

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

FINANCIAL STATEMENT EXAMINATION REPORT
OF

LAWRENCE EARLY COLLEGE HIGH SCHOOL
D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
MARION COUNTY, INDIANA

July 1, 2009 to June 30, 2012



FILED
05/10/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Bonnie Hester	07-01-09 to 02-15-11
	(Vacant)	02-16-11 to 03-14-11
	Paula McQuade	03-15-11 to 08-30-11
	(Vacant)	08-31-11 to 06-30-12
School Director	Scott Syverson	07-01-09 to 04-30-11
	(Vacant)	05-01-11 to 06-30-11
	Mark Cosand	07-01-11 to 01-31-12
	(Vacant)	02-01-12 to 06-30-12
President of the School Board	Tracy Barnes	07-01-09 to 06-30-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LAWRENCE EARLY COLLEGE HIGH SCHOOL D/B/A
STONEGATE EARLY COLLEGE HIGH SCHOOL, MARION COUNTY, INDIANA

We have examined the accompanying financial statement of the Lawrence Early College High School d/b/a Stonegate Early College High School (School Corporation), for the period of July 1, 2009 to June 30, 2012. 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 examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2009 to June 30, 2012.

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 period of July 1, 2009 to June 30, 2012, on the basis of accounting described in Note 1.

Our examination 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, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Bruce Hartman
State Examiner

April 4, 2013

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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.

LAWRENCE EARLY COLLEGE HIGH SCHOOL D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010, 2011, and 2012

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10
General	\$ (170,934)	\$ 1,303,322	\$ 1,862,561	\$ 750,000	\$ 19,827
School Lunch	-	48,177	48,177	-	-
Textbook Rental	12,823	11,757	12,943	-	11,637
Lumina Grant	10,252	6,192	11,088	-	5,356
Scholarships and Awards	38,395	-	38,395	-	-
Miscellaneous Programs	5,895	-	5,895	-	-
School Administrative	2,521	10,793	11,052	-	2,262
Non-English Speaking Programs P.L. 273-1999	1,089	1,073	282	-	1,880
Title I FY08-09	10,346	-	10,346	-	-
Title I FY09-10	-	35,218	29,077	-	6,141
P.L Innovative Education Program Strategies Title V (Part A)	3,398	-	36	-	3,362
Drug Free Schools	5,231	-	5,231	-	-
Safe and Drug Free Schools	124	-	-	-	124
Vocational and Technical Board Grants	5,611	23,830	27,441	-	2,000
Improving Teaching Quality, No Child Left, Title II, Part A	4,835	-	3,528	-	1,307
Public Charter School ESEA Title X, Part C	171,449	109,261	294,839	43,327	29,198
Facilities Grant FY09-10	-	54,300	54,300	-	-
Fiscal Stabilization - Education	-	39,739	39,739	-	-
Title I - Grants to LEAs	-	17,646	17,646	-	-
Education Technology	-	98,000	98,000	-	-
Totals	\$ 101,035	\$ 1,759,308	\$ 2,570,576	\$ 793,327	\$ 83,094

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ 19,827	\$ 1,210,128	\$ 1,387,736	\$ 171,055	\$ 13,274
School Lunch	-	76,745	55,728	-	21,017
Textbook Rental	11,637	24,492	35,292	-	837
Lumina Grant	5,356	5,193	6,605	-	3,944
School Administrative	2,262	15,753	14,626	-	3,389
Non-English Speaking Programs P.L. 273-1999	1,880	-	1,880	-	-
School Technology	-	2,400	2,000	-	400
Title I FY09-10	6,141	-	6,141	-	-
Title I FY10-11	-	42,469	42,469	-	-
P.L Innovative Education Program Strategies Title V (Part A)	3,362	-	-	-	3,362
Safe and Drug Free Schools	124	-	124	-	-
Vocational and Technical Board Grants	2,000	14,620	16,620	-	-
WFD - Tech Grant FY10-11	-	30,000	30,000	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	1,307	-	1,307	-	-
Public Charter School ESEA Title X, Part C	29,198	-	29,198	-	-
Title I - Grants to LEAs	-	10,000	10,000	-	-
Special Education - Part B	-	31,520	32,773	-	(1,253)
School Lunch Equipment	-	20,000	-	-	20,000
Education Jobs	-	34,603	34,603	-	-
Totals	\$ 83,094	\$ 1,517,923	\$ 1,707,102	\$ 171,055	\$ 64,970

