

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTHEASTERN CAREER CENTER
RIPLEY COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED
03/20/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Deborah Tompkins Angela S. Powers	07-01-09 to 02-05-12 02-06-12 to 06-30-12
Director	Bradley Street	07-01-09 to 06-30-12
President of the Board of Managers	Ted Ahaus Steve Patz	07-01-09 to 06-30-10 07-01-10 to 06-30-12



STATE OF INDIANA
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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 SOUTHEASTERN CAREER CENTER, RIPLEY COUNTY, INDIANA

We have audited the accompanying financial statement of the Southeastern Career Center (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 23, 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, and Schedule of Capital Assets, 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 and Schedule of Capital Assets, 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.

This report is intended solely for the information and use of the School Corporation's management, Board of Managers, 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 23, 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 SOUTHEASTERN CAREER CENTER, RIPLEY COUNTY, INDIANA

We have audited the financial statement of the Southeastern Career Center (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 23, 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2011-1, 2011-2, and 2011-3 to be material weaknesses.

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 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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled 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, Board of Managers, 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 23, 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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SOUTHEASTERN CAREER CENTER
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	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ 384,114	\$ 3,272,848	\$ 3,165,539	\$ 795	\$ 492,218	\$ 2,985,280	\$ 3,167,189	\$ 1,630	\$ 311,939
Capital Projects	19,392	221,771	175,097	-	66,066	252,449	203,382	600	115,733
Textbook Rental	10,959	50,168	50,921	-	10,206	45,342	42,970	-	12,578
Even Start 08-09	1,283	6,556	7,839	-	-	-	-	-	-
GED	23,306	7,088	3,473	-	26,921	5,283	3,008	-	29,196
ECO 15 Grant	-	50,000	46,403	-	3,597	-	3,597	-	-
Adult Ed Federal 09-10	-	100,132	89,918	-	10,214	-	10,214	-	-
Adult Ed State 09-10	-	66,424	132,287	-	(65,863)	65,863	-	-	-
Adult Ed Federal 08-09	7,200	-	7,200	-	-	-	-	-	-
Adult Ed State	(66,788)	67,405	617	-	-	133,518	133,508	-	10
Adult Ed Federal 10-11	-	-	-	-	-	119,656	119,656	-	-
Adult Ed Local	25,782	-	25,782	-	-	52,264	26,798	-	25,466
Carl Perkins 10-11	-	-	-	-	-	294,435	209,113	-	85,322
Carl Perkins 08-09	(29,079)	82,755	53,676	-	-	-	-	-	-
Carl Perkins 09-10	-	249,642	332,859	-	(83,217)	83,217	-	-	-
PLTW	(64,848)	176,898	121,067	-	(9,017)	183,378	172,753	-	1,608
Totals	\$ 311,321	\$ 4,351,687	\$ 4,212,678	\$ 795	\$ 451,125	\$ 4,220,685	\$ 4,092,188	\$ 2,230	\$ 581,852

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

SOUTHEASTERN CAREER CENTER
NOTES TO FINANCIAL STATEMENTS

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 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 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:

SOUTHEASTERN CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Local sources which include payments from area vocation schools, investment income, 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.

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.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

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.

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

Nonprogrammed charges which include indirect costs.

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:

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

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

SOUTHEASTERN CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Note 2. Budgets

The operating budget is prepared and approved at the local level. In June, the fiscal officer of the School Corporation submits a proposed operating budget to the governing board for approval for the following calendar year.

Note 3. 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 4. Reclassifications

The School Corporation included the financial activity of the House Project Fund with the General Fund effective July 1, 2009. The following schedule presents a summary of restated beginning balances by fund.

Fund	Balance as Reported 06-30-09	Fund Reclassification	Balance Reported 07-0-09
General	\$ 436,931	\$ (52,817)	\$ 384,114
House Project	(52,817)	52,817	-

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.

SOUTHEASTERN CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(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:

SOUTHEASTERN CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(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.

