

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

EXAMINATION REPORT

OF

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS

WAYNE COUNTY, INDIANA

July 1, 2004 to June 30, 2006



FILED

02/28/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tyna M. Stover	07-01-04 to 06-30-07
Superintendent of Schools	Charles Hobbs Philip S. Stevenson	07-01-04 to 06-30-05 07-01-05 to 06-30-07
President of the School Board	John Staats Susan Dell Hamilton	07-01-04 to 06-30-05 07-01-05 to 06-30-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CENTERVILLE-ABINGTON COMMUNITY
SCHOOLS, WAYNE COUNTY, INDIANA

We have examined the financial information presented herein of Centerville-Abington Community Schools (School Corporation), for the period of July 1, 2004 to June 30, 2006. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion 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 information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above present fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Funding Progress, the Schedule of Capital Assets, and the Schedule of Long-Term Debt, as listed in the table of contents, are presented for additional analysis and are not required parts of the basic financial statements. They have not been subjected to the examination procedures applied to the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 16, 2007

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
STATEMENT OF CASH AND INVESTMENTS
June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 2,645,743
Restricted assets:	
Cash and investments	<u>963,610</u>
Total assets	<u>\$ 3,609,353</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 963,610
Unrestricted	<u>2,645,743</u>
Total net assets	<u>\$ 3,609,353</u>

The accompanying notes are an integral part of the financial information.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
STATEMENT OF CASH AND INVESTMENTS
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 1,859,325
Restricted assets:	
Cash and investments	<u>1,218,717</u>
Total assets	<u>\$ 3,078,042</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 1,218,717
Unrestricted	<u>1,859,325</u>
Total net assets	<u>\$ 3,078,042</u>

The accompanying notes are an integral part of the financial information.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2005

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 5,601,013	\$ -	\$ 92,449	\$ (5,508,564)
Support services	7,377,915	557,282	361,960	(6,458,673)
Community services	272,182	-	-	(272,182)
Nonprogrammed charges	2,108,303	-	-	(2,108,303)
Debt service	5,029,433	-	-	(5,029,433)
Total governmental activities	\$ 20,388,846	\$ 557,282	\$ 454,409	(19,377,155)
General receipts:				
Property taxes				6,352,839
Other local sources				1,290,165
State aid				7,100,450
Grants and contributions not restricted				636,641
Bonds and loans				2,814,064
Sale of property, adjustments, and refunds				1,877,619
Investment earnings				57,177
Total general receipts				20,128,955
Change in cash and investments				751,800
Net assets - beginning				2,857,553
Net assets - ending				\$ 3,609,353

The accompanying notes are an integral part of the financial information.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 5,568,259	\$ -	\$ 56,306	\$ (5,511,953)
Support services	7,707,324	551,178	417,672	(6,738,474)
Community services	247,132	-	-	(247,132)
Nonprogrammed charges	1,660,192	-	-	(1,660,192)
Debt service	5,996,466	-	-	(5,996,466)
Total governmental activities	\$ 21,179,373	\$ 551,178	\$ 473,978	(20,154,217)
General receipts:				
Property taxes				5,457,373
Other local sources				1,124,167
State aid				7,160,804
Grants and contributions not restricted				456,508
Bonds and loans				5,291,447
Sale of property, adjustments, and refunds				42,951
Investment earnings				89,656
Total general receipts				19,622,906
Change in cash and investments				(531,311)
Net assets - beginning				3,609,353
Net assets - ending				\$ 3,078,042

The accompanying notes are an integral part of the financial information.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2005

