

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTHEASTERN SCHOOL CORPORATION
CASS COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

02/14/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Darlene Martin	07-01-09 to 06-30-12
Superintendent of Schools	Dr. John Bevan	07-01-09 to 06-30-12
President of the School Board	Ian Jay Gary Akers Ian Jay	07-01-09 to 06-30-10 07-01-10 to 06-30-11 07-01-11 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 SOUTHEASTERN SCHOOL CORPORATION, CASS COUNTY, INDIANA

We have audited the accompanying financial statement of the Southeastern School Corporation (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this 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 November 22, 2011, 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

November 22, 2011



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AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET
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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 SCHOOL CORPORATION, CASS COUNTY, INDIANA

We have audited the financial statement of the Southeastern School Corporation (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated November 22, 2011. 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 2011-01 and 2011-02 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 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 responses to the findings identified in our audit are described in the accompanying sections of the report entitled Official Response and Corrective Action Plan. We did not audit the School Corporation's responses and, accordingly, we express no opinion on them.

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

November 22, 2011

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 SCHOOL CORPORATION
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	\$ 333,418	\$ 9,261,173	\$ 9,429,734	\$ 28,647	\$ 193,504	\$ 9,233,286	\$ 8,923,416	\$ -	\$ 503,374	
Debt Service	70,220	1,331,874	901,950	-	500,144	1,104,462	1,046,000	-	558,606	
Retirement/Severance Bond Debt Service	1,459	408,116	273,491	-	136,084	255,636	269,387	-	122,333	
Capital Projects	46,297	1,825,944	982,332	-	889,909	1,229,556	1,311,285	-	808,180	
School Transportation	18,917	1,247,704	809,536	-	457,085	818,785	801,730	15,193	489,333	
School Bus Replacement	17,049	369,067	-	(241,821)	144,295	242,101	51,721	(160,566)	174,109	
Special Education Preschool	14,786	26,125	12,264	(28,647)	-	-	-	-	-	
Rainy Day	157,551	-	-	241,821	399,372	-	143,565	160,566	416,373	
Post-Retirement/Severance Future Benefits	217,456	-	-	-	217,456	-	170,000	-	47,456	
School Lunch	364,964	614,350	523,925	-	455,389	650,907	604,758	-	501,538	
Textbook Rental	96,971	136,236	107,565	-	125,642	154,461	146,505	-	133,598	
Levy Excess	-	15,193	-	-	15,193	-	-	(15,193)	-	
Educational License Plates	382	131	337	-	176	113	-	-	289	
SAFE School Haven	935	-	-	-	935	-	-	-	935	
Reading Recovery	-	3,827	3,827	-	-	2,158	1,962	-	196	
Angels of Mercy	290	-	-	-	290	-	-	-	290	
Scholarships and Awards	927	75	-	-	1,002	1	1,000	-	3	
Wilson Scholarship	36,562	2,125	2,000	-	36,687	66	1,500	-	35,253	
Catt Scholarship	-	695	-	-	695	502	500	-	697	
Maxwell Scholarship	-	5,214	-	-	5,214	5	500	-	4,719	
Campbell Scholarship	-	-	-	-	-	2,250	-	-	2,250	
Safe Haven	13,241	-	8,019	-	5,222	-	5,222	-	-	
Professional Development	96,008	3,750	23,731	-	76,027	(1)	11,044	-	64,982	
Higher Ability Grant	9,527	31,810	32,332	-	9,005	31,333	33,239	-	7,099	
School Technology 06-07	9,294	11,957	9,671	-	11,580	7,402	16,875	-	2,107	
School Technology	14,885	8,473	13,007	-	10,351	15,281	10,351	-	15,281	
Technology Plan Grant	3,956	-	3,956	-	-	1,439	-	-	1,439	
Title I	21,750	43,799	29,134	(36,415)	-	192,706	210,707	18,067	66	
Title I FY10	-	222,387	238,545	36,415	20,257	28,495	31,528	(17,224)	-	
Title VI 99-047	4,984	5,842	-	-	10,826	-	-	-	10,826	
Title V Innovative Programs	5,412	909	909	-	5,412	-	-	-	5,412	
Fall Migrant FY 09-10	-	21,711	21,711	-	-	32,756	32,756	-	-	
Drug Free School 07-08	3,798	-	-	-	3,798	-	3,798	-	-	
Title II Improving Teaching Quality	1,426	53,998	27,767	-	27,657	20,476	49,456	-	(1,323)	
Tech Lit Challenge	2,561	-	-	-	2,561	-	-	-	2,561	
Title III Limited English	(1,155)	7,728	-	-	6,573	10,488	14,904	-	2,157	
Fiscal Stabilization - Education	147,185	315,252	462,437	-	-	-	-	-	-	
Title I - Grants to LEAs	-	105,713	105,768	-	(55)	20,043	19,145	(843)	-	
Special Education - Part B	-	171,407	171,407	-	-	-	-	-	-	
Special Education - Part B - Preschool	-	5,257	5,257	-	-	-	-	-	-	
Totals	\$ 1,711,056	\$ 16,257,842	\$ 14,200,612	\$ -	\$ 3,768,286	\$ 14,054,707	\$ 13,912,854	\$ -	\$ 3,910,139	

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

SOUTHEASTERN SCHOOL CORPORATION
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.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

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.

SOUTHEASTERN SCHOOL CORPORATION
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.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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.

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.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

SOUTHEASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

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

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.

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.

SOUTHEASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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 any replacement items purchased.