SOUTHEASTERN CAREER CENTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	Capital Projects	Textbook Rental	Even Start 08-09	GED	ECO 15 Grant	Adult Ed Federal 09-10	Adult Ed State 09-10	Adult Ed Federal 08-09
Cash and investments - beginning	\$ 384,114	\$ 19,392	\$ 10,959	\$ 1,283	\$ 23,306	\$ -	\$ -	\$ -	\$ 7,200
Receipts:									
Local sources	3,135,279	221,771	50,168	-	7,088	-	-	-	-
State sources	85,917	-	-	-	-	-	-	66,424	-
Federal sources	51,652	-	-	6,556	-	-	100,132	-	-
Other	-	-	-	-	-	50,000	-	-	-
Total receipts	<u>3,272,848</u>	<u>221,771</u>	<u>50,168</u>	<u>6,556</u>	<u>7,088</u>	<u>50,000</u>	<u>100,132</u>	<u>66,424</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	1,528,211	-	-	7,839	3,473	46,403	71,818	132,287	7,200
Support services	1,614,238	58,550	50,921	-	-	-	18,100	-	-
Facilities acquisition and construction	23,090	116,547	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>3,165,539</u>	<u>175,097</u>	<u>50,921</u>	<u>7,839</u>	<u>3,473</u>	<u>46,403</u>	<u>89,918</u>	<u>132,287</u>	<u>7,200</u>
Excess (deficiency) of receipts over disbursements	<u>107,309</u>	<u>46,674</u>	<u>(753)</u>	<u>(1,283)</u>	<u>3,615</u>	<u>3,597</u>	<u>10,214</u>	<u>(65,863)</u>	<u>(7,200)</u>
Other financing sources:									
Sale of capital assets	<u>795</u>	<u>-</u>	<u>-</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>108,104</u>	<u>46,674</u>	<u>(753)</u>	<u>(1,283)</u>	<u>3,615</u>	<u>3,597</u>	<u>10,214</u>	<u>(65,863)</u>	<u>(7,200)</u>
Cash and investments - ending	<u>\$ 492,218</u>	<u>\$ 66,066</u>	<u>\$ 10,206</u>	<u>\$ -</u>	<u>\$ 26,921</u>	<u>\$ 3,597</u>	<u>\$ 10,214</u>	<u>\$ (65,863)</u>	<u>\$ -</u>

SOUTHEASTERN CAREER CENTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Adult Ed State	Adult Ed Federal 10-11	Adult Ed Local	Carl Perkins 10-11	Carl Perkins 08-09	Carl Perkins 09-10	PLTW	Totals
Cash and investments - beginning	\$ (66,788)	\$ -	\$ 25,782	\$ -	\$ (29,079)	\$ -	\$ (64,848)	\$ 311,321
Receipts:								
Local sources	-	-	-	-	-	-	-	3,414,306
State sources	67,405	-	-	-	82,755	-	176,898	479,399
Federal sources	-	-	-	-	-	249,642	-	407,982
Other	-	-	-	-	-	-	-	50,000
Total receipts	67,405	-	-	-	82,755	249,642	176,898	4,351,687
Disbursements:								
Current:								
Instruction	617	-	25,782	-	53,676	332,859	93,745	2,303,910
Support services	-	-	-	-	-	-	27,322	1,769,131
Facilities acquisition and construction	-	-	-	-	-	-	-	139,637
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	617	-	25,782	-	53,676	332,859	121,067	4,212,678
Excess (deficiency) of receipts over disbursements	66,788	-	(25,782)	-	29,079	(83,217)	55,831	139,009
Other financing sources:								
Sale of capital assets	-	-	-	-	-	-	-	795
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	66,788	-	(25,782)	-	29,079	(83,217)	55,831	139,804
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (83,217)	\$ (9,017)	\$ 451,125

