

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTHEAST NEIGHBORHOOD SCHOOL OF EXCELLENCE
MARION COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

03/13/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on the Financial Statement and Supplementary Schedule of Expenditures of Federal Awards.....	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards	5-6
Financial statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis.....	9
Notes to Financial Statement.....	10-14
Supplementary Information: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis.....	16-19
Schedule of Capital Assets.....	20
Schedule of Long-Term Debt	21
Audit Results and Comments: Late Fees.....	22
Average Daily Membership (ADM) – Supporting Documentation	22-23
Textbook Reimbursement Claims	23
Supplemental Audit of Federal Awards: 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.....	26-27
Schedule of Expenditures of Federal Awards	30-31
Note to Schedule of Expenditures of Federal Awards.....	32
Schedule of Findings and Questioned Costs	33-34
Auditee Prepared Schedules: Summary Schedule of Prior Audit Findings	35
Corrective Action Plan.....	36
Exit Conference.....	37
Official Response	38

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Donna Bradshaw Diane Greaney	07-01-09 to 09-30-10 10-01-10 to 06-30-12
Head of School/Chief Executive Officer (CEO)	Juris Lasmanis Michael Hanna (Interim) Susan Smith	07-01-09 to 01-08-10 01-09-10 to 05-12-10 05-13-10 to 06-30-12
President of the School Board	Dawn Kroh Joseph Lasmusga	07-01-09 to 09-12-10 09-13-10 to 06-30-12
Treasurer of the School Board	Donna Bradshaw Leonard Janssen	07-01-09 to 09-12-10 09-13-10 to 06-30-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE SOUTHEAST NEIGHBORHOOD
SCHOOL OF EXCELLENCE, MARION COUNTY, INDIANA

We have audited the accompanying financial statement of the Southeast Neighborhood School of Excellence (School Corporation), for the years ended June 30, 2010 and 2011. The financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 8, 2012, 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 integral part of 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 THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. 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 financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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 8, 2012



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

TO: THE OFFICIALS OF THE SOUTHEAST NEIGHBORHOOD
SCHOOL OF EXCELLENCE, MARION COUNTY, INDIANA

We have audited the financial statement of the Southeast Neighborhood School of Excellence (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 8, 2012. 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 opinion on the financial statement, 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
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 statement is 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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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 8, 2012

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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SOUTHEAST NEIGHBORHOOD OF SCHOOL EXCELLENCE
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09		Other Financing Sources (Uses)		Cash and Investments 06-30-10		Other Financing Sources (Uses)		Cash and Investments 06-30-11	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 12,766	\$ 1,891,817	\$ 1,739,222	\$ (3,962)	\$ 161,399	\$ 2,051,455	\$ 2,084,961	\$ -	\$ 127,893	
Special Education Preschool	2,750	-	-	(2,750)	-	-	-	-	-	-
School Lunch	-	145,136	145,136	-	-	167,242	157,612	-	-	9,630
Textbook Rental	5,324	9,234	8,976	-	5,582	6,609	12,191	-	-	-
School Administration	5,912	13,318	13,929	-	5,301	43,085	22,927	-	-	25,459
Non-English Speaking Programs P.L. 273-1999	-	-	-	-	-	3,550	3,741	-	-	(191)
School Technology	-	-	-	-	-	600	550	-	-	50
Title I 2008-2009	47,269	15,569	62,838	-	-	-	-	-	-	-
Title I 2009-2010	-	232,188	196,681	-	35,507	22,599	58,106	-	-	-
Title I 2010-2011	-	-	-	-	-	188,896	182,511	3,111	-	9,496
IDEA Special Education 2009-2010	-	44,596	39,112	-	5,484	-	5,484	-	-	-
IDEA Special Education 2010-2011	-	-	-	-	-	44,852	47,233	-	-	(2,381)
Improving Teaching Quality, No Child Left, Title II, Part A	-	50,543	50,543	-	-	21,481	21,452	(3,111)	-	(3,082)
Title III, Language Instruction	-	-	-	-	-	3,640	3,640	-	-	-
Charter Facilities Grant	-	-	-	-	-	84,000	84,000	-	-	-
Technology Literacy Challenge, Title III	1,169	-	1,169	-	-	-	-	-	-	-
Fiscal Stabilization - Education	-	54,486	54,486	-	-	-	-	-	-	-
Title I - Grants to LEAs	85,814	124,500	192,668	-	17,646	456	18,102	-	-	-
Special Education - Part B	-	68,375	65,488	-	2,887	-	2,887	-	-	-
Education Technology	-	94,750	94,750	-	-	3,250	3,250	-	-	-
Education Jobs	-	-	-	-	-	62,336	57,491	-	-	4,845
Totals	\$ 161,004	\$ 2,744,512	\$ 2,664,998	\$ (6,712)	\$ 233,806	\$ 2,704,051	\$ 2,766,138	\$ -	\$ 171,719	