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:

SOUTHEASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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:

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Post - Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 333,418	\$ 70,220	\$ 1,459	\$ 46,297	\$ 18,917	\$ 17,049	\$ 14,786	\$ 157,551	\$ 217,456
Receipts:									
Local sources	84,353	1,331,874	408,116	1,808,403	1,239,806	358,067	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	9,122,538	-	-	-	-	-	26,125	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	54,282	-	-	17,541	7,898	11,000	-	-	-
Total receipts	9,261,173	1,331,874	408,116	1,825,944	1,247,704	369,067	26,125	-	-
Disbursements:									
Current:									
Instruction	6,563,145	-	-	-	-	-	-	-	-
Support services	2,189,702	-	-	479,174	809,536	-	-	-	-
Noninstructional services	273,511	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	503,158	-	-	-	-	-
Debt services	-	901,950	273,491	-	-	-	-	-	-
Nonprogrammed charges	403,376	-	-	-	-	-	12,264	-	-
Total disbursements	9,429,734	901,950	273,491	982,332	809,536	-	12,264	-	-
Excess (deficiency) of receipts over disbursements	(168,561)	429,924	134,625	843,612	438,168	369,067	13,861	-	-
Other financing sources (uses):									
Transfers in	28,647	-	-	-	-	-	-	241,821	-
Transfers out	-	-	-	-	-	(241,821)	(28,647)	-	-
Total other financing sources (uses)	28,647	-	-	-	-	(241,821)	(28,647)	241,821	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(139,914)	429,924	134,625	843,612	438,168	127,246	(14,786)	241,821	-
Cash and investments - ending	\$ 193,504	\$ 500,144	\$ 136,084	\$ 889,909	\$ 457,085	\$ 144,295	\$ -	\$ 399,372	\$ 217,456

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

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	SAFE School Haven	Reading Recovery	Angels of Mercy	Scholarships and Awards
Cash and investments - beginning	\$ 364,964	\$ 96,971	\$ -	\$ 382	\$ 935	\$ -	\$ 290	\$ 927
Receipts:								
Local sources	359,173	106,625	15,193	-	-	3,827	-	75
Intermediate sources	-	-	-	131	-	-	-	-
State sources	8,102	29,611	-	-	-	-	-	-
Federal sources	243,566	-	-	-	-	-	-	-
Other	3,509	-	-	-	-	-	-	-
Total receipts	<u>614,350</u>	<u>136,236</u>	<u>15,193</u>	<u>131</u>	<u>-</u>	<u>3,827</u>	<u>-</u>	<u>75</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	3,827	-	-
Support services	12,018	107,565	-	337	-	-	-	-
Noninstructional services	511,907	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>523,925</u>	<u>107,565</u>	<u>-</u>	<u>337</u>	<u>-</u>	<u>3,827</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>90,425</u>	<u>28,671</u>	<u>15,193</u>	<u>(206)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>90,425</u>	<u>28,671</u>	<u>15,193</u>	<u>(206)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75</u>
Cash and investments - ending	<u>\$ 455,389</u>	<u>\$ 125,642</u>	<u>\$ 15,193</u>	<u>\$ 176</u>	<u>\$ 935</u>	<u>\$ -</u>	<u>\$ 290</u>	<u>\$ 1,002</u>

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

	Wilson Scholarship	Catt Scholarship	Maxwell Scholarship	Campbell Scholarship	Safe Haven	Professional Development	Higher Ability Grant	School Technology 06-07
Cash and investments - beginning	\$ 36,562	\$ -	\$ -	\$ -	\$ 13,241	\$ 96,008	\$ 9,527	\$ 9,294
Receipts:								
Local sources	2,125	695	5,214	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	3,750	31,810	11,957
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>2,125</u>	<u>695</u>	<u>5,214</u>	<u>-</u>	<u>-</u>	<u>3,750</u>	<u>31,810</u>	<u>11,957</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	27,930	9,671
Support services	-	-	-	-	8,019	23,731	4,402	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,019</u>	<u>23,731</u>	<u>32,332</u>	<u>9,671</u>
Excess (deficiency) of receipts over disbursements	<u>125</u>	<u>695</u>	<u>5,214</u>	<u>-</u>	<u>(8,019)</u>	<u>(19,981)</u>	<u>(522)</u>	<u>2,286</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	<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>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>125</u>	<u>695</u>	<u>5,214</u>	<u>-</u>	<u>(8,019)</u>	<u>(19,981)</u>	<u>(522)</u>	<u>2,286</u>
Cash and investments - ending	<u>\$ 36,687</u>	<u>\$ 695</u>	<u>\$ 5,214</u>	<u>\$ -</u>	<u>\$ 5,222</u>	<u>\$ 76,027</u>	<u>\$ 9,005</u>	<u>\$ 11,580</u>

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

	School Technology	Technology Plan Grant	Title I	Title I FY 10	Title VI 99-047	Title V Innovative Programs	Fall Migrant FY 09-10	Drug Free School 07-08
Cash and investments - beginning	\$ 14,885	\$ 3,956	\$ 21,750	\$ -	\$ 4,984	\$ 5,412	\$ -	\$ 3,798
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	8,473	-	-	-	-	-	-	-
Federal sources	-	-	43,799	222,387	5,842	909	21,711	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>8,473</u>	<u>-</u>	<u>43,799</u>	<u>222,387</u>	<u>5,842</u>	<u>909</u>	<u>21,711</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	25,959	218,967	-	-	17,700	-
Support services	-	-	3,175	19,052	-	-	4,011	-
Noninstructional services	-	-	-	526	-	909	-	-
Facilities acquisition and construction	13,007	3,956	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>13,007</u>	<u>3,956</u>	<u>29,134</u>	<u>238,545</u>	<u>-</u>	<u>909</u>	<u>21,711</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(4,534)</u>	<u>(3,956)</u>	<u>14,665</u>	<u>(16,158)</u>	<u>5,842</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	36,415	-	-	-	-
Transfers out	-	-	(36,415)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(36,415)</u>	<u>36,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(4,534)</u>	<u>(3,956)</u>	<u>(21,750)</u>	<u>20,257</u>	<u>5,842</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 10,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,257</u>	<u>\$ 10,826</u>	<u>\$ 5,412</u>	<u>\$ -</u>	<u>\$ 3,798</u>