SOUTHEASTERN CAREER CENTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Capital Projects	Textbook Rental	Even Start 08-09	GED	ECO 15 Grant	Adult Ed Federal 09-10	Adult Ed State 09-10	Adult Ed Federal 08-09
Cash and investments - beginning	\$ 492,218	\$ 66,066	\$ 10,206	\$ -	\$ 26,921	\$ 3,597	\$ 10,214	\$ (65,863)	\$ -
Receipts:									
Local sources	2,801,482	252,449	45,342	-	5,283	-	-	-	-
State sources	73,443	-	-	-	-	-	-	65,863	-
Federal sources	95,460	-	-	-	-	-	-	-	-
Other	14,895	-	-	-	-	-	-	-	-
Total receipts	<u>2,985,280</u>	<u>252,449</u>	<u>45,342</u>	<u>-</u>	<u>5,283</u>	<u>-</u>	<u>-</u>	<u>65,863</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	1,472,071	-	-	-	2,708	3,597	10,214	-	-
Support services	1,686,134	59,689	42,970	-	-	-	-	-	-
Facilities acquisition and construction	8,984	143,693	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	300	-	-	-	-
Total disbursements	<u>3,167,189</u>	<u>203,382</u>	<u>42,970</u>	<u>-</u>	<u>3,008</u>	<u>3,597</u>	<u>10,214</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(181,909)</u>	<u>49,067</u>	<u>2,372</u>	<u>-</u>	<u>2,275</u>	<u>(3,597)</u>	<u>(10,214)</u>	<u>65,863</u>	<u>-</u>
Other financing sources:									
Sale of capital assets	<u>1,630</u>	<u>600</u>	<u>-</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>(180,279)</u>	<u>49,667</u>	<u>2,372</u>	<u>-</u>	<u>2,275</u>	<u>(3,597)</u>	<u>(10,214)</u>	<u>65,863</u>	<u>-</u>
Cash and investments - ending	<u>\$ 311,939</u>	<u>\$ 115,733</u>	<u>\$ 12,578</u>	<u>\$ -</u>	<u>\$ 29,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHEASTERN CAREER CENTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Adult Ed State	Adult Ed Federal 10-11	Adult Ed Local	Carl Perkins 10-11	Carl Perkins 08-09	Carl Perkins 09-10	PLTW	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (83,217)	\$ (9,017)	\$ 451,125
Receipts:								
Local sources	-	-	-	-	-	-	-	3,104,556
State sources	133,518	-	52,264	-	-	-	183,378	508,466
Federal sources	-	119,656	-	294,435	-	83,217	-	592,768
Other	-	-	-	-	-	-	-	14,895
Total receipts	<u>133,518</u>	<u>119,656</u>	<u>52,264</u>	<u>294,435</u>	<u>-</u>	<u>83,217</u>	<u>183,378</u>	<u>4,220,685</u>
Disbursements:								
Current:								
Instruction	113,629	96,761	26,798	209,113	-	-	145,096	2,079,987
Support services	19,879	13,855	-	-	-	-	27,657	1,850,184
Facilities acquisition and construction	-	-	-	-	-	-	-	152,677
Nonprogrammed charges	-	9,040	-	-	-	-	-	9,340
Total disbursements	<u>133,508</u>	<u>119,656</u>	<u>26,798</u>	<u>209,113</u>	<u>-</u>	<u>-</u>	<u>172,753</u>	<u>4,092,188</u>
Excess (deficiency) of receipts over disbursements	<u>10</u>	<u>-</u>	<u>25,466</u>	<u>85,322</u>	<u>-</u>	<u>83,217</u>	<u>10,625</u>	<u>128,497</u>
Other financing sources:								
Sale of capital assets	-	-	-	-	-	-	-	2,230
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>10</u>	<u>-</u>	<u>25,466</u>	<u>85,322</u>	<u>-</u>	<u>83,217</u>	<u>10,625</u>	<u>130,727</u>
Cash and investments - ending	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 25,466</u>	<u>\$ 85,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,608</u>	<u>\$ 581,852</u>

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SOUTHEASTERN CAREER CENTER
 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.

	Ending Balance
Other:	
Capital assets, not being depreciated:	
Infrastructure	\$ 47,393
Buildings	17,993,898
Improvements other than buildings	41,320
Machinery and equipment	2,527,794
Total capital assets not being depreciated	\$ 20,610,405

SOUTHEASTERN CAREER CENTER
OTHER REPORT

The biennial report presented herein was prepared in addition to another official report prepared for the individual School Corporation office listed below:

Treasurer

SOUTHEASTERN CAREER CENTER
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS - SEGREGATION OF DUTIES

The School Corporation does not have adequate segregation of accounting duties or compensating controls in place as described below:

The Treasurer is responsible for writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks in the ledger; entering adjustment/correction transactions to the ledger; and processing payments of state and local withholding taxes (see Audit Result and Comment titled Remittances to the Indiana Department of Revenue); and performing month end bank reconciliations.

Segregation of duties is the concept of having different people do different tasks within the organization. Segregation of duties provides the foundation of good internal control by assuring that no one individual is in a position to perpetuate and conceal errors or irregularities in the normal course of their authorized duties. Compensating controls are safeguards put in place to mitigate the effects of the lack of segregation of duties.

The lack of segregation of duties is caused by the School Corporation having a small staff that limits the School Corporation's ability to segregate accounting functions.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We recommend that School Corporation officials make a determination on whether it is practical to enhance segregation of accounting duties or to implement compensating controls.

BANK ACCOUNT RECONCILIATIONS

We noted the following irregularities regarding bank reconciliations:

1. Check 8820 (dated October 12, 2010, in the amount of \$2,045, payable to the State of Indiana), was on the outstanding checklist at June 30, 2011. This check was to refund unused grant monies to the State of Indiana. The check was removed from the outstanding check list in August 2011 as if the check had cleared the bank account. A review of bank statement for the month of August did not show check 8820, in the amount of \$2,045, clearing the bank. A review of the financial ledger did not show the \$2,045 check being receipted back to the record balance of cash.

The bank reconciliation at August 31, 2011, should have shown this error as a reconciling item, but it did not.