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

SOUTHEAST NEIGHBORHOOD OF SCHOOL EXCELLENCE
NOTES TO FINANCIAL STATEMENT

Note 1. 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 was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

SOUTHEAST NEIGHBORHOOD OF SCHOOL EXCELLENCE
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

F. Other financing sources and uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

SOUTHEAST NEIGHBORHOOD OF SCHOOL EXCELLENCE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The School Corporation may be 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, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

SOUTHEAST NEIGHBORHOOD OF SCHOOL EXCELLENCE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent 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.

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

SOUTHEAST NEIGHBORHOOD OF SCHOOL EXCELLENCE
NOTES TO FINANCIAL STATEMENT
(Continued)

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

SOUTHEAST NEIGHBORHOOD OF SCHOOL EXCELLENCE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	Special Education Preschool	School Lunch	Textbook Rental	School Administration	Title I 2008-2009	Title I 2009-2010	IDEA Special Education 2009-2010
Cash and investments - beginning	\$ 12,766	\$ 2,750	\$ -	\$ 5,324	\$ 5,912	\$ 47,269	\$ -	\$ -
Receipts:								
Local sources	5,077	-	11,142	-	13,318	-	4	-
State sources	1,886,740	-	192	9,234	-	-	-	-
Federal sources	-	-	133,802	-	-	15,569	232,184	44,596
Total receipts	<u>1,891,817</u>	<u>-</u>	<u>145,136</u>	<u>9,234</u>	<u>13,318</u>	<u>15,569</u>	<u>232,188</u>	<u>44,596</u>
Disbursements:								
Current:								
Instruction	869,443	-	-	8,976	-	54,140	185,352	39,112
Support services	477,781	-	-	-	9,510	75	3,997	-
Noninstructional services	5,052	-	145,136	-	-	141	6,770	-
Facilities acquisition and construction	369,243	-	-	-	4,419	8,482	562	-
Debt services	17,703	-	-	-	-	-	-	-
Total disbursements	<u>1,739,222</u>	<u>-</u>	<u>145,136</u>	<u>8,976</u>	<u>13,929</u>	<u>62,838</u>	<u>196,681</u>	<u>39,112</u>
Excess (deficiency) of receipts over disbursements	<u>152,595</u>	<u>-</u>	<u>-</u>	<u>258</u>	<u>(611)</u>	<u>(47,269)</u>	<u>35,507</u>	<u>5,484</u>
Other financing sources (uses):								
Transfers in	2,841	-	-	-	-	-	-	-
Transfers out	(6,803)	(2,750)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(3,962)</u>	<u>(2,750)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>148,633</u>	<u>(2,750)</u>	<u>-</u>	<u>258</u>	<u>(611)</u>	<u>(47,269)</u>	<u>35,507</u>	<u>5,484</u>
Cash and investments - ending	<u>\$ 161,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,582</u>	<u>\$ 5,301</u>	<u>\$ -</u>	<u>\$ 35,507</u>	<u>\$ 5,484</u>