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	General Obligation Bond Projects	Other	Totals
Receipts:								
Local sources	\$ 3,141,297	\$ 875,719	\$ 2,105,391	\$ 1,104,791	\$ 167,640	\$ -	\$ 861,253	\$ 8,256,091
Intermediate sources	497	292	-	-	-	-	581	1,370
State sources	7,180,554	-	-	-	-	-	515,232	7,695,786
Federal sources	-	-	-	-	-	-	495,714	495,714
Bonds and loans	919,892	233,701	903,326	233,904	13,253	500,000	9,988	2,814,064
Sale of property, adjustments and refunds	502,698	104,079	500,000	151,614	-	450,000	169,230	1,877,621
Intergovernmental transfers	188,758	194,833	-	-	4,830	-	135,991	524,412
Total receipts	11,933,696	1,408,624	3,508,717	1,490,309	185,723	950,000	2,187,989	21,665,058
Disbursements:								
Current:								
Instruction	5,167,434	-	-	-	-	-	433,579	5,601,013
Support services	3,934,989	771,777	-	970,829	166,489	116,560	1,417,271	7,377,915
Community services	256,330	-	-	-	-	-	15,852	272,182
Nonprogrammed charges	978,002	104,830	765,125	151,246	-	450,000	183,512	2,632,715
Debt services	1,097,217	445,478	3,008,056	377,136	101,546	-	-	5,029,433
Total disbursements	11,433,972	1,322,085	3,773,181	1,499,211	268,035	566,560	2,050,214	20,913,258
Excess (deficiency) of total receipts over (under) total disbursements	499,724	86,539	(264,464)	(8,902)	(82,312)	383,440	137,775	751,800
Cash and investments - beginning	647,070	282,208	1,152,161	252,227	142,888	-	380,999	2,857,553
Cash and investments - ending	<u>\$ 1,146,794</u>	<u>\$ 368,747</u>	<u>\$ 887,697</u>	<u>\$ 243,325</u>	<u>\$ 60,576</u>	<u>\$ 383,440</u>	<u>\$ 518,774</u>	<u>\$ 3,609,353</u>

The accompanying notes are an integral part of the financial information.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	General Obligation Bond Projects	Other	Totals
Receipts:								
Local sources	\$ 2,517,229	\$ 704,176	\$ 2,056,706	\$ 968,399	\$ 86,009	\$ -	\$ 885,781	\$ 7,218,300
Intermediate sources	497	2,714	-	-	-	-	863	4,074
State sources	7,203,889	-	-	-	-	-	341,717	7,545,606
Federal sources	277	-	-	-	-	-	545,407	545,684
Bonds and loans	2,082,063	428,300	2,071,030	710,054	-	-	-	5,291,447
Sale of property, adjustments and refunds	3,413	844	-	35,734	-	-	2,960	42,951
Intergovernmental transfers	1,309	100,000	-	-	-	-	25,034	126,343
Total receipts	11,808,677	1,236,034	4,127,736	1,714,187	86,009	-	1,801,762	20,774,405
Disbursements:								
Current:								
Instruction	5,192,485	-	-	-	-	-	375,774	5,568,259
Support services	3,838,747	856,955	-	1,088,846	62,821	383,440	1,476,515	7,707,324
Community services	239,051	-	-	-	-	-	8,081	247,132
Nonprogrammed charges	1,105,192	-	664,411	-	-	-	16,932	1,786,535
Debt services	1,649,435	386,700	3,205,864	583,830	13,253	-	157,384	5,996,466
Total disbursements	12,024,910	1,243,655	3,870,275	1,672,676	76,074	383,440	2,034,686	21,305,716
Excess (deficiency) of total receipts over (under) total disbursements	(216,233)	(7,621)	257,461	41,511	9,935	(383,440)	(232,924)	(531,311)
Cash and investments - beginning	1,146,794	368,747	887,697	243,325	60,576	383,440	518,774	3,609,353
Cash and investments - ending	<u>\$ 930,561</u>	<u>\$ 361,126</u>	<u>\$ 1,145,158</u>	<u>\$ 284,836</u>	<u>\$ 70,511</u>	<u>\$ -</u>	<u>\$ 285,850</u>	<u>\$ 3,078,042</u>

The accompanying notes are an integral part of the financial information.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2005

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Local sources	\$ -	\$ 1,500
Bonds and loans	1,600,000	-
Transfers	<u>352,338</u>	<u>-</u>
Total additions	<u>1,952,338</u>	<u>1,500</u>
Deductions:		
Instruction	-	1,500
Support services	1,090,973	-
Nonprogrammed charges	<u>585,637</u>	<u>-</u>
Total deductions	<u>1,676,610</u>	<u>1,500</u>
Excess of total additions over total deductions	275,728	-
Cash and investments - beginning	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 275,728</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial information.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2006