2. Check 8819 dated October 12, 2010, in the amount of \$1,434, was written to the School Corporation. This check was written to transfer monies between School Corporation funds. The check was removed from the outstanding check list in August 2011 as if the check cleared the bank account. A review of bank statement for the month of August did not show check 8819 in the amount of \$1,434, clearing the bank. The check was not recorded as a reconciling item on the August 31, 2011, bank reconciliation.

SOUTHEASTERN CAREER CENTER
 AUDIT RESULTS AND COMMENTS
 (Continued)

No information was presented for audit to explain why a check between School Corporation funds would remain on the outstanding check list for nine months.

Deborah Thompson, former Treasurer, deposited the check on December 7, 2011 (See Audit Result and Comment titled "Deposits Not Made Timely").

3. Check 9047 dated January 12, 2011, in the amount of \$356.26 was on the outstanding checklist at June 30, 2011. However, this check cleared the bank account on January 28, 2011.
4. We noted the following checks made payable to credit card companies that have remained on the outstanding checklist for long periods of time:

<u>Credit Card Company</u>	<u>Check Date</u>	<u>Outstanding Checklist Date</u>	<u>Amount</u>
CardMember Services	06-29-10	12-31-11	\$ 790.00
CardMember Services	06-29-11	12-31-11	197.99
CardMember Services	09-07-11	12-31-11	1,610.60

5. Two checks totaling \$47,500 dated June 18, 2010, written to purchase certificates of deposits were on the outstanding checklist at June 30, 2011. Deborah Tompkins, former Treasurer, voided the checks after we brought the checks to her attention (see Audit Result and Comment titled "Investment Checks Held").

No explanation was provided as to why these checks were held 16 months before being voided.

6. A check dated October 13, 2009, (in the amount of \$6,555; payable to the Indiana Department of Education) was on the outstanding checklist at June 30, 2011. The School Corporation received the amount of money from a subrecipient on September, 28, 2009, as a refund of unused grant monies from the "Even Start" program. No letter or report to the Indiana Department of Education was presented for audit to support the processing of this refund.
7. Distributions from the State of Indiana in the amounts of \$1,557 and \$7,159, dated April 23, 2010, and October 1, 2010, respectively, were electronically transferred by the State of Indiana into Indiana Virtual Academy Bank Account (another school corporation) in error. Deborah Tompkins was Treasurer of both the School Corporation and the Indiana Virtual Academy. Correcting transfers for these items were made to the School Corporation bank account on May 19, 2010, and October 28, 2010, respectively. However, these two distributions were not recorded on the School Corporation's financial ledger.

The above error should have resulted in a reconciling item being listed on the bank reconciliation. However, the above error was not listed as a reconciling item on the bank reconciliation prepared by the Treasurer for the respective months and no information was presented for audit that correcting entries were made for the above errors.

SOUTHEASTERN CAREER CENTER
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

DEPOSITS NOT MADE TIMELY

We noted the following instances of deposits not being made timely:

1. The following is based on our review of deposits for the month of May in the year 2010:

Receipt Date	Deposit Date	Business Days Between Receipt and Deposit Date	Cash	Checks	Totals
04-29-10	05-06-10	5	\$ 822.10	\$ 827.50	\$ 1,649.60
04-30-10	05-06-10	4	156.50	783.00	939.50
05-03-10	05-06-10	3	20.00	142.00	162.00
05-04-10	05-06-10	2	400.00	962.00	1,362.00
05-06-10	05-11-10	3	1,750.25	473.00	2,223.25
05-07-10	05-11-10	2	964.00	1,242.34	2,206.34
05-10-10	05-12-10	2	678.50	150.00	828.50
05-12-10	05-17-10	3	224.00	60.00	284.00
05-13-10	05-17-10	2	439.10	489.65	928.75
05-18-10	05-20-10	2	1,654.56	880.19	2,534.75
05-20-10	05-25-10	3	481.55	1,237.00	1,718.55
05-21-10	05-25-10	2	-	352.99	352.99
05-25-10	05-28-10	3	1,867.05	285.55	2,152.60
05-26-10	05-28-10	2	238.35	730.00	968.35

2. Check 8819 dated October 12, 2010, in the amount of \$1,434, was written to the School Corporation. This check was written to transfer monies between School Corporation funds. The check was removed from the outstanding check list in August 2011 as if the check cleared the bank account. A review of bank statement for the month of August did not show check 8819 in the amount of \$1,434, clearing the bank. The check was not recorded as a reconciling item on the August 31, 2011, bank reconciliation.

SOUTHEASTERN CAREER CENTER
AUDIT RESULTS AND COMMENTS
(Continued)

Deborah Thompson, former Treasurer, deposited the check on December 7, 2011. Information was not presented for audit as to why a check to transfer monies between funds would not be deposited for 13 months.