SOUTHEAST NEIGHBORHOOD OF SCHOOL EXCELLENCE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Improving Teaching Quality No Child Left Title II, Part A	Technology Literacy Challenge Title III	Fiscal Stabilization Education	Title I Grants to LEAs	Special Education Part B	Education Technology	Totals
Cash and investments - beginning	\$ -	\$ 1,169	\$ -	\$ 85,814	\$ -	\$ -	\$ 161,004
Receipts:							
Local sources	-	-	-	-	-	-	29,541
State sources	-	-	-	-	-	-	1,896,166
Federal sources	50,543	-	54,486	124,500	68,375	94,750	818,805
Total receipts	50,543	-	54,486	124,500	68,375	94,750	2,744,512
Disbursements:							
Current:							
Instruction	31,435	-	-	155,588	65,488	-	1,409,534
Support services	16,882	-	-	4,377	-	55,260	567,882
Noninstructional services	-	-	-	-	-	-	157,099
Facilities acquisition and construction	2,226	1,169	54,486	32,703	-	39,490	512,780
Debt services	-	-	-	-	-	-	17,703
Total disbursements	50,543	1,169	54,486	192,668	65,488	94,750	2,664,998
Excess (deficiency) of receipts over disbursements	-	(1,169)	-	(68,168)	2,887	-	79,514
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	2,841
Transfers out	-	-	-	-	-	-	(9,553)
Total other financing sources (uses)	-	-	-	-	-	-	(6,712)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,169)	-	(68,168)	2,887	-	72,802
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 17,646	\$ 2,887	\$ -	\$ 233,806

SOUTHEAST NEIGHBORHOOD OF SCHOOL EXCELLENCE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	School Lunch	Textbook Rental	School Administration	Non-English Speaking Programs P.L. 273-1999	School Technology	Title I 2009-2010	Title I 2010-2011	IDEA Special Education 2009-2010
Cash and investments - beginning	\$ 161,399	\$ -	\$ 5,582	\$ 5,301	\$ -	\$ -	\$ 35,507	\$ -	\$ 5,484
Receipts:									
Local sources	13,644	11,145	-	43,085	-	-	-	-	-
State sources	2,037,811	435	6,609	-	3,550	600	-	-	-
Federal sources	-	155,662	-	-	-	-	22,599	188,896	-
Total receipts	<u>2,051,455</u>	<u>167,242</u>	<u>6,609</u>	<u>43,085</u>	<u>3,550</u>	<u>600</u>	<u>22,599</u>	<u>188,896</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	949,009	-	12,191	6,884	3,741	-	55,938	121,107	5,484
Support services	568,957	88	-	11,326	-	550	608	58,859	-
Noninstructional services	585	157,524	-	1,020	-	-	-	-	-
Facilities acquisition and construction	382,433	-	-	3,697	-	-	1,560	2,545	-
Debt services	183,977	-	-	-	-	-	-	-	-
Total disbursements	<u>2,084,961</u>	<u>157,612</u>	<u>12,191</u>	<u>22,927</u>	<u>3,741</u>	<u>550</u>	<u>58,106</u>	<u>182,511</u>	<u>5,484</u>
Excess (deficiency) of receipts over disbursements	<u>(33,506)</u>	<u>9,630</u>	<u>(5,582)</u>	<u>20,158</u>	<u>(191)</u>	<u>50</u>	<u>(35,507)</u>	<u>6,385</u>	<u>(5,484)</u>
Other financing sources (uses):									
Transfers in	67,736	-	-	-	-	-	-	3,111	-
Transfers out	<u>(67,736)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,111</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(33,506)</u>	<u>9,630</u>	<u>(5,582)</u>	<u>20,158</u>	<u>(191)</u>	<u>50</u>	<u>(35,507)</u>	<u>9,496</u>	<u>(5,484)</u>
Cash and investments - ending	<u>\$ 127,893</u>	<u>\$ 9,630</u>	<u>\$ -</u>	<u>\$ 25,459</u>	<u>\$ (191)</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 9,496</u>	<u>\$ -</u>