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

	Title II Improving Teacher Quality	Tech Lit Challenge	Title III Limited English	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Special Education - Part B - Preschool	Totals
Cash and investments - beginning	\$ 1,426	\$ 2,561	\$ (1,155)	\$ 147,185	\$ -	\$ -	\$ -	\$ 1,711,056
Receipts:								
Local sources	-	-	-	-	-	-	-	5,723,546
Intermediate sources	-	-	-	-	-	-	-	131
State sources	-	-	-	-	-	-	-	9,242,366
Federal sources	53,998	-	7,728	315,252	105,713	171,407	5,257	1,197,569
Other	-	-	-	-	-	-	-	94,230
Total receipts	<u>53,998</u>	<u>-</u>	<u>7,728</u>	<u>315,252</u>	<u>105,713</u>	<u>171,407</u>	<u>5,257</u>	<u>16,257,842</u>
Disbursements:								
Current:								
Instruction	-	-	-	235,083	85,837	116,957	5,257	7,310,333
Support services	27,767	-	-	183,729	19,232	54,450	-	3,945,900
Noninstructional services	-	-	-	43,625	699	-	-	831,177
Facilities acquisition and construction	-	-	-	-	-	-	-	520,121
Debt services	-	-	-	-	-	-	-	1,175,441
Nonprogrammed charges	-	-	-	-	-	-	-	417,640
Total disbursements	<u>27,767</u>	<u>-</u>	<u>-</u>	<u>462,437</u>	<u>105,768</u>	<u>171,407</u>	<u>5,257</u>	<u>14,200,612</u>
Excess (deficiency) of receipts over disbursements	<u>26,231</u>	<u>-</u>	<u>7,728</u>	<u>(147,185)</u>	<u>(55)</u>	<u>-</u>	<u>-</u>	<u>2,057,230</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	306,883
Transfers out	-	-	-	-	-	-	-	(306,883)
Total other financing sources (uses)	<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>26,231</u>	<u>-</u>	<u>7,728</u>	<u>(147,185)</u>	<u>(55)</u>	<u>-</u>	<u>-</u>	<u>2,057,230</u>
Cash and investments - ending	<u>\$ 27,657</u>	<u>\$ 2,561</u>	<u>\$ 6,573</u>	<u>\$ -</u>	<u>\$ (55)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,768,286</u>

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Post - Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 193,504	\$ 500,144	\$ 136,084	\$ 889,909	\$ 457,085	\$ 144,295	\$ -	\$ 399,372	\$ 217,456
Receipts:									
Local sources	27,656	1,102,700	255,636	1,223,650	814,351	241,823	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	9,170,508	1,762	-	2,267	1,430	278	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	35,122	-	-	3,639	3,004	-	-	-	-
Total receipts	9,233,286	1,104,462	255,636	1,229,556	818,785	242,101	-	-	-
Disbursements:									
Current:									
Instruction	5,784,122	-	-	-	-	-	-	-	170,000
Support services	2,092,057	-	-	652,453	801,730	51,721	-	143,565	-
Noninstructional services	275,353	-	-	-	-	-	-	-	-
Facilities acquisition and construction	7,000	-	-	658,832	-	-	-	-	-
Debt services	-	1,046,000	269,387	-	-	-	-	-	-
Nonprogrammed charges	764,884	-	-	-	-	-	-	-	-
Total disbursements	8,923,416	1,046,000	269,387	1,311,285	801,730	51,721	-	143,565	170,000
Excess (deficiency) of receipts over disbursements	309,870	58,462	(13,751)	(81,729)	17,055	190,380	-	(143,565)	(170,000)
Other financing sources (uses):									
Transfers in	-	-	-	-	15,193	-	-	160,566	-
Transfers out	-	-	-	-	-	(160,566)	-	-	-
Total other financing sources (uses)	-	-	-	-	15,193	(160,566)	-	160,566	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	309,870	58,462	(13,751)	(81,729)	32,248	29,814	-	17,001	(170,000)
Cash and investments - ending	\$ 503,374	\$ 558,606	\$ 122,333	\$ 808,180	\$ 489,333	\$ 174,109	\$ -	\$ 416,373	\$ 47,456

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

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	SAFE School Haven	Reading Recovery	Angels of Mercy	Scholarships and Awards
Cash and investments - beginning	\$ 455,389	\$ 125,642	\$ 15,193	\$ 176	\$ 935	\$ -	\$ 290	\$ 1,002
Receipts:								
Local sources	380,519	124,445	-	-	-	2,158	-	1
Intermediate sources	-	-	-	113	-	-	-	-
State sources	7,895	29,974	-	-	-	-	-	-
Federal sources	258,353	-	-	-	-	-	-	-
Other	4,140	42	-	-	-	-	-	-
Total receipts	<u>650,907</u>	<u>154,461</u>	<u>-</u>	<u>113</u>	<u>-</u>	<u>2,158</u>	<u>-</u>	<u>1</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	1,962	-	-
Support services	12,018	146,505	-	-	-	-	-	-
Noninstructional services	543,151	-	-	-	-	-	-	-
Facilities acquisition and construction	49,589	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	1,000
Total disbursements	<u>604,758</u>	<u>146,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,962</u>	<u>-</u>	<u>1,000</u>
Excess (deficiency) of receipts over disbursements	<u>46,149</u>	<u>7,956</u>	<u>-</u>	<u>113</u>	<u>-</u>	<u>196</u>	<u>-</u>	<u>(999)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(15,193)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(15,193)</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>46,149</u>	<u>7,956</u>	<u>(15,193)</u>	<u>113</u>	<u>-</u>	<u>196</u>	<u>-</u>	<u>(999)</u>
Cash and investments - ending	<u>\$ 501,538</u>	<u>\$ 133,598</u>	<u>\$ -</u>	<u>\$ 289</u>	<u>\$ 935</u>	<u>\$ 196</u>	<u>\$ 290</u>	<u>\$ 3</u>

