASTERN CAREER CENTER  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	Program Receipts				Net (Disbursement) Receipts and Changes in Net Assets
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Totals
Governmental activities:					
Instruction	\$ 2,282,211	\$ 131,550	\$ 3,000	\$ -	\$ (2,147,661)
Support services	1,942,518	2,409	-	-	(1,940,109)
Facilities acquisition and construction	264,712	-	-	-	(264,712)
Total governmental activities	\$ 4,489,441	\$ 133,959	\$ 3,000	\$ -	(4,352,482)
General receipts:					
Other local sources					3,270,188
State aid					139,805
Grants and contributions not restricted to specific programs					799,730
Sale of property					1,555
Investment earnings					4,787
Other					846
Total general receipts					4,216,911
Change in net assets					(135,571)
Net assets - beginning					446,892
Net assets - ending					\$ 311,321
<u>Assets</u>					
Cash and investments					\$ 311,321
<u>Net Assets</u>					
Unrestricted					\$ 311,321

The notes to the financial statements are an integral part of this statement.

SOUTHEASTERN CAREER CENTER  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008

	General	Lilly Grant/ Indiana Virtual Academy	Other	Totals
Receipts:				
Local sources	\$ 2,915,626	\$ 84,726	\$ 406,970	\$ 3,407,322
State sources	90,721	58,007	308,320	457,048
Federal sources	-	-	618,633	618,633
Other	74	-	-	74
	<u>3,006,421</u>	<u>142,733</u>	<u>1,333,923</u>	<u>4,483,077</u>
Total receipts				
Disbursements:				
Current:				
Instruction	1,576,790	30,000	1,040,611	2,647,401
Support services	1,438,329	418,275	236,068	2,092,672
Facilities acquisition and construction	1,485	-	42,308	43,793
	<u>3,016,604</u>	<u>448,275</u>	<u>1,318,987</u>	<u>4,783,866</u>
Total disbursements				
Excess (deficiency) of receipts over disbursements	<u>(10,183)</u>	<u>(305,542)</u>	<u>14,936</u>	<u>(300,789)</u>
Other financing sources:				
Sale of capital assets	3,260	154	-	3,414
	<u>3,260</u>	<u>154</u>	<u>-</u>	<u>3,414</u>
Total other financing sources (uses)				
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,923)	(305,388)	14,936	(297,375)
Special item:				
Asset transfer to Indiana Virtual Academy	-	(1,029,205)	-	(1,029,205)
Cash and investments - beginning	<u>487,988</u>	<u>1,334,593</u>	<u>(49,109)</u>	<u>1,773,472</u>
Cash and investments - ending	<u>\$ 481,065</u>	<u>\$ -</u>	<u>\$ (34,173)</u>	<u>\$ 446,892</u>
<u>Cash and Investment Assets - Ending</u>				
Total cash and investment assets - ending	<u>\$ 481,065</u>	<u>\$ -</u>	<u>\$ (34,173)</u>	<u>\$ 446,892</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Unrestricted	<u>\$ 481,065</u>	<u>\$ -</u>	<u>\$ (34,173)</u>	<u>\$ 446,892</u>

The notes to the financial statements are an integral part of this statement.

SOUTHEASTERN CAREER CENTER  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009

	<u>General</u>	<u>Other</u>	<u>Totals</u>
Receipts:			
Local sources	\$ 2,956,909	\$ 452,025	\$ 3,408,934
State sources	88,917	163,559	252,476
Federal sources	-	690,059	690,059
Other	<u>846</u>	<u>-</u>	<u>846</u>
Total receipts	<u>3,046,672</u>	<u>1,305,643</u>	<u>4,352,315</u>
Disbursements:			
Current:			
Instruction	1,372,487	909,724	2,282,211
Support services	1,709,874	232,644	1,942,518
Facilities acquisition and construction	<u>10,000</u>	<u>254,712</u>	<u>264,712</u>
Total disbursements	<u>3,092,361</u>	<u>1,397,080</u>	<u>4,489,441</u>
Deficiency of receipts over disbursements	(45,689)	(91,437)	(137,126)
Other financing sources:			
Sale of capital assets	<u>1,555</u>	<u>-</u>	<u>1,555</u>
Deficiency of receipts and other financing sources over disbursements and other financing uses	(44,134)	(91,437)	(135,571)
Cash and investments - beginning	<u>481,065</u>	<u>(34,173)</u>	<u>446,892</u>
Cash and investments - ending	<u>\$ 436,931</u>	<u>\$ (125,610)</u>	<u>\$ 311,321</u>
<u>Cash and Investment Assets - Ending</u>			
Cash and investments	<u>\$ 436,931</u>	<u>\$ (125,610)</u>	<u>\$ 311,321</u>
<u>Cash and Investment Fund Balance - Ending</u>			
Unrestricted	<u>\$ 436,931</u>	<u>\$ (125,610)</u>	<u>\$ 311,321</u>

The notes to the financial statements are an integral part of this statement.