SOUTHEAST NEIGHBORHOOD OF SCHOOL EXCELLENCE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	IDEA Special Education 2010-2011	Improving Teaching Quality No Child Left Title II, Part A	Title III Language Instruction	Charter Facilities Grant	Title I Grants to LEAs	Special Education Part B	Education Technology	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 17,646	\$ 2,887	\$ -	\$ -	\$ 233,806
Receipts:									
Local sources	-	-	3,640	-	456	-	-	-	71,970
State sources	-	-	-	-	-	-	-	-	2,049,005
Federal sources	44,852	21,481	-	84,000	-	-	3,250	62,336	583,076
Total receipts	44,852	21,481	3,640	84,000	456	-	3,250	62,336	2,704,051
Disbursements:									
Current:									
Instruction	47,233	19,433	3,640	-	18,102	2,887	-	57,491	1,303,140
Support services	-	2,019	-	-	-	-	-	-	642,407
Noninstructional services	-	-	-	-	-	-	-	-	159,129
Facilities acquisition and construction	-	-	-	84,000	-	-	3,250	-	477,485
Debt services	-	-	-	-	-	-	-	-	183,977
Total disbursements	47,233	21,452	3,640	84,000	18,102	2,887	3,250	57,491	2,766,138
Excess (deficiency) of receipts over disbursements	(2,381)	29	-	-	(17,646)	(2,887)	-	4,845	(62,087)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	70,847
Transfers out	-	(3,111)	-	-	-	-	-	-	(70,847)
Total other financing sources (uses)	-	(3,111)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,381)	(3,082)	-	-	(17,646)	(2,887)	-	4,845	(62,087)
Cash and investments - ending	\$ (2,381)	\$ (3,082)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,845	\$ 171,719

SOUTHEAST NEIGHBORHOOD SCHOOL OF EXCELLENCE
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Other:	
Capital assets, not being depreciated:	
Improvements other than buildings	\$ 48,328
Machinery and equipment	<u>464,997</u>
 Total capital assets not being depreciated	 <u><u>\$ 513,325</u></u>

SOUTHEAST NEIGHBORHOOD SCHOOL OF EXCELLENCE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Notes and loans payable	<u>\$ 1,024,497</u>	<u>\$ 79,200</u>

SOUTHEAST NEIGHBORHOOD SCHOOL OF EXCELLENCE
AUDIT RESULTS AND COMMENTS

LATE FEES

The School Corporation entered into an operating lease for copiers in which monthly payments were required. Late fees were assessed for 11 out of 24 months. In most instances, the late fees were not paid by the School. However, in at least three instances, late fees were paid. A total of \$223 in late fees related to the lease for copiers was paid during the audit period.

Additionally, a late fee of \$39 was paid for the October 2010 credit card invoice.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

AVERAGE DAILY MEMBERSHIP (ADM) – SUPPORTING DOCUMENTATION

The information presented for audit did not agree with enrollment figures on Form 30A, Report of Average Daily Membership (ADM) for State Support, for the school years ending June 30, 2010 and 2011.

The enrollment count dates for 2010 and 2011 were September 18, 2009, and September 17, 2010, respectively. The difference between the count reported on the ADM and the figures verified to the school's enrollment rosters for the count dates are shown below:

School Year	Grade	Count As Reported on Form 30A	Actual Enrollment Figures Provided for Audit	Difference
2009-2010	Kindergarten	21	21.5	(.5)
2009-2010	1 through 6	246	248	(2)
2010-2011	Kindergarten	30	30	-
2010-2011	1 through 6	255	254	1

SOUTHEAST NEIGHBORHOOD SCHOOL OF EXCELLENCE
AUDIT RESULTS AND COMMENTS
(Continued)

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

TEXTBOOK REIMBURSEMENT CLAIMS

Textbook Reimbursement Claims presented for the audit period were not properly calculated. The claims included disbursements for educational materials that were not textbooks or consumables. Additionally, the amounts included were for the total invoice amounts and all costs were reported as consumables. Reimbursement amounts should be calculated based on a per pupil cost for textbooks and consumables for each grade and multiplied by the number of eligible students to determine the amount to be included as costs on the claim for reimbursement. Sufficient information was not provided to determine the correct reimbursement amounts for 2009-2010 and 2010-2011.