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

	Wilson Scholarship	Catt Scholarship	Maxwell Scholarship	Campbell Scholarship	Safe Haven	Professional Development	Higher Ability Grant	School Technology 06-07
Cash and investments - beginning	\$ 36,687	\$ 695	\$ 5,214	\$ -	\$ 5,222	\$ 76,027	\$ 9,005	\$ 11,580
Receipts:								
Local sources	66	502	5	2,250	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	(1)	31,333	7,402
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>66</u>	<u>502</u>	<u>5</u>	<u>2,250</u>	<u>-</u>	<u>(1)</u>	<u>31,333</u>	<u>7,402</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	33,239	16,875
Support services	-	-	-	-	5,222	11,044	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	1,500	500	500	-	-	-	-	-
Total disbursements	<u>1,500</u>	<u>500</u>	<u>500</u>	<u>-</u>	<u>5,222</u>	<u>11,044</u>	<u>33,239</u>	<u>16,875</u>
Excess (deficiency) of receipts over disbursements	<u>(1,434)</u>	<u>2</u>	<u>(495)</u>	<u>2,250</u>	<u>(5,222)</u>	<u>(11,045)</u>	<u>(1,906)</u>	<u>(9,473)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>(1,434)</u>	<u>2</u>	<u>(495)</u>	<u>2,250</u>	<u>(5,222)</u>	<u>(11,045)</u>	<u>(1,906)</u>	<u>(9,473)</u>
Cash and investments - ending	<u>\$ 35,253</u>	<u>\$ 697</u>	<u>\$ 4,719</u>	<u>\$ 2,250</u>	<u>\$ -</u>	<u>\$ 64,982</u>	<u>\$ 7,099</u>	<u>\$ 2,107</u>

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

	School Technology	Technology Plan Grant	Title I	Title I FY 10	Title VI 99-047	Title V Innovative Programs	Fall Migrant FY 09-10	Drug Free School 07-08
Cash and investments - beginning	\$ 10,351	\$ -	\$ -	\$ 20,257	\$ 10,826	\$ 5,412	\$ -	\$ 3,798
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	15,281	1,439	-	-	-	-	-	-
Federal sources	-	-	192,706	28,495	-	-	32,756	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>15,281</u>	<u>1,439</u>	<u>192,706</u>	<u>28,495</u>	<u>-</u>	<u>-</u>	<u>32,756</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	193,739	29,532	-	-	28,497	3,798
Support services	-	-	16,608	1,996	-	-	4,259	-
Noninstructional services	-	-	360	-	-	-	-	-
Facilities acquisition and construction	10,351	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>10,351</u>	<u>-</u>	<u>210,707</u>	<u>31,528</u>	<u>-</u>	<u>-</u>	<u>32,756</u>	<u>3,798</u>
Excess (deficiency) of receipts over disbursements	<u>4,930</u>	<u>1,439</u>	<u>(18,001)</u>	<u>(3,033)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,798)</u>
Other financing sources (uses):								
Transfers in	-	-	18,067	-	-	-	-	-
Transfers out	-	-	-	(17,224)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>18,067</u>	<u>(17,224)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>4,930</u>	<u>1,439</u>	<u>66</u>	<u>(20,257)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,798)</u>
Cash and investments - ending	<u>\$ 15,281</u>	<u>\$ 1,439</u>	<u>\$ 66</u>	<u>\$ -</u>	<u>\$ 10,826</u>	<u>\$ 5,412</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Title II Improving Teacher Quality	Tech Lit Challenge	Title III Limited English	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Special Education - Part B - Preschool	Totals
Cash and investments - beginning	\$ 27,657	\$ 2,561	\$ 6,573	\$ -	\$ (55)	\$ -	\$ -	\$ 3,768,286
Receipts:								
Local sources	-	-	-	-	-	-	-	4,175,762
Intermediate sources	-	-	-	-	-	-	-	113
State sources	-	-	-	-	-	-	-	9,269,568
Federal sources	20,476	-	10,488	-	20,043	-	-	563,317
Other	-	-	-	-	-	-	-	45,947
Total receipts	<u>20,476</u>	<u>-</u>	<u>10,488</u>	<u>-</u>	<u>20,043</u>	<u>-</u>	<u>-</u>	<u>14,054,707</u>
Disbursements:								
Current:								
Instruction	-	-	14,904	-	15,995	-	-	6,292,663
Support services	49,456	-	-	-	3,150	-	-	3,991,784
Noninstructional services	-	-	-	-	-	-	-	818,864
Facilities acquisition and construction	-	-	-	-	-	-	-	725,772
Debt services	-	-	-	-	-	-	-	1,315,387
Nonprogrammed charges	-	-	-	-	-	-	-	768,384
Total disbursements	<u>49,456</u>	<u>-</u>	<u>14,904</u>	<u>-</u>	<u>19,145</u>	<u>-</u>	<u>-</u>	<u>13,912,854</u>
Excess (deficiency) of receipts over disbursements	<u>(28,980)</u>	<u>-</u>	<u>(4,416)</u>	<u>-</u>	<u>898</u>	<u>-</u>	<u>-</u>	<u>141,853</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	193,826
Transfers out	-	-	-	-	(843)	-	-	(193,826)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(843)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(28,980)</u>	<u>-</u>	<u>(4,416)</u>	<u>-</u>	<u>55</u>	<u>-</u>	<u>-</u>	<u>141,853</u>
Cash and investments - ending	<u>\$ (1,323)</u>	<u>\$ 2,561</u>	<u>\$ 2,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,910,139</u>