SOUTHEASTERN CAREER CENTER  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation is a vocational co-op established by area schools to provide vocational educational services to students of participating school corporations. The establishment of a vocational co-op is authorized under the laws of the State of Indiana. The School Corporation operates under a Board of Managers composed of one representative from each of the following participating schools.

Batesville Community School Corporation  
Jac-Cen-Del Community School Corporation  
Jennings County School Corporation  
Lawrenceburg Community School Corporation  
Madison Consolidated School Corporation  
Milan Community School Corporation  
Rising Sun-Ohio County Community School Corporation  
South Dearborn Community School Corporation  
South Ripley Community School Corporation  
Southwestern-Jefferson County Consolidated School Corporation  
Sunman-Dearborn Community School Corporation  
Switzerland County School Corporation

The accompanying financial statements present the activities of the School Corporation (primary government). There are no significant component units which require inclusion.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any proprietary or fiduciary funds.

SOUTHEASTERN CAREER CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Lilly grant/virtual academy fund accounts for a grant received from a private foundation for a technology-based initiative to support grades K-12 curriculum development. On February 6, 2008, the fund's assets were transferred to a separate school corporation established to conduct the program.

C. Measurement Focus and Basis of Accounting

The government-wide and governmental fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise or internal service funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

SOUTHEASTERN CAREER CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

In June of each year, the fiscal officer of the School Corporation submits to the governing board, a proposed operating budget for the year commencing the following January 1. The governing board, through the passage of a resolution approves the budget for the next year

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board

B. Cash and Investment Balance Deficits

At June 30, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

SOUTHEASTERN CAREER CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund	2008	2009
Adult Basic Education State 2007-2008	\$ 63,024	\$ -
Carl Perkins 2007-2008	75,676	-
Moving Forward Grant	19,049	-
Adult Basic Education State 2008-2009	-	66,788
Carl Perkins 2008-2009	-	29,079
Project Head the Way	-	64,848
House Project	30,851	52,817

Cash and investment deficits arose primarily from disbursements exceeding receipts due to reimbursable expenditures under grant agreements which had not been reimbursed by year-end and payment of expenditures for current housing projects preceding receipt of proceeds from the sales of previous house projects. These deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2009, the School Corporation's deposit balances in the amount of \$417,158 were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United

SOUTHEASTERN CAREER CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

B. Restatements and Reclassifications

For the year ended June 30, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by fund. The fund reclassifications represent separate reporting of the house project fund, which was previously included in the general fund for reporting purposes.

Fund	Balance as Reported June 30, 2007	Fund Reclassification	Balance as Restated July 1, 2007
General	\$ 501,951	\$ (13,963)	\$ 487,988
House project	-	13,963	13,963

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

SOUTHEASTERN CAREER CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Medical Benefits to Employees

During 1999, the School Corporation joined with other governmental entities to form the Southeastern Indiana Insurance Consortium, a public entity risk pool currently operating as a common risk management and insurance program for eight member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees. The School Corporation pays an annual premium to the risk pool for employee medical benefits coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$100,000 per insured event. Independent insurance coverage is obtained for events in excess of \$100,000.

B. Asset Transfer to Indiana Virtual Academy

In 2001, the Career Center created a Lilly Grant/Indiana Virtual Academy fund. Initial funding came from a \$4,917,178 grant from Lilly Endowment, Inc. The Indiana Virtual Academy operates online learning programs for students throughout the state. In addition to grant funds, the Virtual Academy also receives supplemental funding from fees charged students and schools and other miscellaneous sources.

On February 6, 2008, the Indiana Virtual Academy became a separate school corporation created under the provisions of the Interlocal Cooperation Act, Indiana Code 36-1-7 with powers conferred by Indiana Code 20-26-1. On that date, the Career Center's Lilly Grant/Indiana Virtual Academy fund balance of \$1,029,205 was disbursed to the Indiana Virtual Academy.

C. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

SOUTHEASTERN CAREER CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 31,067
Interest on net pension obligation	(1,781)
Adjustment to annual required contribution	2,029
Annual pension cost	31,315
Contributions made	33,777
Decrease in net pension obligation	(2,462)
Net pension obligation, beginning of year	(24,561)
Net pension obligation, end of year	\$ (27,023)

	PERF
Contribution rates:	
School Corporation	8.5%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

SOUTHEASTERN CAREER CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 33,964	74%	\$ (18,037)
	06-30-07	26,808	124%	(24,561)
	06-30-08	31,315	108%	(27,023)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teachers' Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, 2008, and 2007, were \$87,336, \$83,654, and \$73,078, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

SOUTHEASTERN CAREER CENTER  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 368,532	\$ 430,332	\$ (61,800)	86%	\$ 361,817	(17%)
07-01-07	435,954	479,966	(44,012)	91%	430,387	(10%)
07-01-08	430,731	446,955	(16,224)	96%	401,155	(4%)

SOUTHEASTERN CAREER CENTER  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES  
 AND RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND  
 BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	Textbook Rental	Adult Education English Literacy Civics 2007-2008	Adult Education English Literacy Civics 2006-2007	Even Start 2006-2007	Even Start 2007-2008	GED	Adult Basic Education Federal 2006-2007
<b>Receipts:</b>							
Local sources	\$ 47,472	\$ -	\$ -	\$ -	\$ -	\$ 11,645	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	33,000	-	-	132,420	-	-
<b>Total receipts</b>	<b>47,472</b>	<b>33,000</b>	<b>-</b>	<b>-</b>	<b>132,420</b>	<b>11,645</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	29,526	2,570	786	32,677	4,054	8,119
Support services	63,942	3,474	-	-	99,743	-	440
Facilities acquisition and construction	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>63,942</b>	<b>33,000</b>	<b>2,570</b>	<b>786</b>	<b>132,420</b>	<b>4,054</b>	<b>8,559</b>
Excess (deficiency) of receipts over disbursements	(16,470)	-	(2,570)	(786)	-	7,591	(8,559)
Cash and investments - beginning	20,511	-	2,570	786	-	12,252	8,559
Cash and investments - ending	<u>\$ 4,041</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,843</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ 4,041</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,843</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ 4,041</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,843</u>	<u>\$ -</u>

SOUTHEASTERN CAREER CENTER  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES  
 AND RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND  
 BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 (Continued)

	Adult Basic Education State 2006-2007	Adult Basic Education Federal 2007-2008	Adult Basic Education State 2007-2008	Adult Basic Education Local 2006-2007	Carl Perkins 2006-2007	Carl Perkins 2007-2008	Carl Perkins 2005-2006
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ 6,789	\$ -	\$ -	\$ -
State sources	64,577	-	73,591	-	-	-	-
Federal sources	-	99,020	-	-	78,315	275,878	-
<b>Total receipts</b>	<b>64,577</b>	<b>99,020</b>	<b>73,591</b>	<b>6,789</b>	<b>78,315</b>	<b>275,878</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	3,460	75,641	136,615	26,800	-	340,602	103
Support services	-	23,379	-	-	-	10,952	-
Facilities acquisition and construction	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>3,460</b>	<b>99,020</b>	<b>136,615</b>	<b>26,800</b>	<b>-</b>	<b>351,554</b>	<b>103</b>
Excess (deficiency) of receipts over disbursements	61,117	-	(63,024)	(20,011)	78,315	(75,676)	(103)
Cash and investments - beginning	(61,117)	-	-	20,011	(78,315)	-	103
Cash and investments - ending	\$ -	\$ -	\$ (63,024)	\$ -	\$ -	\$ (75,676)	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ (63,024)	\$ -	\$ -	\$ (75,676)	\$ -
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ -	\$ -	\$ (63,024)	\$ -	\$ -	\$ (75,676)	\$ -

SOUTHEASTERN CAREER CENTER  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES  
 AND RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND  
 BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 (Continued)