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 13,274	\$ 1,256,300	\$ 1,264,969	\$ (4,605)	\$ -
School Lunch	21,017	26,905	47,922	-	-
Textbook Rental	837	87	924	-	-
Lumina Grant	3,944	-	3,944	-	-
School Administrative	3,389	3,318	6,707	-	-
School Technology	400	(400)	-	-	-
Title I FY10-11	-	5,531	5,531	-	-
Title I FY11-12	-	55,915	55,915	-	-
School Improvement Grant FY11-12	-	25,247	25,247	-	-
P.L Innovative Education Program Strategies Title V (Part A)	3,362	-	3,362	-	-
Special Education - Part B	(1,253)	5,000	3,747	-	-
School Lunch Equipment	20,000	-	20,000	-	-
Totals	\$ 64,970	\$ 1,377,903	\$ 1,438,268	\$ (4,605)	\$ -

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

LAWRENCE EARLY COLLEGE HIGH SCHOOL
D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
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.

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. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

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

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

State sources include distributions from the State of Indiana and are 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.

LAWRENCE EARLY COLLEGE HIGH SCHOOL
D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources include distributions from the federal government and are 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.

E. Disbursements

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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.

LAWRENCE EARLY COLLEGE HIGH SCHOOL
D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

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 for funds is subject to final approval by the School Corporation's chartering agency.

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. 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.

LAWRENCE EARLY COLLEGE HIGH SCHOOL
D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. 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. Teacher's Retirement Fund

Plan Description

The Indiana Teacher's 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.

LAWRENCE EARLY COLLEGE HIGH SCHOOL
D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

Note 6. School Name Change

Effective July 1, 2010, Lawrence Early College High School was known as Lawrence Early College High School d/b/a Stonegate Early College High School. The School Corporation served students from the ninth to the twelfth grades.

Note 7. School Closing

The School Corporation ceased all educational operations on December 31, 2011. The last fiscal transaction occurred on June 26, 2012.

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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 examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

LAWRENCE EARLY COLLEGE HIGH SCHOOL D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	School Lunch	Textbook Rental	Lumina Grant	Scholarships and Awards	Miscellaneous Programs	School Administrative
Cash and investments - beginning	\$ (170,934)	\$ -	\$ 12,823	\$ 10,252	\$ 38,395	\$ 5,895	\$ 2,521
Receipts:							
Local sources	5,547	15,492	2,606	6,192	-	-	10,793
State sources	1,077,073	-	9,151	-	-	-	-
Federal sources	-	32,685	-	-	-	-	-
Temporary loans	220,702	-	-	-	-	-	-
Total receipts	<u>1,303,322</u>	<u>48,177</u>	<u>11,757</u>	<u>6,192</u>	<u>-</u>	<u>-</u>	<u>10,793</u>
Disbursements:							
Current:							
Instruction	392,123	-	12,943	-	38,395	5,895	3,138
Support services	486,094	17	-	7,640	-	-	4,295
Noninstructional services	7,479	48,160	-	220	-	-	3,619
Facilities acquisition and construction	738,540	-	-	3,228	-	-	-
Debt services	238,325	-	-	-	-	-	-
Total disbursements	<u>1,862,561</u>	<u>48,177</u>	<u>12,943</u>	<u>11,088</u>	<u>38,395</u>	<u>5,895</u>	<u>11,052</u>
Excess (deficiency) of receipts over disbursements	<u>(559,239)</u>	<u>-</u>	<u>(1,186)</u>	<u>(4,896)</u>	<u>(38,395)</u>	<u>(5,895)</u>	<u>(259)</u>
Other financing sources (uses):							
Proceeds of long-term debt	750,000	-	-	-	-	-	-
Transfers in	100,300	-	-	-	-	-	-
Transfers out	(100,300)	-	-	-	-	-	-
Total other financing sources (uses)	<u>750,000</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>190,761</u>	<u>-</u>	<u>(1,186)</u>	<u>(4,896)</u>	<u>(38,395)</u>	<u>(5,895)</u>	<u>(259)</u>
Cash and investments - ending	<u>\$ 19,827</u>	<u>\$ -</u>	<u>\$ 11,637</u>	<u>\$ 5,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,262</u>