Political subdivisions 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. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
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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 SOUTHEAST NEIGHBORHOOD
SCHOOL OF EXCELLENCE, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of the Southeast Neighborhood School of Excellence (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, 2010 and 2011. 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, 2010 and 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1.

Internal Control Over Compliance

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 and to test and

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)

report on internal control over compliance in accordance with OMB Circular A-133, 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.

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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 8, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the School Corporation. The schedule and note are presented as intended by the School Corporation.

SOUTHEAST NEIGHBORHOOD SCHOOL OF EXCELLENCE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY09	\$ 12,779	\$ -
		FY10	20,612	10,154
		FY11	-	26,756
Total for program			<u>33,391</u>	<u>36,910</u>
National School Lunch Program				
	10.555	FY09	37,151	-
		FY10	63,260	31,672
		FY11	-	87,080
Total for program			<u>100,411</u>	<u>118,752</u>
Total for federal grantor agency			<u>133,802</u>	<u>155,662</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	09-9485	62,838	-
		10-9485	196,681	58,106
		11-9485	-	179,400
Total for program			<u>259,519</u>	<u>237,506</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-9485	192,668	18,102
Total for cluster			<u>452,187</u>	<u>255,608</u>
Special Education Cluster				
Special Education - Grants to States	84.027	FY10	39,112	5,484
		FY11	-	47,233
Total for program			<u>39,112</u>	<u>52,717</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY10	65,488	2,887
Total for cluster			<u>104,600</u>	<u>55,604</u>
Education Technology State Grants Cluster				
ARRA - Education Technology State Grants, Recovery Act	84.386	FY10	94,750	3,250
Learning Technologies Competitive Grant Program				

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

SOUTHEAST NEIGHBORHOOD SCHOOL OF EXCELLENCE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY10	54,486	-
Charter Schools Per Pupil Facilities Funding	84.282	FY11	-	84,000
Pass-Through Christel House Academy				
English Language Acquisition Grants Non-English Speaking Grant	84.365	FY10	3,150	-
Pass-Through Indiana Department of Education				
English Language Acquisition Grants Non-English Speaking Grant	84.365	FY11	-	3,741
Title III, Language Instruction		FY11	-	3,640
Total for program			3,150	7,381
Improving Teacher Quality State Grants				
	84.367	FY10	50,543	-
		FY11	-	24,563
Total for program			50,543	24,563
ARRA - Education Jobs Fund	84.410	FY11	-	57,491
Total for federal grantor agency			759,716	487,897
Total federal awards expended			<u>\$ 893,518</u>	<u>\$ 643,559</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

SOUTHEAST NEIGHBORHOOD OF SCHOOL EXCELLENCE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Southeast Neighborhood of School Excellence (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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 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.

SOUTHEAST NEIGHBORHOOD SCHOOL OF EXCELLENCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	no
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	yes
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?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster

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.

SOUTHEAST NEIGHBORHOOD SCHOOL OF EXCELLENCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2011-1 - INTERNAL CONTROLS OVER CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Title I, Part A Cluster
CFDA Number: 84.010, 84.389
Federal Award Number and Year (or Other Identifying Number): 10-9670, 11-9670
Pass-Through Entity: Indiana Department of Education

Proper internal controls were not in place to ensure that surplus cash was not on hand. Amounts received by the School Corporation for the Title I, Part A Cluster Grant were drawn down in advance. School Corporation officials were required to review needs and draw funds as needed in accordance with federal guidelines. A schedule of draw downs was included in the application for grant funds. The cash balances of the Title I grants exceeded the allowable cash balance based on estimated future requirements for 6 of the 12 months in 2009-2010. The total cash balance of all Title I grants at June 30, 2010, as reported to the Indiana Department of Education, was \$53,153, which was approximately 15 percent of the total Title I grants received during 2009-2010. The estimated cash needs in the few months subsequent to year end did not substantiate the need for this amount of cash. Cash drawdown requests were not revised to ensure there would not be excess cash on hand throughout the school year. In 2010-2011, the method used for draw downs changed and resulted in a minimal total cash balance of \$9,496 for June 30, 2011.