SOUTHEASTERN SCHOOL CORPORATION
 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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 2,069,500
Buildings	16,576,500
Improvements other than buildings	2,954,000
Machinery and equipment	<u>6,746,190</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 28,346,190</u>

SOUTHEASTERN SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Buildings	\$ 1,765,000	\$ 756,000
Buildings Renovation	6,360,000	143,206
Bonds payable:		
General obligation bonds:		
Retirement/Severance	<u>970,000</u>	<u>269,565</u>
Total governmental activities debt	<u>\$ 9,095,000</u>	<u>\$ 1,168,771</u>

SOUTHEASTERN SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ADMINISTRATORS' CONTRACTS AND HEALTH INSURANCE PREMIUMS

Since July 1, 2007, the School Corporation has offered its Administrators the opportunity to have the full amount of their health insurance premium added to their salary to reflect a new total salary. The Administrator would then be required to pay the health insurance premiums themselves, either through a personal check or payroll deduction which could run through the Fringe Benefit "Section 125" Program. The Superintendent's contract states: "To guarantee revenue neutrality to the Corporation, the Superintendent must agree to assume the additional TRF (teacher retirement) cost resulting from this change in salary configuration."

The Superintendent has taken advantage of this program over the past four fiscal years; however, he has not reimbursed the School Corporation for the pension costs to the employer on the additional salary as required by his contract. Exercising this option has cost the School Corporation \$3,007.07 as calculated below.

Information	2007-2008	2008-2009	2009-2010	2010-2011	Totals
Health Premium - Family	\$ 13,674.00	\$ 14,016.00	\$ 14,670.00	\$ 15,390.00	
Employer ERP Rate	7.00%	7.00%	7.00%	7.50%	
Dr. John Bevan, Superintendent: Family Plan, TRF member	837.80	981.12	1,026.90	1,154.25	\$ 4,000.07
Less difference between base salary and option "A" reduced salary	(993.00)	-	-	-	(993.00)
Total Charges	\$ (155.20)	\$ 981.12	\$ 1,026.90	\$ 1,154.25	\$ 3,007.07

Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

On November 29, 2011, as a result of our audit, Dr. John Bevan, Superintendent of Schools, reimbursed the School Corporation \$3,007.07 for the expenses related to the exercise of this option in the years shown above.

On January 16, 2012, as a result of our audit, the School Board passed a resolution addressing this issue. This resolution amended the original employment contract and obligated the School Corporation for the additional cost related to exercising this health insurance option. On January 31, 2012, as a result of this resolution, the School Corporation refunded the \$3,007.07 to Dr. John Bevan.

SUPERINTENDENT'S MILEAGE REIMBURSEMENT

The School Corporation's employment contract with the Superintendent of Schools provides for a monthly mileage reimbursement "not to exceed \$400." We noted the following problems related to the Superintendent's mileage claims:

- The Superintendent filed monthly mileage logs that showed total miles in excess of the amount needed to add up to \$400 at the School Corporation's approved reimbursement rate; however, the logs frequently claimed mileage for two or three months at times

SOUTHEASTERN SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

enabling him to claim the maximum mileage each month. Additionally, the mileage claimed was not submitted on an approved mileage reimbursement form. A similar comment was noted in prior Report 35648.

- The check dates for 10 out of 24 reimbursements were dated prior to the last date of mileage claimed in a given month, suggesting prepayment of the mileage reimbursements.
- In January 2010, the mileage rate paid exceeded the amount allowed by the School Corporation. This overpayment totaled \$36.
- Mileage was paid on several days which were claimed as vacation days by the Superintendent. Total mileage reimbursed while on vacation was \$117.40.

We recalculated the Superintendent's mileage for the period July 1, 2009 to August 16, 2011, based on his actual travel each month limited to \$400 per month. Based on our calculation and removing mileage reimbursements received while on vacation the Superintendent was overpaid by \$1,482.14.

Administrators, teachers and other employees may be reimbursed for actual miles traveled in their own motor vehicles on official business of the school corporation at a reasonable rate per mile as fixed by a resolution of the school board. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 2)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We requested Dr. John Bevan, Superintendent of Schools, to reimburse the School Corporation \$1,635.54 for excess mileage reimbursements received for the period July 1, 2009 to August 16, 2011. On November 29, 2011, Dr. Bevan reimbursed the School Corporation \$1,635.54 for the overpayments.

On January 16, 2012, as a result of our audit, the School Board passed a resolution to address this issue. This resolution amended the original employment contract and obligated the School Corporation for the additional cost related the mileage payments discussed above. On January 31, 2012, as a result of this resolution, the School Corporation refunded the \$1,635.54 to Dr. John Bevan.

CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS

Bank reconcilements were not properly performed during the audit period. The record balance exceeded the bank balance, after adjustments for outstanding items, by \$6,330.11 at the start of the audit period and \$10,715.87 at the end of the audit period.