LAWRENCE EARLY COLLEGE HIGH SCHOOL D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Non-English Speaking Programs P.L. 273-1999	Title I FY08-09	Title I FY09-10	P.L. Innovative Education Program Strategies Title V (Part A)	Drug Free Schools	Safe and Drug Free Schools	Vocational and Technical Board Grants
Cash and investments - beginning	\$ 1,089	\$ 10,346	\$ -	\$ 3,398	\$ 5,231	\$ 124	\$ 5,611
Receipts:							
Local sources	-	-	-	-	-	-	-
State sources	1,073	-	-	-	-	-	-
Federal sources	-	-	35,218	-	-	-	23,830
Temporary loans	-	-	-	-	-	-	-
Total receipts	1,073	-	35,218	-	-	-	23,830
Disbursements:							
Current:							
Instruction	10	-	29,077	36	4,376	-	23,180
Support services	272	10,346	-	-	855	-	3,626
Noninstructional services	-	-	-	-	-	-	635
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	282	10,346	29,077	36	5,231	-	27,441
Excess (deficiency) of receipts over disbursements	791	(10,346)	6,141	(36)	(5,231)	-	(3,611)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	791	(10,346)	6,141	(36)	(5,231)	-	(3,611)
Cash and investments - ending	\$ 1,880	\$ -	\$ 6,141	\$ 3,362	\$ -	\$ 124	\$ 2,000

LAWRENCE EARLY COLLEGE HIGH SCHOOL D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Improving Teaching Quality No Child Left Title II, Part A	Public Charter School ESEA Title X Part C	Facilities Grant FY09-10	Fiscal Stabilization - Education	Title I - Grants to LEAs	Education Technology	Totals
Cash and investments - beginning	\$ 4,835	\$ 171,449	\$ -	\$ -	\$ -	\$ -	\$ 101,035
Receipts:							
Local sources	-	-	-	-	-	-	40,630
State sources	-	-	-	-	-	-	1,087,297
Federal sources	-	-	54,300	39,739	17,646	98,000	301,418
Temporary loans	-	109,261	-	-	-	-	329,963
Total receipts	-	109,261	54,300	39,739	17,646	98,000	1,759,308
Disbursements:							
Current:							
Instruction	2,800	-	-	2,785	-	-	514,758
Support services	685	120,891	-	22,616	-	55,260	712,597
Noninstructional services	43	-	-	-	-	-	60,156
Facilities acquisition and construction	-	1,171	54,300	13,097	17,646	42,740	870,722
Debt services	-	172,777	-	1,241	-	-	412,343
Total disbursements	3,528	294,839	54,300	39,739	17,646	98,000	2,570,576
Excess (deficiency) of receipts over disbursements	(3,528)	(185,578)	-	-	-	-	(811,268)
Other financing sources (uses):							
Proceeds of long-term debt	-	43,327	-	-	-	-	793,327
Transfers in	-	-	-	-	-	-	100,300
Transfers out	-	-	-	-	-	-	(100,300)
Total other financing sources (uses)	-	43,327	-	-	-	-	793,327
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,528)	(142,251)	-	-	-	-	(17,941)
Cash and investments - ending	\$ 1,307	\$ 29,198	\$ -	\$ -	\$ -	\$ -	\$ 83,094