	High Schools That Work	Moving Forward Grant	Dream It Do It Equipment	Dream It Do It Stipends	House Project	Capital Projects	Totals
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 144,858	\$ 196,206	\$ 406,970
State sources	-	56,246	88,529	25,377	-	-	308,320
Federal sources	-	-	-	-	-	-	618,633
<b>Total receipts</b>	<b>-</b>	<b>56,246</b>	<b>88,529</b>	<b>25,377</b>	<b>144,858</b>	<b>196,206</b>	<b>1,333,923</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	785	75,295	88,529	25,377	189,672	-	1,040,611
Support services	-	-	-	-	-	34,138	236,068
Facilities acquisition and construction	-	-	-	-	-	42,308	42,308
<b>Total disbursements</b>	<b>785</b>	<b>75,295</b>	<b>88,529</b>	<b>25,377</b>	<b>189,672</b>	<b>76,446</b>	<b>1,318,987</b>
Excess (deficiency) of receipts over disbursements	(785)	(19,049)	-	-	(44,814)	119,760	14,936
Cash and investments - beginning	785	-	-	-	13,963	10,783	(49,109)
Cash and investments - ending	<u>\$ -</u>	<u>\$ (19,049)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,851)</u>	<u>\$ 130,543</u>	<u>\$ (34,173)</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ -</u>	<u>\$ (19,049)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,851)</u>	<u>\$ 130,543</u>	<u>\$ (34,173)</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ -</u>	<u>\$ (19,049)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,851)</u>	<u>\$ 130,543</u>	<u>\$ (34,173)</u>

SOUTHEASTERN CAREER CENTER  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009

	Textbook Rental	Even Start 2008-2009	GED	Adult Basic Education State 2007-2008	Adult Education English Literacy Civics 2008-2009	Adult Basic Education State 2008-2009
<b>Receipts:</b>						
Local sources	\$ 52,776	\$ -	\$ 8,048	\$ -	\$ -	\$ -
State sources	-	-	-	63,024	-	76,781
Federal sources	-	135,068	-	-	132,239	-
<b>Total receipts</b>	<b>52,776</b>	<b>135,068</b>	<b>8,048</b>	<b>63,024</b>	<b>132,239</b>	<b>76,781</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	52,723	4,585	-	98,189	143,569
Support services	45,858	81,062	-	-	26,850	-
Facilities acquisition and construction	-	-	-	-	-	-
<b>Total disbursements</b>	<b>45,858</b>	<b>133,785</b>	<b>4,585</b>	<b>-</b>	<b>125,039</b>	<b>143,569</b>
Excess (deficiency) of receipts over disbursements	6,918	1,283	3,463	63,024	7,200	(66,788)
Cash and investments - beginning	4,041	-	19,843	(63,024)	-	-
Cash and investments - ending	<u>\$ 10,959</u>	<u>\$ 1,283</u>	<u>\$ 23,306</u>	<u>\$ -</u>	<u>\$ 7,200</u>	<u>\$ (66,788)</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ 10,959</u>	<u>\$ 1,283</u>	<u>\$ 23,306</u>	<u>\$ -</u>	<u>\$ 7,200</u>	<u>\$ (66,788)</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	<u>\$ -</u>	<u>\$ 1,283</u>	<u>\$ 23,306</u>	<u>\$ -</u>	<u>\$ 7,200</u>	<u>\$ (66,788)</u>