3. The School Corporation bills member schools quarterly. On October 19, 2011, invoices were mailed to the member schools for the 1st Quarter of the year 2012. There were eight member checks on hand at December 21, 2011, totaling \$421,539, which had not been deposited or recorded on the financial records. Deborah Tompkins, former Treasurer, presented the member school checks for audit. The check dates ranged from October 31, 2011 to December 13, 2011. The checks were deposited on December 23, 2011.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

Indiana Code 5-13-14-3, effective July 1, 2011, states in part:

"A public servant who knowingly or intentionally: . . . (2) deposits . . . except in the manner prescribed in this article, commits a Class A misdemeanor. However, the offense is a Class D felony if the amount involved is at least seven hundred fifty dollars (\$750) and a Class C felony if the amount involved is at least fifty thousand dollars (\$50,000). The public servant also is liable upon the public servant's official bond for any loss or damage that may accrue."

INVESTMENT CHECKS HELD

Claims were presented to the Board of Managers for approval to purchase certificates of deposits. The checks were made out to a local bank. However, instead of purchasing the certificates of deposits, the checks remained on the outstanding checks list until the Treasurer voided the checks several months later. The following is a schedule of the investment checks held:

<u>Check Date</u>	<u>Amount</u>	<u>Date Check Voided</u>
02-08-10	\$ 11,250	12-30-10
03-03-10	10,000	12-30-10
03-03-10	18,716	12-30-10
06-18-10	25,000	11-01-11
06-18-10	22,500	11-01-11

SOUTHEASTERN CAREER CENTER
AUDIT RESULTS AND COMMENTS
(Continued)

Deborah Tompkins, former Treasurer, voided the above checks dated June 18, 2010, after we brought the checks to her attention. The original checks were presented for audit on January 24, 2012.

Deborah Tompkins, former Treasurer, did not provide an explanation as to why the checks were held.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

RECEIPTS RECORDED TO WRONG FUND

Five distributions from the State of Indiana, totaling \$19,577, were recorded in error to Project Lead the Way (PLTW) funds between September 1, 2010 and December 15, 2010. These distributions should have been recorded to General Fund and Adult Ed Federal 09-10 Fund in the amounts of \$10,982 and \$8,595, respectively.

Correcting transfers should be made to correct the distributions. However, the PLTW funds have subsequently been closed out.

Payments or transfers which are not authorized by statute, ordinance, resolution or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

REMITTANCES TO INDIANA DEPARTMENT OF REVENUE

Remittance of state and local taxes withheld from employees is due to the Indiana Department of Revenue (DOR) by the 20th of each month through an electronic fund transfer. The following items were noted regarding the remittance of state and local taxes:

1. A payroll withholdings due to the DOR in October of the year 2010 was paid but the payment was not recorded on the financial records. The amount remitted was \$6,761.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

2. The amount due to DOR in January of the year 2011 per the monthly report, "Employers Withholding Tax Return" (Form WH-1) was \$7,536. The amount remitted was \$14,297. The School Corporation overpaid DOR \$6,761 on January 18, 2011.

No information was presented for audit that the School Corporation received a refund or credit for remittances made in excess of the taxes reported on Form WH-1.

Bradley Street, Director, stated that the School Corporation is in the process of confirming the overpayment and will seek a refund or credit if necessary.

SOUTHEASTERN CAREER CENTER
AUDIT RESULTS AND COMMENTS
(Continued)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

3. A comparison of payroll remittances reported on the monthly report "Employees Withholding Tax Return" (Form WH-1) with actual remittances to the State for the period July 1, 2011, and December 31, 2011, showed the amounts actually remitted and reported agreed. However, these remittances were not recorded monthly and the remittance payments recorded in the financial ledger was \$15,612 less the amount remitted to DOR.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

4. Remittances to DOR for three months were made after the 20th of the month. The remittances were 4 to 10 days after the due date (also see item 5 below).

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)

5. On June 6, 2011, \$658.49 was paid to DOR. No documentation was presented for audit to support the amount paid to DOR. Documentation was not presented to determine why the Treasurer paid \$658.49 to DOR. Deborah Tompkins, former Treasurer, stated on February 7, 2012, that amount paid was late fees for making untimely remittance of state and local withholding tax. However, no invoice or bill from DOR was presented for audit to support the amount paid.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

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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 its major federal program for the years ended June 30, 2010 and 2011. The School Corporation's major federal program is 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 its major federal program 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 its major federal program for the years ended June 30, 2010 and 2011.

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 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.

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 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.

This report is intended solely for the information and use of the School Corporation's management, Board of Managers, 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 23, 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.