LAWRENCE EARLY COLLEGE HIGH SCHOOL D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	School Lunch	Textbook Rental	Lumina Grant	School Administrative	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ 19,827	\$ -	\$ 11,637	\$ 5,356	\$ 2,262	\$ 1,880	\$ -
Receipts:							
Local sources	9,477	14,164	5,330	5,193	15,753	-	-
State sources	1,200,651	265	19,162	-	-	-	2,400
Federal sources	-	62,316	-	-	-	-	-
Total receipts	<u>1,210,128</u>	<u>76,745</u>	<u>24,492</u>	<u>5,193</u>	<u>15,753</u>	<u>-</u>	<u>2,400</u>
Disbursements:							
Current:							
Instruction	528,179	-	35,292	4,000	1,452	1,880	-
Support services	494,726	-	-	2,605	10,383	-	2,000
Noninstructional services	967	55,728	-	-	392	-	-
Facilities acquisition and construction	288,524	-	-	-	2,399	-	-
Debt services	75,340	-	-	-	-	-	-
Total disbursements	<u>1,387,736</u>	<u>55,728</u>	<u>35,292</u>	<u>6,605</u>	<u>14,626</u>	<u>1,880</u>	<u>2,000</u>
Excess (deficiency) of receipts over disbursements	<u>(177,608)</u>	<u>21,017</u>	<u>(10,800)</u>	<u>(1,412)</u>	<u>1,127</u>	<u>(1,880)</u>	<u>400</u>
Other financing sources (uses):							
Proceeds of long-term debt	166,450	-	-	-	-	-	-
Transfers in	10,028	-	-	-	-	-	-
Transfers out	(5,423)	-	-	-	-	-	-
Total other financing sources (uses)	<u>171,055</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>(6,553)</u>	<u>21,017</u>	<u>(10,800)</u>	<u>(1,412)</u>	<u>1,127</u>	<u>(1,880)</u>	<u>400</u>
Cash and investments - ending	<u>\$ 13,274</u>	<u>\$ 21,017</u>	<u>\$ 837</u>	<u>\$ 3,944</u>	<u>\$ 3,389</u>	<u>\$ -</u>	<u>\$ 400</u>

LAWRENCE EARLY COLLEGE HIGH SCHOOL D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
 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 I FY09-10	Title I FY10-11	P.L. Innovative Education Program Strategies Title V (Part A)	Safe and Drug Free Schools	Vocational and Technical Board Grants	WFD - Tech Grant FY10-11	Improving Teaching Quality No Child Left Title II, Part A
Cash and investments - beginning	\$ 6,141	\$ -	\$ 3,362	\$ 124	\$ 2,000	\$ -	\$ 1,307
Receipts:							
Local sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	42,469	-	-	14,620	30,000	-
Total receipts	-	42,469	-	-	14,620	30,000	-
Disbursements:							
Current:							
Instruction	6,141	35,818	-	124	9,541	10,500	866
Support services	-	6,651	-	-	-	1,500	441
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	7,079	18,000	-
Debt services	-	-	-	-	-	-	-
Total disbursements	6,141	42,469	-	124	16,620	30,000	1,307
Excess (deficiency) of receipts over disbursements	(6,141)	-	-	(124)	(2,000)	-	(1,307)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,141)	-	-	(124)	(2,000)	-	(1,307)
Cash and investments - ending	\$ -	\$ -	\$ 3,362	\$ -	\$ -	\$ -	\$ -

