

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

EXAMINATION REPORT

OF

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA

DAVISS COUNTY, INDIANA

July 1, 2005 to June 30, 2007



**FILED**

01/16/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mary K. Williams	07-01-05 to 06-30-08
Career and Technical Education Director	Joyce Memering	07-01-05 to 06-30-08
President of the Board of Directors	Bradley Case	07-01-05 to 06-30-08



**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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TWIN RIVERS CAREER AND TECHNICAL  
EDUCATION AREA, DAVIESS COUNTY, INDIANA

We have examined the financial information presented herein of the Twin Rivers Career and Technical Education Area (School Corporation), for the period of July 1, 2005 to June 30, 2007. 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 presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Supplementary Information, as listed in the Table of Contents, was presented for additional analysis and is not a required part of the basic financial information. The Supplementary Information has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on the Supplementary Information.

STATE BOARD OF ACCOUNTS

November 7, 2007

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA  
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts	Charges for Services	Net (Disbursement) Receipts and Changes in Net Assets
			Totals	
Governmental activities:				
Instruction	\$ 558,261	\$ -		\$ (558,261)
Support services	<u>625,744</u>	<u>1,961</u>		<u>(623,783)</u>
Total governmental activities	<u>\$ 1,184,005</u>	<u>\$ 1,961</u>		<u>(1,182,044)</u>
General receipts:				
Other local sources				28,954
State aid				15,722
Grants and contributions not restricted to specific programs				362,022
Sale of property, adjustments, and refunds				24,446
Investment earnings				1,340
Intergovernmental transfers				<u>771,643</u>
Total general receipts and intergovernmental transfers				<u>1,204,127</u>
Change in net assets				22,083
Net assets - beginning				<u>218,923</u>
Net assets - ending				<u>\$ 241,006</u>
<u>Assets</u>				
Cash and investments				<u>\$ 241,006</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 241,006</u>

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

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA  
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

Functions/Programs	Disbursements	Program Receipts Charges for Services	Net (Disbursement) Receipts and Changes in Net Assets Totals
Governmental activities:			
Instruction	\$ 579,136	\$ -	\$ (579,136)
Support services	602,134	1,278	(600,856)
Total governmental activities	\$ 1,181,270	\$ 1,278	(1,179,992)
General receipts:			
Other local sources			29,577
State aid			15,722
Grants and contributions not restricted to specific programs			341,699
Sale of property, adjustments, and refunds			20,002
Investment earnings			1,358
Intergovernmental transfers			788,070
Total general receipts and intergovernmental transfers			1,196,428
Change in net assets			16,436
Net assets - beginning			241,006
Net assets - ending			\$ 257,442
<u>Assets</u>			
Cash and investments			\$ 257,442
<u>Net Assets</u>			
Unrestricted			\$ 257,442

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

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN  
FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2006

	<u>General</u>	<u>Perkins</u>	<u>Other</u>	<u>Totals</u>
Receipts:				
Local sources	\$ 28,954	\$ -	\$ 1,961	\$ 30,915
State sources	15,722	-	-	15,722
Federal sources	-	362,022	-	362,022
Sale of property, adjustments and refunds	24,285	161	-	24,446
Investment earnings	1,340	-	-	1,340
Intergovernmental transfers	<u>790,985</u>	<u>-</u>	<u>-</u>	<u>790,985</u>
Total receipts	<u>861,286</u>	<u>362,183</u>	<u>1,961</u>	<u>1,225,430</u>
Disbursements:				
Current:				
Instruction	558,261	-	-	558,261
Support services	262,510	363,037	197	625,744
Nonprogrammed charges	<u>-</u>	<u>19,342</u>	<u>-</u>	<u>19,342</u>
Total disbursements	<u>820,771</u>	<u>382,379</u>	<u>197</u>	<u>1,203,347</u>
Excess (deficiency) of receipts over disbursements	<u>40,515</u>	<u>(20,196)</u>	<u>1,764</u>	<u>22,083</u>
Cash and investments - beginning	<u>164,506</u>	<u>47,532</u>	<u>6,885</u>	<u>218,923</u>
Cash and investments - ending	<u>\$ 205,021</u>	<u>\$ 27,336</u>	<u>\$ 8,649</u>	<u>\$ 241,006</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	<u>\$ 205,021</u>	<u>\$ 27,336</u>	<u>\$ 8,649</u>	<u>\$ 241,006</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Unrestricted	<u>\$ 205,021</u>	<u>\$ 27,336</u>	<u>\$ 8,649</u>	<u>241,006</u>

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

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN  
FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	<u>General</u>	<u>Perkins</u>	<u>Other</u>	<u>Totals</u>
<b>Receipts:</b>				
Local sources	\$ 29,577	\$ -	\$ 1,278	\$ 30,855
State sources	15,722	-	-	15,722
Federal sources	-	341,699	-	341,699
Sale of property, adjustments and refunds	20,002	-	-	20,002
Investment earnings	1,358	-	-	1,358
Intergovernmental transfers	<u>805,732</u>	<u>-</u>	<u>-</u>	<u>805,732</u>
 Total receipts	 <u>872,391</u>	 <u>341,699</u>	 <u>1,278</u>	 <u>1,215,368</u>
<b>Disbursements:</b>				
Current:				
Instruction	579,136	-	-	579,136
Support services	278,759	320,061	3,314	602,134
Nonprogrammed charges	<u>-</u>	<u>17,662</u>	<u>-</u>	<u>17,662</u>
 Total disbursements	 <u>857,895</u>	 <u>337,723</u>	 <u>3,314</u>	 <u>1,198,932</u>
 Excess (deficiency) of receipts over disbursements	 <u>14,496</u>	 <u>3,976</u>	 <u>(2,036)</u>	 <u>16,436</u>
 Cash and investments - beginning	 <u>205,020</u>	 <u>27,336</u>	 <u>8,650</u>	 <u>241,006</u>
 Cash and investments - ending	 <u>\$ 219,516</u>	 <u>\$ 31,312</u>	 <u>\$ 6,614</u>	 <u>\$ 257,442</u>
 <u>Cash and Investment Assets - Ending</u>				
 Cash and investments	 <u>\$ 219,516</u>	 <u>\$ 31,312</u>	 <u>\$ 6,614</u>	 <u>\$ 257,442</u>
 <u>Cash and Investment Fund Balance - Ending</u>				
 Unrestricted	 <u>\$ 219,516</u>	 <u>\$ 31,312</u>	 <u>\$ 6,614</u>	 <u>257,442</u>