SOUTHEASTERN CAREER CENTER
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 EDUCATION</u>				
Pass-Through Indiana Department of Education				
Vocational Rehabilitation Cluster				
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126			
FY 2009-10			\$ 3,315	\$ -
FY 2010-11			-	5,869
			<u>3,315</u>	<u>5,869</u>
Total for cluster			<u>3,315</u>	<u>5,869</u>
Adult Education - Basic Grants to States	84.002			
FY 2008-09		#09-4700-6915	7,200	-
FY 2009-10		FY 2010-8034	100,132	8,595
FY 2010-11		FY 2011-8034	-	119,656
			<u>107,332</u>	<u>128,251</u>
Total for program			<u>107,332</u>	<u>128,251</u>
Career and Technical Education - Basic Grants to States	84.048			
FY 2008-09		09-4700-6915	53,676	-
FY 2009-10		10-4700-6915	249,642	83,217
FY 2010-11		11-4700-6915	-	294,435
			<u>303,318</u>	<u>377,652</u>
Total for program			<u>303,318</u>	<u>377,652</u>
Even Start - State Educational Agencies	84.213			
Even Start Family Literacy Program FY 2009		FY 2008-09	1,283	-
			<u>1,283</u>	<u>-</u>
Tech-Prep Education	84.243			
FY 2008-09		PLTW-8-46	93,198	-
FY 2009-10		PLTW-9-46	81,654	69,509
FY 2010-11		PLTW-10-46	-	48,228
			<u>174,852</u>	<u>117,737</u>
Total for program			<u>174,852</u>	<u>117,737</u>
Total federal awards expended			<u>\$ 590,100</u>	<u>\$ 629,509</u>

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

SOUTHEASTERN CAREER CENTER
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 Southeastern Career Center (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 corporation's shall be conducted biennially. Such audits shall include both years within the biennial period.

SOUTHEASTERN CAREER CENTER
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?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

FINDING 2011-1 - INTERNAL CONTROLS - SEGREGATION OF DUTIES

The School Corporation does not have adequate segregation of accounting duties or compensating controls in place as described below:

The Treasurer is responsible for writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks in the ledger; entering adjustment/correction transactions to the ledger; and processing payments of state and local withholding taxes; and performing month end bank reconciliations.

SOUTHEASTERN CAREER CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Segregation of duties is the concept of having different people do different tasks within the organization. Segregation of duties provides the foundation of good internal control by assuring that no one individual is in a position to perpetuate and conceal errors or irregularities in the normal course of their authorized duties. Compensating controls are safeguards put in place to mitigate the effects of the lack of segregation of duties.

The lack of segregation of duties is caused by the School Corporation having a small staff that limits the School Corporation's ability to segregate accounting functions.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We recommended that School Corporation officials make a determination on whether it is practical to enhance segregation of accounting duties or to implement compensating controls.

FINDING 2011-2 - BANK ACCOUNT RECONCILIATIONS

We noted the following irregularities regarding bank reconciliations:

1. Check 8820 (dated October 12, 2010, in the amount of \$2,045, payable to the State of Indiana), was on the outstanding checklist at June 30, 2011. This check was to refund unused grant monies to the State of Indiana. The check was removed from the outstanding check list in August 2011 as if the check had cleared the bank account. A review of the bank statement for the month of August did not show check 8820, in the amount of \$2,045, clearing the bank. A review of the financial ledger did not show the \$2,045 check being receipted back to the record balance of cash.

The bank reconciliation at August 31, 2011, should have shown this error as a reconciling item, but it did not.

2. Check 8819 dated October 12, 2010, in the amount of \$1,434, was written to the School Corporation. This check was written to transfer monies between School Corporation funds. The check was removed from the outstanding check list in August 2011 as if the check cleared the bank account. A review of bank statement for the month of August did not show check 8819 in the amount of \$1,434, clearing the bank. The check was not recorded as a reconciling item on the August 31, 2011, bank reconciliation.

No information was presented for audit to explain why a check between School Corporation funds would remain on the outstanding check list for nine months.

Deborah Thompson, former Treasurer, deposited the check on December 7, 2011.

3. Check 9047 dated January 12, 2011, in the amount of \$356.26 was on the outstanding checklist at June 30, 2011. However, this check cleared the bank account on January 28, 2011.

SOUTHEASTERN CAREER CENTER
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (Continued)

The bank reconciliation at June 30, 2011 should have shown this error as a reconciling item, but it did not.