LAWRENCE EARLY COLLEGE HIGH SCHOOL D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Public Charter School ESEA Title X Part C	Title I - Grants to LEAs	Special Education - Part B	School Lunch Equipment	Education Jobs	Totals
Cash and investments - beginning	\$ 29,198	\$ -	\$ -	\$ -	\$ -	\$ 83,094
Receipts:						
Local sources	-	-	-	-	-	49,917
State sources	-	-	-	-	-	1,222,478
Federal sources	-	10,000	31,520	20,000	34,603	245,528
Total receipts	-	10,000	31,520	20,000	34,603	1,517,923
Disbursements:						
Current:						
Instruction	-	-	16,024	-	34,603	684,420
Support services	2,250	-	-	-	-	520,556
Noninstructional services	-	-	-	-	-	57,087
Facilities acquisition and construction	26,948	10,000	16,749	-	-	369,699
Debt services	-	-	-	-	-	75,340
Total disbursements	29,198	10,000	32,773	-	34,603	1,707,102
Excess (deficiency) of receipts over disbursements	(29,198)	-	(1,253)	20,000	-	(189,179)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	166,450
Transfers in	-	-	-	-	-	10,028
Transfers out	-	-	-	-	-	(5,423)
Total other financing sources (uses)	-	-	-	-	-	171,055
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(29,198)	-	(1,253)	20,000	-	(18,124)
Cash and investments - ending	\$ -	\$ -	\$ (1,253)	\$ 20,000	\$ -	\$ 64,970

LAWRENCE EARLY COLLEGE HIGH SCHOOL D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	School Lunch	Textbook Rental	Lumina Grant	School Administrative	School Technology	Title I FY10-11
Cash and investments - beginning	\$ 13,274	\$ 21,017	\$ 837	\$ 3,944	\$ 3,389	\$ 400	\$ -
Receipts:							
Local sources	30,525	3,782	87	-	3,318	-	-
State sources	1,225,775	249	-	-	-	(400)	-
Federal sources	-	22,874	-	-	-	-	5,531
Total receipts	<u>1,256,300</u>	<u>26,905</u>	<u>87</u>	<u>-</u>	<u>3,318</u>	<u>(400)</u>	<u>5,531</u>
Disbursements:							
Current:							
Instruction	298,663	-	924	3,700	701	-	5,068
Support services	285,962	-	-	244	2,968	-	463
Noninstructional services	(345)	47,922	-	-	-	-	-
Facilities acquisition and construction	102,499	-	-	-	3,038	-	-
Debt services	578,190	-	-	-	-	-	-
Total disbursements	<u>1,264,969</u>	<u>47,922</u>	<u>924</u>	<u>3,944</u>	<u>6,707</u>	<u>-</u>	<u>5,531</u>
Excess (deficiency) of receipts over disbursements	<u>(8,669)</u>	<u>(21,017)</u>	<u>(837)</u>	<u>(3,944)</u>	<u>(3,389)</u>	<u>(400)</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	200	-	-	-	-	-	-
Transfers out	(4,805)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(4,605)</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>(13,274)</u>	<u>(21,017)</u>	<u>(837)</u>	<u>(3,944)</u>	<u>(3,389)</u>	<u>(400)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAWRENCE EARLY COLLEGE HIGH SCHOOL D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title I FY11-12	School Improvement Grant FY11-12	P.L. Innovative Education Program Strategies Title V (Part A)	Special Education - Part B	School Lunch Equipment	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 3,362	\$ (1,253)	\$ 20,000	\$ 64,970
Receipts:						
Local sources	-	-	-	-	-	37,712
State sources	-	-	-	-	-	1,225,624
Federal sources	55,915	25,247	-	5,000	-	114,567
Total receipts	55,915	25,247	-	5,000	-	1,377,903
Disbursements:						
Current:						
Instruction	45,912	25,247	3,362	3,747	-	387,324
Support services	10,003	-	-	-	2,375	302,015
Noninstructional services	-	-	-	-	345	47,922
Facilities acquisition and construction	-	-	-	-	17,280	122,817
Debt services	-	-	-	-	-	578,190
Total disbursements	55,915	25,247	3,362	3,747	20,000	1,438,268
Excess (deficiency) of receipts over disbursements	-	-	(3,362)	1,253	(20,000)	(60,365)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	200
Transfers out	-	-	-	-	-	(4,805)
Total other financing sources (uses)	-	-	-	-	-	(4,605)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(3,362)	1,253	(20,000)	(64,970)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LAWRENCE EARLY COLLEGE HIGH SCHOOL
D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
EXAMINATION RESULT AND COMMENT

INDIANA SPECIAL EDUCATION CHARTER COOPERATIVE (ISECC)

During 2009-2010, 2010-2011, and 2011-2012, Indiana Department of Education (IDOE) awarded Special Education IDEA, Part B grants to Lawrence Early College High School d/b/a Stonegate Early College High School. We could not determine the amounts of the awards for Special Education IDEA, Part B that was received by the Indiana Special Education Charter Cooperative for the School Corporation.