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)

SOUTHEASTERN SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

YEARBOOK FUND - LEWIS CASS HIGH SCHOOL EXTRA-CURRICULAR ACCOUNT

A review of the Yearbook Fund at Lewis Cass High School revealed a significant decline in the cash balance of the fund during the audit period. The fund had a cash balance of \$30,935 at July 1, 2009, and \$2,241 at June 30, 2011.

The long-time Yearbook sponsor at the high school became seriously ill during the 2009-2010 school year. Because of this illness the responsibility of Yearbook sponsor was assigned to a substitute teacher who had no experience publishing a yearbook. The following issues occurred as a result of the late change in sponsors:

- Advertising Revenues 2009-2010: Advertising sales for the yearbook totaled approximately \$18,000 in previous years. In 2009-2010, advertising revenues dropped to \$8,895 and the yearbook only collected \$4,235 of these sales, causing a shortfall of cash receipts of approximately \$13,765 from prior years.
- Cost of Publication: During the 2010 year, the Yearbook incurred late charges associated with turning in pages for publication late. The late charges incurred for the publication of the 2010 yearbooks totaled \$4,025.
- Advertising Revenues 2010-2011: Advertising sales for 2010-2011 were \$9,775. This is well short of the \$18,000 of sales enjoyed in previous years.
- Failure to return excess yearbooks: Each year the publisher of the yearbook would print extra copies of the yearbook. If the school did not sell these books they were allowed to return them for a credit on their bill. Because the new sponsor was not aware of this fact none of the excess yearbooks were returned by the deadline and the Yearbook Fund never received the credit for them. Approximately 50 extra, unsold copies of yearbooks from 2009 and 2010 are on hand at the school.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. 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 Extra-Curricular Accounts, Chapter 7)

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. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

ADMINISTRATORS CONTRACTS

Administrators, other than the Superintendent of Schools, did not have contracts for the audit period.

Indiana Code 20-28-8-2 states in part:

"A contract of employment shall be entered into between the governing body of the school corporation and a principal or assistant principal subject to the following conditions:

SOUTHEASTERN SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) The basic contract must be the regular teacher's contract as prescribed by the state superintendent.
- (2) The term of the initial contract must be the equivalent of at least two (2) school years.
- (3) The contract may be altered, modified, or rescinded in favor of a new contract at any time by mutual consent of the governing body of the school corporation and the principal or assistant principal . . ."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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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 SCHOOL CORPORATION, CASS COUNTY, INDIANA

Compliance

We have audited the compliance of the Southeastern School Corporation (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 program(s) 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.

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. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item 2011-03. 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 responses to the findings identified in our audit are described in the accompanying Official Response and Corrective Action Plan. We did not audit the School Corporation's responses and, accordingly, we express no opinion on them.

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

November 22, 2011

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

SOUTHEASTERN SCHOOL CORPORATION
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.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553	FY 2009-2011	\$ 36,529	\$ 40,775
National School Lunch Program	10.555	FY 2009-2011	242,036	251,580
Total for federal grantor agency			<u>278,565</u>	<u>292,355</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		FY 2009-2010	238,544	31,528
		FY 2010-2011	29,134	210,704
Total for program			<u>267,678</u>	<u>242,232</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY 2009-2011	105,769	19,145
Total for cluster			<u>373,447</u>	<u>261,377</u>
Pass-Through Logansport Community School Corporation Special Education Cluster (IDEA)				
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 2009-2011	171,407	-
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	FY 2009-2011	5,257	-
Total for cluster			<u>176,664</u>	<u>-</u>
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 2009-2011	462,438	-
Migrant Education - State Grant Program	84.011			
Title III, English Proficiency Migrant, Language Instruction		FY 2009-2010	21,711	-
Title III, English Proficiency Migrant, Language Instruction		FY 2010-2011	-	32,757
Total for program			<u>21,711</u>	<u>32,757</u>
Safe and Drug-Free Schools and Communities - State Grants Title IV, Part A PL 107-112	84.186			
		FY 2008-2009	-	3,798
State Grants for Innovative Programs IASA Innovative Education Program Strategies Title V, Part A	84.298			
		FY 2008-2009	909	-
Improving Teacher Quality State Grants	84.367			
Title II, Part A - Improving Teacher Quality, Professional Development		SY 09-10	27,768	-
Title II, Part A - Improving Teacher Quality, Professional Development		SY 10-11	-	49,456
Total for program			<u>27,768</u>	<u>49,456</u>
Total for federal grantor agency			<u>1,062,937</u>	<u>347,388</u>
Total federal awards expended			<u>\$ 1,341,502</u>	<u>\$ 639,743</u>

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

SOUTHEASTERN SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Southeastern School Corporation (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.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
National School Lunch Program	10.555	\$ 34,999	\$ 34,002

SOUTHEASTERN SCHOOL CORPORATION
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 deficiency identified?	none reported
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

Title I, Part A Cluster
State Fiscal Stabilization Fund 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

FINDING 2011-01 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to disbursements, payroll, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to occur undetected.

SOUTHEASTERN SCHOOL CORPORATION
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 objections, 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)

FINDING 2011-02 - BANK RECONCILEMENTS

Fund balances have not been reconciled to the bank account balances since December 31, 2007. The record balance exceeded the bank balance, after adjustments for outstanding items, by \$6,330.11 at the start of the audit period (July 1, 2009) and \$10,715.87 at the end of the audit period (June 30, 2011).

No control or review procedures have been established to insure timely accurate bank reconcilements are performed monthly.

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."