SOUTHEASTERN CAREER CENTER  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Adult Basic Education Local 2008-2009	Adult Basic Education Local 2009-2010	Carl Perkins 2007-2008	Carl Perkins 2008-2009	Moving Forward Grant	CNC Certification Project
Receipts:						
Local sources	\$ 26,803	\$ 25,782	\$ -	\$ -	\$ -	\$ 2,542
State sources	-	-	-	-	23,754	-
Federal sources	-	-	75,676	282,329	-	-
<b>Total receipts</b>	<b>26,803</b>	<b>25,782</b>	<b>75,676</b>	<b>282,329</b>	<b>23,754</b>	<b>2,542</b>
Disbursements:						
Current:						
Instruction	26,803	-	-	311,408	4,705	2,542
Support services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
<b>Total disbursements</b>	<b>26,803</b>	<b>-</b>	<b>-</b>	<b>311,408</b>	<b>4,705</b>	<b>2,542</b>
Excess (deficiency) of receipts over disbursements	-	25,782	75,676	(29,079)	19,049	-
Cash and investments - beginning	-	-	(75,676)	-	(19,049)	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 25,782</u>	<u>\$ -</u>	<u>\$ (29,079)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ 25,782</u>	<u>\$ -</u>	<u>\$ (29,079)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ 25,782</u>	<u>\$ -</u>	<u>\$ (29,079)</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHEASTERN CAREER CENTER  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Dream It Do It Supplies	Project Lead the Way 2008-2009	House Project	Capital Projects	Totals
Receipts:					
Local sources	\$ 3,295	\$ -	\$ 132,934	\$ 199,845	\$ 452,025
State sources	-	-	-	-	163,559
Federal sources	-	64,747	-	-	690,059
	<u>3,295</u>	<u>64,747</u>	<u>132,934</u>	<u>199,845</u>	<u>1,305,643</u>
Total receipts					
Disbursements:					
Current:					
Instruction	3,295	107,005	154,900	-	909,724
Support services	-	22,590	-	56,284	232,644
Facilities acquisition and construction	-	-	-	254,712	254,712
	<u>3,295</u>	<u>129,595</u>	<u>154,900</u>	<u>310,996</u>	<u>1,397,080</u>
Total disbursements					
Excess (deficiency) of receipts over disbursements	-	(64,848)	(21,966)	(111,151)	(91,437)
Cash and investments - beginning	-	-	(30,851)	130,543	(34,173)
Cash and investments - ending	<u>\$ -</u>	<u>\$ (64,848)</u>	<u>\$ (52,817)</u>	<u>\$ 19,392</u>	<u>\$ (125,610)</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ -</u>	<u>\$ (64,848)</u>	<u>\$ (52,817)</u>	<u>\$ 19,392</u>	<u>\$ (125,610)</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ -</u>	<u>\$ (64,848)</u>	<u>\$ (52,817)</u>	<u>\$ 19,392</u>	<u>\$ (125,610)</u>

SOUTHEASTERN CAREER CENTER  
AUDIT RESULT AND COMMENT

HOUSE PROJECT FUND - DEFICIT CASH BALANCE

The School Corporation has established a House Project Fund to account for financial activity associated with the purchase, construction, and sale of houses acquired to educate building trades students. The House Project Fund is maintained separately in the School Corporation's financial records.

Prior to July 1, 2007, the House Project Fund was not reported separately on the School Corporation's financial statements. According to Deborah Tompkins, Treasurer, her predecessor was instructed to combine the House Project Fund and General Fund for reporting purposes.

The House Project Fund on June 30, 2008 and June 30, 2009, had cash deficit balances of \$30,851 and \$52,817. These deficits arose from expenditures associated with the costs of materials and services for current projects preceding receipt of proceeds from the sales of previous project houses.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Part 9)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE SOUTHEASTERN CAREER CENTER, RIPLEY COUNTY, INDIANA

Compliance

We have audited the compliance of the Southeastern Career Center (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, Board of Managers, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 2, 2010

SOUTHEASTERN CAREER CENTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Adult Education - State Grant Program	84.002			
FY 06-07 Civics Program		V002A060014FY07-8034	\$ 8,559	\$ -
FY 07-08 Civics Program		V002A070014	33,000	-
FY 2007-08		#08-4700-6915	99,020	-
FY 2008-09		#09-4700-6915	-	125,039
Total for program			<u>140,579</u>	<u>125,039</u>
Career and Technical Education - Basic Grants to States	84.048			
FY 06-07		07-4700-6915	103	-
FY 07-08		08-4700-6915	351,554	-
FY 08-09		09-4700-6915	-	311,408
Total for program			<u>351,657</u>	<u>311,408</u>
Even Start - State Educational Agencies	84.213			
Even Start Family Literacy Program FY 2007		FY 2006-2007	786	-
Even Start Family Literacy Program FY 2008		FY 2007-2008	132,420	-
Even Start Family Literacy Program FY 2009		FY 2008-2009	-	133,785
Total for program			<u>133,206</u>	<u>133,785</u>
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education	84.243	PLTW-8-46	-	64,747
Total federal awards expended			<u>\$ 625,442</u>	<u>\$ 634,979</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

SOUTHEASTERN CAREER CENTER  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Southeastern Career Center (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2008 and June 30, 2009:

Program Title	Federal CFDA Number	2008	2009
Even Start - State Educational Agencies	84.213	\$ 133,206	\$ 133,785

SOUTHEASTERN CAREER CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.048	Career and Technical Education - Basic Grants to States

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SOUTHEASTERN CAREER CENTER  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SOUTHEASTERN CAREER CENTER  
EXIT CONFERENCE

The contents of this report were discussed on February 2, 2010, with Deborah Tompkins, Treasurer; Ted L. Ahaus, President of the Board of Managers; and James L Rogers, Assistant Director.