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Local sources	\$ -	\$ 8,600
Deductions:		
Instruction	-	6,861
Support services	189,697	-
Total deductions	189,697	6,861
Excess (deficiency) of total additions over (under) total deductions	(189,697)	1,739
Cash and investments - beginning	275,728	-
Cash and investments - ending	\$ 86,031	\$ 1,739

The accompanying notes are an integral part of the financial information.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
STATEMENT OF CASH AND INVESTMENTS
FIDUCIARY FUNDS
June 30, 2005

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Cash and investments	\$ 275,728	\$ -
<u>Net Assets</u>		
Held in trust for employee benefits and other purposes	\$ 275,728	\$ -

The accompanying notes are an integral part of the financial information.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
STATEMENT OF CASH AND INVESTMENTS
FIDUCIARY FUNDS
June 30, 2006

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Cash and investments	\$ 86,031	\$ 1,739
<u>Net Assets</u>		
Held in trust for employee benefits and other purposes	\$ 86,031	\$ 1,739

The accompanying notes are an integral part of the financial information.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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.

Note 2. Fund Accounting

The School Corporation uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. State statute (Indiana Code 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (Indiana Code 5-13-9) authorizes 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.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Teacher's Retirement Fund

Plan Description

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

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL INFORMATION
(Continued)

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

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

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.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 1,234,159	\$ 1,446,966	\$ (212,807)	85%	\$ 1,416,576	(15%)
07-01-04	1,304,767	1,644,661	(339,894)	79%	1,479,169	(23%)
07-01-05	1,402,503	1,842,500	(439,997)	76%	1,497,987	(29%)

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed

	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 267,309
Buildings	21,446,243
Improvements other than buildings	1,452,669
Machinery and equipment	<u>2,906,656</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 26,072,877</u>

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

June 30, 2006

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 16,926,260	\$ 1,064,197
Tax anticipation warrants	2,505,722	2,505,722
Bonds payable:		
General obligation bonds:		
Equipment	440,000	70,000
Retirement	<u>1,535,000</u>	<u>80,000</u>
Total governmental activities long-term debt	<u>\$ 21,406,982</u>	<u>\$ 3,719,919</u>

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
EXAMINATION RESULT AND COMMENT

TRANSPORTATION FUND - RECORD OF HOURS WORKED

Two employees were paid salaries from the Transportation Fund without a record of hours worked for each employee documenting time spent on transportation related matters.

Indiana Code 5-11-9-4 requires in part: ". . . records be maintained showing which hours were worked each day by officers and employees . . . employed . . . in more than one (1) position by the same public agency . . ."

Many administrative positions have duties and responsibilities that are broad and overlapping and encompass everything that goes on in the school corporation or school building. Therefore, we have consistently been of the audit position that these expenses are normally considered operating expenses properly charged to the general fund in accordance with IC 21-2-11-2 for the operation of the school corporation and not to the transportation fund.

Some positions have been formally established by boards of school trustees, through job description, duties assigned, title, salary schedules, etc., as transportation related (for example, Assistant Superintendent-Transportation Director). We will not take audit exception, in these situations (other than positions excluded by statute), to direct transportation related employees having direct transportation related expenses being paid from the transportation fund if a cost allocation system based upon auditable statistics is established tracking costs attributable to the transportation program and therefore payable from the transportation fund. The use of time cards, time logs, or other means of accumulating auditable statistics upon which to base costs would have to be maintained. The time spent on such programs by persons serving in more than one program area must be specific if costs are to be separated. These costs cannot be accurately maintained on a percentage basis and requires the use of one of the methods mentioned above to provide auditable statistics and should cover all program areas in which a person serves or for which the service, materials, supplies, etc., are provided.

Other positions with multiple transportation related responsibilities could be compensated in part from the transportation fund, assuming compliance with all of the aforementioned. Additionally, we review during an audit for reporting consistencies in those situations, i.e., the accounting and charging of indirect costs based upon time records to the other applicable funds besides the transportation fund, for these and other positions. (The School Administrator and Uniform Compliance Guidelines, Volume 157)

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on January 16, 2007, with Philip S. Stevenson, Superintendent of Schools; Tyna M. Stover, Treasurer; Susan Dell Hamilton, President of the School Board; and Mark Campbell, Assistant Superintendent of Schools. The officials concurred with our finding.