4. We noted the following checks made payable to credit card companies that have remained on the outstanding checklist for long periods of time:

<u>Credit Card Company</u>	<u>Check Date</u>	<u>Outstanding Checklist Date</u>	<u>Amount</u>
CardMember Services	06-29-10	12-31-11	\$ 790.00
CardMember Services	06-29-11	12-31-11	197.99
CardMember Services	09-07-11	12-31-11	1,610.60

5. Two checks totaling \$47,500 dated June 18, 2010, written to purchase certificates of deposits were on the outstanding checklist at June 30, 2011. Deborah Tompkins, former Treasurer, voided the checks after we brought the checks to her attention.

No explanation was provided as to why these checks were held 16 months before being voided.

6. A check dated October 13, 2009, (in the amount of \$6,555; payable to the Indiana Department of Education) was on the outstanding checklist at June 30, 2011. The School Corporation received the amount of money from a subrecipient on September, 28, 2009, as a refund of unused grant monies from the "Even Start" program. No letter or report to the Indiana Department of Education was presented for audit to support the processing of this refund.
7. Distributions from the State of Indiana in the amounts of \$1,557 and \$7,159, dated April 23, 2010, and October 1, 2010, respectively, were erroneously electronically transferred by the State of Indiana into Indiana Virtual Academy Bank Account. Deborah Tompkins was Treasurer of both the School Corporation and the Indiana Virtual Academy. Correcting transfers for these items were made to the School Corporation's bank account on May 19, 2010 and October 28, 2010, respectively. However, these two distributions were not recorded on the School Corporation's financial ledger.

The above error should have resulted in a reconciling item being listed on the bank reconciliation. However, the above error was not listed as a reconciling item on the bank reconciliation prepared by the Treasurer for the respective months and no information was presented for audit that correcting entries were made for the above errors.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SOUTHEASTERN CAREER CENTER
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We recommended that School Corporation officials make a determination on whether it is practical to enhance segregation of accounting duties or to implement compensating controls.

FINDING 2011-3 - DEPOSITS NOT MADE TIMELY

We noted the following instances of deposits not being made timely:

1. The following is based on our review of deposits for the month of May in the year 2010:

Receipt Date	Deposit Date	Business Days Between Receipt and Deposit Date	Cash	Checks	Totals
04-29-10	05-06-10	5	\$ 822.10	\$ 827.50	\$ 1,649.60
04-30-10	05-06-10	4	156.50	783.00	939.50
05-03-10	05-06-10	3	20.00	142.00	162.00
05-04-10	05-06-10	2	400.00	962.00	1,362.00
05-06-10	05-11-10	3	1,750.25	473.00	2,223.25
05-07-10	05-11-10	2	964.00	1,242.34	2,206.34
05-10-10	05-12-10	2	678.50	150.00	828.50
05-12-10	05-17-10	3	224.00	60.00	284.00
05-13-10	05-17-10	2	439.10	489.65	928.75
05-18-10	05-20-10	2	1,654.56	880.19	2,534.75
05-20-10	05-25-10	3	481.55	1,237.00	1,718.55
05-21-10	05-25-10	2	-	352.99	352.99
05-25-10	05-28-10	3	1,867.05	285.55	2,152.60
05-26-10	05-28-10	2	238.35	730.00	968.35

2. Check 8819 dated October 12, 2010, in the amount of \$1,434, was written to the School Corporation. This check was written to transfer monies between School Corporation funds. The check was removed from the outstanding check list in August 2011 as if the check cleared the bank account. A review of bank statement for the month of August did not show Check 8819 in the amount of \$1,434, clearing the bank. The check was not recorded as a reconciling item on the August 31, 2011, bank reconciliation.

Deborah Thompson, former Treasurer, deposited the check on December 7, 2011. Information was not presented for audit as to why a check to transfer monies between funds would not be deposited for 13 months.

SOUTHEASTERN CAREER CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

3. The School Corporation bills member schools quarterly. On October 19, 2011, invoices were mailed to the member schools for the 1st Quarter of the year 2012. There were eight member checks on hand at December 21, 2011, totaling \$421,539, which had not been deposited or recorded on the financial records. Deborah Tompkins, former Treasurer, presented the member school checks for audit. The check dates ranged from October 31, 2011 to December 13, 2011. The checks were deposited on December 23, 2011.

The School Corporation has a small staff that causes a lack of segregation of duties and the ability to have an independent person to prove various elements of monthly bank reconciliations.

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

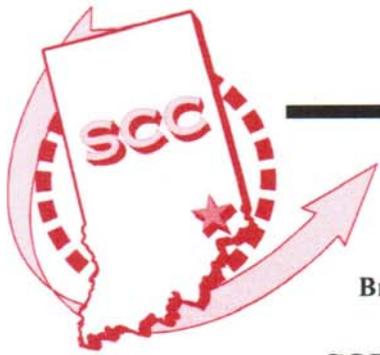
We recommended that School Corporation officials make a determination on whether it is practical to enhance segregation of accounting duties or to implement compensating controls.