Section III – Federal Award Findings and Questioned Costs

FINDING 2011-03 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Federal Agency: U.S. Department of Education
Pass-Through Agency: Indiana Department of Education
Federal Program: ARRA - State Fiscal Stabilization Fund – Education State Grants, Recovery Act
CFDA Number: 84.394

The financial records for federal funds received as a part of the ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act program are maintained in the School Corporation's business office. Currently, due to the limited personnel the School Corporation has not separated incompatible activities related to all areas of the financial statement. The failure to establish these controls could enable material misstatements to occur undetected.

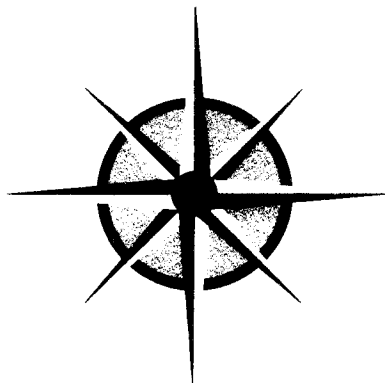
Circular A133, Subpart C, section .300(b) states that the auditee shall:

"Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended the School Corporation develop internal control procedures that properly segregate accounting activities in the business office.

SOUTHEASTERN SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



Southeastern

SCHOOL CORPORATION

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Corrective Action Plan

Auditee Contact Person: Darlene Martin
Title of Contact person: Treasurer
Phone Number: 574-626-2525, extension 5902

Section II-Financial Statement Findings

FINDING 2011-01, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

1. Lack of Segregation of Duties: The administration office will review office procedures and assign duties in order to segregate duties as much as possible. However, the school is a small governmental unit, and management has determined that the cost associated with employing additional staff in order to segregate duties effectively is cost prohibitive. Management and the School Board of Trustees acknowledge and assume the risk inherent with the current set up of their administration office.

FINDING 2011-02, BANK RECONCILEMENTS

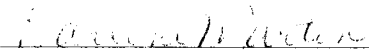
2. Bank Reconcilements. The Treasurer will review bank reconciliations and verify that they are reconciled to the funds ledger monthly.

Section III-Federal Award Findings and Questioned Costs

FINDING 2011-03, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Federal Agency: U.S. Department of Education
Federal Program: ARRA State Fiscal Stabilization Fund-Education State Grants, Recovery Act
CFDA Number: 84.394
Pass-through Entity: Indiana Department of Education


3. Lack of Segregation of Duties: The administration office will review office procedures and assign duties in order to segregate duties as much as possible. However, the school is a small governmental unit, and management has determined that the cost associated with employing additional staff in order to segregate duties effectively is cost prohibitive. Management and the School Board of Trustees acknowledge and assume the risk inherent with the current set up of their administration office.



Darlene Martin, Treasurer



Dr. John Bevan, Superintendent



School Board Member

SOUTHEASTERN SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on November 22, 2011, with Dr. John Bevan, Superintendent of Schools; Ian Jay, President of the School Board; and Darlene Martin, Treasurer. The Official Response has been made a part of this report and may be found on pages 45 through 50.

December 6, 2011

VIA HAND DELIVERY

Tammy L. Baker, Supervisor
Indiana State Board of Accounts
302 W Washington Street, Room E418
Indianapolis, Indiana 46204-2765

RE: Southeastern (Cass) School Corporation
2007-2010 Audit Exceptions

Dear Ms. Baker

This firm and the undersigned serve as counsel for the Southeastern (Cass) School Corporation ("School Corporation") located in Walton, Indiana. On November 22, 2011, the State Board of Accounts provided notice of a preliminary audit position that takes issue with School Corporation's payment of:

- The additional employer and employee Indiana State Teachers' Retirement Fund ("ISTRF") contribution as a result of the inclusion of the Superintendent's group health insurance premium as added basic salary to be paid to the carrier through a Section 125 Plan; and
- Mileage reimbursement to the Superintendent.

The contracting parties, the Board of School Trustees of the Southeastern School Corporation ("Board") and Superintendent Bevan, each having been fully informed about the cost of this method for paying the ISTRF cost associated with Superintendent Bevan's health insurance, agree on the proper meaning and application of the contract terms in question. Furthermore, the legal authority for the Board and Superintendent Bevan to agree to the contract provisions such as the provisions in question is not disputed by the State Board of Accounts.

As a practical matter, nearly all contract claims taken to litigation involve matters where the parties to the contract disagree as to whether a party has performed its duties as agreed, or the parties disagree as to what a provision of a contract means or requires. However, in this instance, the Board and Superintendent Bevan are in agreement as to what the contract language requires, and neither party alleges that the other has failed to perform as promised. Instead, the

Tammy L. Baker
December 6, 2011
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State Board of Accounts has offered a preliminary audit position that as they read the contract between the parties, the Board has not agreed to make these payments. In applying the law to resolve litigation claims between the contracting parties, Indiana courts have consistently sought out and given effect to the intent of the parties absent illegality, unconscionability, or a compelling policy reason to do otherwise. See *First Federal Savings Bank v. Key Markets*, 559 N.E. 600 (Ind. 1990).

The Board's assumption of the Superintendent's additional ISTRF contribution is expressly authorized by Ind. Code 5-10.4-4-11(b); and the payment of travel expenses of employees is authorized by Ind. Code 20-26-5-4(9). The State Board of Accounts' preliminary audit position appears to concede that a Superintendent's contract can provide for the disputed payments, but as it reads the contract between the parties, it does not specifically authorize and therefore precludes these payments by the Board to the Superintendent.