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

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA  
SCHEDULE OF CASH AND INVESTMENT BALANCES -  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2006

	<u>Agency Funds</u>
Net Assets:	
Cash and investments	<u>\$ 1,192</u>

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

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA  
SCHEDULE OF CASH AND INVESTMENT BALANCES -  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	<u>Agency Funds</u>
Net Assets:	
Cash and investments	<u>\$ 2,369</u>

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

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA  
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 Directors form of government and provides educational services.

Twin Rivers Career and Technical Education Area formerly operated under the name of Twin Rivers Vocational Area.

The accompanying financial statements present the activities of the School Corporation (primary government) and its significant component units. There are no significant component units which require inclusion.

Joint Venture

The School Corporation is a participant with 13 other school corporations in a joint venture to operate Southern Indiana School Trust which was created to provide a program of group life insurance. Complete financial statements for the Southern Indiana School Trust can be obtained from the Southwest Dubois County School Corporation, Huntingburg, Indiana.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Information

Government-Wide Financial Schedules

The Schedule of Activities and Net Assets - Cash and Investment Basis displays information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Schedules

Fund financial schedules of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial schedules are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial schedules. Major individual governmental funds are reported as separate columns in the fund financial schedules.

The School Corporation reports the following major governmental funds:

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA  
NOTES TO FINANCIAL INFORMATION  
(Continued)

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Perkins fund is the School Corporation's major federal grant and accounts for all financial resources of the grant.

Additionally, the School Corporation reports the following fund type:

Agency funds account for assets held by the School Corporation as an agent for the employees and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

**B. Measurement Focus and Basis of Accounting**

The government-wide, governmental fund, and fiduciary fund financial schedules are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash and investment 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. Investment transactions are not presented on the financial schedules.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial schedules for governmental funds would use the modified accrual basis of accounting, while the fund financial schedules for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial schedules. Exceptions to this general rule are payments-in-lieu of taxes and other charges. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

**Note 3. Budgets**

The operating budget is initially prepared and approved at the local level.

Budgets for the budgetary funds of the School Corporation are prepared in detail by object classification. The disbursements have been converted to functional classification for external reporting.

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA  
 NOTES TO FINANCIAL INFORMATION  
 (Continued)

Note 4. 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 (IC 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.

Note 5. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

Transfer From	Transfer To	2006	2007
Perkins Fund	General Fund	\$ 19,342	\$ 17,662

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

Note 6. Pension Plan

A. 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 (IC 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:

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

B. 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 (IC 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.

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.

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006

	<u>Textbook Rental</u>	<u>ASE</u>	<u>Totals</u>
Receipts:			
Local sources	\$ 1,961	\$ -	\$ 1,961
Disbursements:			
Current:			
Support services	<u>197</u>	<u>-</u>	<u>197</u>
Excess of receipts over disbursements	<u>1,764</u>	<u>-</u>	<u>1,764</u>
Cash and investments - beginning	<u>5,254</u>	<u>1,631</u>	<u>6,885</u>
Cash and investments - ending	<u>\$ 7,018</u>	<u>\$ 1,631</u>	<u>\$ 8,649</u>
<u>Cash and Investment Assets - Ending</u>			
Cash and investments	<u>\$ 7,018</u>	<u>\$ 1,631</u>	<u>\$ 8,649</u>
<u>Cash and Investment Fund Balance - Ending</u>			
Unrestricted	<u>\$ 7,018</u>	<u>\$ 1,631</u>	<u>\$ 8,649</u>

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	Textbook Rental	ASE	Totals
Receipts:			
Local sources	\$ 1,278	\$ -	\$ 1,278
Disbursements:			
Current:			
Support services	<u>1,683</u>	<u>1,631</u>	<u>3,314</u>
Deficiency of receipts over disbursements	<u>(405)</u>	<u>(1,631)</u>	<u>(2,036)</u>
Cash and investments - beginning	<u>7,019</u>	<u>1,631</u>	<u>8,650</u>
Cash and investments - ending	<u>\$ 6,614</u>	<u>\$ -</u>	<u>\$ 6,614</u>
<u>Cash and Investment Assets - Ending</u>			
Cash and investments	<u>\$ 6,614</u>	<u>\$ -</u>	<u>\$ 6,614</u>
<u>Cash and Investment Fund Balance - Ending</u>			
Unrestricted	<u>\$ 6,614</u>	<u>\$ -</u>	<u>\$ 6,614</u>

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2007

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:	
Machinery and equipment	<u>\$ 182,512</u>

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA  
EXIT CONFERENCE

The contents of this report were discussed on November 7, 2007, with Joyce Memering, Career and Technical Education Director; Paul Goss, Board Member; and Mary K. Williams, Treasurer. Our examination disclosed no material items that warrant comment at this time.