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

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Bradley E. Street, Director - Tricia A. Johnson, Asst. Director

CORRECTIVE ACTION PLAN Funding Number 2011-1 Internal Controls – Segregation of Duties

Contact Person: Bradley Street

Title: Director

Phone Number: 1-812-689-5253 ext. 223

February 23, 2012

Expected Completion Date: Cannot be determined at this time

**Response to the Southeastern Career Center School Corporation Audit completed
February 23, 2012.**

Section II – Financial Statement Findings

The Career Center functions as a cooperative service for Career and Technical Education for 12 School Corporations. The structure of fiscal operations is divided between the Treasurer and the Deputy Treasurer creating a very small fiscal staff for the organization. This is the challenge of and difficulty when trying to segregate the duties of the Treasurer and Deputy Treasurer.

Corrective Action Plan:

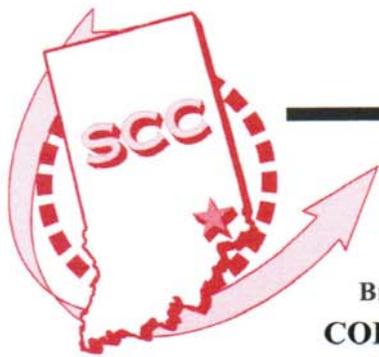
The Career Center will review the current procedures to determine specific steps and policies to be implemented in an effort to improve internal controls and minimize unnecessary risks in our financial reporting.

I would like to thank the State Board of Accounts for the examination and assistance to help improve and resolve the challenges identified in this Audit.

Respectfully,

Bradley Street
CTE Director

February 23, 2012



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Bradley E. Street, Director - Tricia A. Johnson, Asst. Director

CORRECTIVE ACTION PLAN

Funding Number 2011 – 2

Bank Account Reconciliations

Contact Person: Bradley Street

Title: Director

Phone Number: 1-812-689-5253 ext. 223

February 23, 2012

Expected Completion Date: Once procedures have been written and the new credit card policy approved by the School Board we should have this completed by July 1, 2012.

Response to the Southeastern Career Center School Corporation Audit completed February 23, 2012

Section II – Financial Statement Findings

The Accounting Reconciliations of all the different accounts and investments along with the credit card accounts will be reviewed. The efforts and plan for improving the process will be typed and recorded as proper procedures to meet the Uniform Compliance Guidelines.

Creation of a new credit card policy and corrective recording of the records will occur documenting any problems or irregularities monthly.

All account balances and expenditure will be reconciled monthly with the appropriate accounts. Any problems or irregularities will be documented and reconciled until resolved. The Director will be informed every month of problems or irregularities along with the resolution to the issue identified.

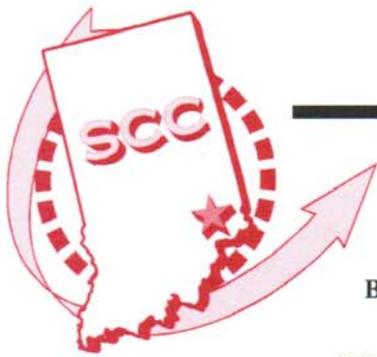
All investments will be documented according to Uniform Compliance Guidelines. The Director will maintain a copy of all investments and verify with the institution all investments.

Respectfully,

Bradley Street

CTE Director

February 23, 2012



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Bradley E. Street, Director - Tricia A. Johnson, Asst. Director

CORRECTIVE ACTION PLAN **Funding Number 2011 – 3** **Deposits Not Made Timely**

Contact Person: Bradley Street

Title: Director

Phone Number: 1-812-689-5253 ext. 223

February 23, 2012

**Expected Completion Date: New procedures will be written and in place by
July 1, 2012**

**Response to the Southeastern Career Center School Corporation Audit completed
February 23, 2012**

Section II – Financial Statement Findings

2011-3 Deposits Not Made Timely

The failure to make daily deposits according to the Uniform Compliance Guidelines will be resolved and performed daily.

The bank reconciliation will verify and provide documentation for the daily deposits from the Career Center.

Along with the need for segregation of duties this issue pertaining to the deposits and account reconciliation of deposits will be addressed in the Internal Controls application concerning Segregation of Duties.

Respectfully,

Bradley Street
CTE Director

February 23, 2012

SOUTHEASTERN CAREER CENTER
EXIT CONFERENCE

The contents of this report were discussed on February 23, 2012, with Bradley Street, Director; Deborah Tompkins, former Treasurer; and Steve Patz, President of the Board Managers. The officials concurred with our audit findings.