We believe that by applying the relevant law to the operative facts concerning the contract provisions in question, the payments of the added ISTRF and mileage to the Superintendent by the Board are consistent with the agreed terms of the Superintendent's employment. At the time the terms of the 2007 Contract were agreed to, the Board's budget had already been established for the current school year and the cost of the Board's assumption of the Superintendent's employee contribution to the Indiana State Teachers Retirement Fund had not been included in the Board's budget. However, it was the expressed intent of the Board that effective July 1, 2008 and in all budgets thereafter, the Board would pay both the employer and employee share of the annual contribution to the Indiana State Teachers' Retirement Fund attributable to the inclusion of the Superintendent's group health insurance premium in his annual compensation reported to the Indiana State Teachers Retirement Fund. The Board likewise intended to compensate Superintendent Bevan for mileage in an amount not to exceed four thousand eight hundred dollars (\$4800.00) per year. The enclosed affidavit of Board President Ian Jay confirms the Board's intent at the time it entered into the contract with Dr. Bevan in 2007.

Indiana Code 20-26-5-4(19) permits the Board to modify the terms of the 2007 contract to conform to the terms of employment they agreed to when the 2007 Contract was negotiated:

In carrying out the school purposes of a school corporation, the governing body acting on the school corporation's behalf has the following specific powers:

- (19) *To ratify and approve any action taken by a member of the governing body, an officer of the governing body, or an employee of the school corporation after the action is taken, if the action could have been approved in advance, and in connection with the action to pay the expense*

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or compensation permitted under Ind. Code 20-26-1 through Ind. Code 20-26-5, Ind. Code 20-26-7, Ind. Code 20-40-12, and Ind. Code 20-48-1 or any other law.

To remedy the preliminary audit exceptions raised by the State Board of Accounts, the Board proposes to ratify and approve payment by the Board of the employer and employee share of the additional Indiana State Teachers Retirement Fund contribution attributable to the inclusion of the full group health insurance premium in the Superintendent's basic salary and "annual compensation" as defined at Ind. Code 5-10.4-4-11(d) from July 1, 2008 forward nunc pro tunc as authorized by Ind. Code 5-10.4-4-11(b), to compensate Dr. Bevan for mileage in an amount not to exceed \$4800.00 per year, to execute an amendment to Dr. Bevan's 2007 contract to be effective on and after July 1, 2008, and to replace any provisions in that contract that are inconsistent with the following:

Effective July 1, 2007, the Superintendent shall have the option to take the Board's contribution toward the premium for group health insurance as additional basic salary and pay for any group health insurance coverage he elects to take through a Section 125 Plan established for employees of the Board. As a condition precedent to the Superintendent's ability to take the cost of his group health insurance premium as additional basic salary, for the period from July 1, 2007 to June 30, 2008, the Superintendent shall be responsible for the additional employer and employee contribution to the Indiana State Teachers Retirement Fund attributable to the inclusion of this amount in his "annual compensation" as defined at Ind. Code 5-10.4-4-11(d). Effective July 1, 2008, the Board shall assume responsibility for the payment of the additional employer and employee contribution to the Indiana State Teachers Retirement Fund attributable to the inclusion of this amount as "annual compensation" as defined at Ind. Code 5-10.4-4-11(d). In addition, the Board shall compensate the Superintendent for mileage in an amount not to exceed four thousand eight hundred dollars (\$4800.00) per year, provided the Superintendent submits his claims for reimbursement in the manner prescribed by the Indiana State Board of Accounts.

The School Corporation believes that these actions will remedy the concerns identified in the State Board of Accounts' preliminary audit report. The School Corporation therefore respectfully requests that the State Board of Accounts reverse its preliminary audit positions directing Superintendent Bevan to reimburse the School Corporation for these costs.

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Thank you for your assistance with this matter. Please let me know if you have any questions about this correspondence or its enclosures.

Sincerely,



Susan Traynor Chastain

Enclosures

cc: Ian D. Jay, President
Board of School Trustees of the Southeastern School Corporation (with enclosures)

Dr. John K. Bevan, Superintendent
Southeastern School Corporation (with enclosures)

State of Indiana)
)SS:
County of Cass)

AFFIDAVIT OF IAN D. JAY

Ian D. Jay, ("Affiant"), being duly sworn upon his oath, deposes and states:

1. Affiant has personal knowledge of the facts stated herein.
2. At all times material and relevant herein, Affiant served as an officer of the Board of School Trustees of the Southeastern School Corporation located at 6422 E. St Rd 218, Walton, Indiana.
3. On August 16, 2007, the Board of School Trustees of the Southeastern School Corporation ("the Board") entered into a contract of employment with its Superintendent, Dr. John K. Bevan ("the Superintendent").
4. At the time the terms of the 2007 Contract were agreed to, the Board's budget had already been established for the then-current school year and the cost of the Board's assumption of the Superintendent's employee contribution to the Indiana State Teachers Retirement Fund had not been included in the Board's budget.
5. However, it was the expressed intent of the Board that effective July 1, 2008 and in all budgets thereafter, the Board would pay both the employer and employee share of the annual contribution to the Indiana State Teachers' Retirement Fund attributable to the inclusion of the Superintendent's group health insurance premium in his annual compensation reported to the Indiana State Teachers Retirement Fund.
6. Similarly, it was the expressed intent of the Board that Superintendent Bevan would be reimbursed for mileage in an amount not to exceed four thousand eight hundred dollars (\$4800.00) per year.

FURTHER AFFIANT SAITH NOT

Ian D. Jay
Ian D. Jay

State of Indiana)
)SS:
County of Cass)

Subscribed and sworn to before me, a Notary Public, this 5th day of December, 2011.

Denise Dolin
Notary Public

Denise Dolin
(Printed Signature)

My Commission Expires:

June 8, 2018

My County of Residence:

Wipon

DENISE DOLIN
NOTARY PUBLIC
SEAL
STATE OF INDIANA
My Comm. Expires June 08, 2018