The School Corporation entered into a joint services agreement with the Indiana Special Education Charter Cooperative (ISECC) to provide special education related services.

We identified major concerns with the agreement. The agreement states in part: ". . . this Agreement is authorized by Indiana Code 20-35-5 and shall be operated pursuant thereto." However, Indiana Code 20-35-5 does not authorize this type of agreement between a not for profit organization and a school corporation. This type of agreement is only allowable between two or more participating school corporations.

According to the joint services agreement, ISECC is "a service of the Institute for School Excellence, a 501(c)3 organization under Indiana law governing non-profit organizations" and designated the Institute for School Excellence as the administrator and fiscal agent of the cooperative. ISECC did not have a separate governing board and relied on the governing board of the Institute for School Excellence.

The joint services agreement required that all federal funds awarded to participating schools be used for ISECC operations and flow directly to ISECC. ISECC prepared and submitted special education grant applications to IDOE each year on behalf of all participating schools as a cooperative program. IDOE awarded each school an amount based on their eligibility under one project number for the cooperative. ISECC prepared and submitted draw down and reimbursement requests as one amount under the cooperative project number. However, the Institute for School Excellence and ISECC were not established as school corporations and were not entitled to receive funds directly from IDOE. Therefore, the Institute for School Excellence designated a participating school corporation each year to act as the Local Education Agency (LEA) to receive the special education grant funds. Once the grant funds were received by the LEA, they were immediately disbursed to ISECC. ISECC disbursed the grant funds and retained all supporting documentation for their records. Summarized reports were provided to participating schools and the LEA upon request. However, detailed documentation to support the disbursements of special education grant funds by ISECC was not made available to participating schools or the LEA. Proper internal controls were not in place at the school corporations to ensure accountability for the federal funds awarded to them.

LAWRENCE EARLY COLLEGE HIGH SCHOOL
D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
EXAMINATION RESULT AND COMMENT
(Continued)

Indiana Code 20-35-5-1(5) states: "'Participating school corporation' means a local public school corporation that: (A) is established under Indiana law; and (B) cooperates with other corporations in a special education cooperative." Indiana Code 20-35 does apply to charter schools pursuant to Indiana Code 20-24-8-5(3).

Indiana Code 20-35-5-2 states in part: "Two (2) or more participating school corporations may form a special education cooperative in accordance with the provisions of either sections 13 through 15 . . . or section 16 . . ."

Indiana Code 20-35-5-13:

"A special education cooperative may:

- (1) be attached to a participating school corporation that has responsibility for administrative and financial controls; or
- (2) establish a separate treasury with separate accounts.

If a special education cooperative is not attached to a participating school corporation, it must comply with the state board of accounts' approved forms and rules for fiscal accountability and is subject to audit by the state board of accounts."

Indiana Code 20-35-5-14 states in part: ". . . The board of managers consists of one (1) designated member from each participating school corporation. . . ."

Indiana Code 20-35-5-15 states: "Meetings of the board of managers shall be held in accordance with IC 20-26-4-3."

Indiana Code 20-35-5-16 states: "The special education cooperative may be organized in accordance with IC 20-26-10 or IC 36-1-7."

LAWRENCE EARLY COLLEGE HIGH SCHOOL
D/B/A STONEGATE EARLY COLLEGE HIGH SCHOOL
EXIT CONFERENCE

The contents of this report were discussed on April 4, 2013, with Tracy Barnes, President of the School Board.