34 CFR 80.20 (b)(7) states:

"Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Surplus cash indicates noncompliance with the cash management requirement as set forth by the grant agreement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency.

We recommended that School Corporation officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to the grant requirements.

SOUTHEAST NEIGHBORHOOD OF SCHOOL EXCELLENCE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



Southeast Neighborhood School of Excellence
1601 South Barth Ave. - Indianapolis, IN 46203
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www.SENSEindy.org

**SENSE CORRECTIVE ACTION PLAN
FEBRUARY 8, 2012**

FEDERAL FINDING NO. 2011-1, INTERNAL CONTROLS OVER CASH MANAGEMENT

Auditee Contact Person: Diane Greaney
Title of Contact Person: Treasurer
Expected Completion Date: June 30, 2011

1. Internal Controls Over Cash Management – Beginning with the 2010 – 2011 school year, the Indiana Department of Education required Title I recipients to complete reimbursement forms due on the 1st and 15th of each month. During that school year only funds already expended or expected to be expended during the next two weeks could be drawn down. During the 2010 – 2011 school year, the Southeast Neighborhood School of Excellence complied with the new Department of Education guidelines. Beginning with the 2011 – 2012 school year the Indiana Department of Education required Title I recipients to complete reimbursement forms only for funds already expended. Southeast Neighborhood School of Excellence is complying with the new Department of Education requirements. The Treasurer maintains a spreadsheet with regard to Title I expenditures and only requests reimbursements for expenditures already paid for. The Title I account during the 2011 – 2012 has maintained a negative or zero balance.



Diane Jo Greaney, SENSE Treasurer

2-8-2012

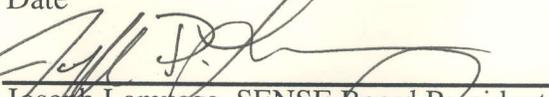
Date



Susan Smith, SENSE Head of School

2-8-2012

Date



Joseph Lamusga, SENSE Board President

8-Feb-2012

Date

SOUTHEAST NEIGHBORHOOD SCHOOL OF EXCELLENCE
EXIT CONFERENCE

The contents of this report were discussed on February 8, 2012, with Diane Greaney, Treasurer; Susan Smith, Head of School/Chief Executive Officer (CEO); and Joseph Lasmusga, President of the School Board. The Official Response has been made a part of this report and may be found on page 38.

The Southeast Neighborhood School of Excellence's Board of Directors and Head of School would like to offer an explanation for the ADM enrollment discrepancies for the 2009 – 2010 and 2010 – 2011 school years mentioned in this audit report.

At the ADM count day on September 18, 2009, SENSE had 43 kindergarteners on their roster and reported 42 kindergarteners. The same day they had 45 first graders on their roster and reported 46 first graders. One student who was actually in the first grade was inadvertently listed on the kindergarten roster, therefore the ADM reported number for kindergarten and first grade were correct.

At the ADM count day on September 18, 2009, SENSE had 45 third graders on their roster, but reported 44 and they had 40 fifth graders on their roster, but reported 39. Both students, who were siblings, were students of SENSE on ADM day, but withdrew the next day. Therefore, SENSE under reported 2 students.

At the ADM count day on September 18, 2009, SENSE had 28 sixth graders on their roster, but reported 27 students. SENSE had one sixth grade student who was registered at SENSE, on the roster, but never attended SENSE. Therefore the ADM reported number for sixth grade was correct.

At the ADM count day on September 17, 2010 SENSE had 42 third graders on their roster, but reported 48 third graders. SENSE had 53 fourth graders on their roster, but reported 48 fourth graders. One of the classrooms was actually a 3rd grade/4th grade split classroom. Six of the fourth graders reported were actually third grade students in the 3rd grade/4th grade split classroom. An additional 4th grade student was handwritten on the roster, but not included in the class roster count. Therefore, the ADM reported number was correct, but the class roster count did not include the handwritten student and was one student less than the ADM report.