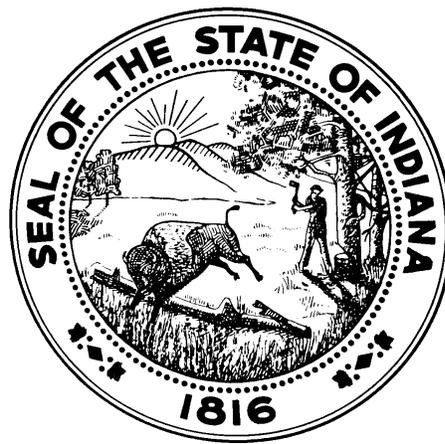


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
HEARTLAND CAREER CENTER
WABASH COUNTY, INDIANA
July 1, 2005 to June 30, 2007



FILED
04/28/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Debra K. Grindle	07-01-05 to 06-30-08
Director	Gary Sweet	07-01-05 to 06-30-08
President of the Board of Managers	Tony Pulley Jeff Dawes	07-01-05 to 06-30-07 07-01-07 to 06-30-08



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE HEARTLAND CAREER CENTER, WABASH COUNTY, INDIANA

We have examined the financial information presented herein of the Heartland Career Center (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.

Our examination was conducted for the purpose of forming opinions on the financial schedules that collectively comprise the School Corporation's financial information. The Combining Schedule, as listed in the Table of Contents, and Schedule of Capital Assets are presented for additional analysis and are not required parts of the financial information. The Combining Schedule, as listed in the Table of Contents, has been subjected to the examination procedures applied in the audit of the financial information and, in our opinion, is fairly stated based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts. The Schedule of Capital Assets has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

January 30, 2008

HEARTLAND CAREER CENTER
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u> <u>Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u> <u>Totals</u>
Governmental activities:			
Instruction	\$ 1,051,424	\$ 3,336	\$ (1,048,088)
Support services	1,051,147	-	(1,051,147)
Community services	<u>65</u>	<u>-</u>	<u>(65)</u>
Total governmental activities	<u>\$ 2,102,636</u>	<u>\$ 3,336</u>	<u>(2,099,300)</u>
General receipts:			
Other local sources			1,979,823
State aid			92,862
Grants and contributions not restricted to specific programs			181,482
Sale of property, adjustments, and refunds			1,955
Investment earnings			<u>18,551</u>
Total general receipts			<u>2,274,673</u>
Change in net assets			175,373
Net assets - beginning			<u>733,983</u>
Net assets - ending			<u>\$ 909,356</u>
<u>Assets</u>			
Cash and investments			<u>\$ 909,356</u>
<u>Net Assets</u>			
Unrestricted			<u>\$ 909,356</u>

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

HEARTLAND CAREER CENTER
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
Governmental activities:			
Instruction	\$ 1,023,421	\$ 3,264	\$ (1,020,157)
Support services	1,139,849	-	(1,139,849)
Total governmental activities	\$ 2,163,270	\$ 3,264	(2,160,006)
General receipts:			
Other local sources			1,934,958
State aid			99,528
Grants and contributions not restricted to specific programs			153,015
Sale of property, adjustments, and refunds			864
Investment earnings			37,197
Total general receipts			2,225,562
Change in net assets			65,556
Net assets - beginning			909,356
Net assets - ending			\$ 974,912
 <u>Assets</u>			
Cash and investments			\$ 974,912
 <u>Net Assets</u>			
Unrestricted			\$ 974,912

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

HEARTLAND CAREER CENTER
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	General	Transportation Operating	Capital Projects	School Bus Replacement	Other	Totals
Receipts:						
Local sources	\$ 1,798,733	\$ 23,575	\$ 145,000	\$ 19,671	\$ 11,395	\$ 1,998,374
State sources	96,198	-	-	-	-	96,198
Federal sources	207	-	-	-	181,275	181,482
Sale of property, adjustments and refunds	<u>1,155</u>	<u>720</u>	<u>80</u>	<u>-</u>	<u>-</u>	<u>1,955</u>
Total receipts	<u>1,896,293</u>	<u>24,295</u>	<u>145,080</u>	<u>19,671</u>	<u>192,670</u>	<u>2,278,009</u>
Disbursements:						
Current:						
Instruction	912,382	-	-	-	139,042	1,051,424
Support services	853,473	26,578	107,585	14,610	48,901	1,051,147
Community services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65</u>	<u>65</u>
Total disbursements	<u>1,765,855</u>	<u>26,578</u>	<u>107,585</u>	<u>14,610</u>	<u>188,008</u>	<u>2,102,636</u>
Excess (deficiency) of receipts over disbursements	<u>130,438</u>	<u>(2,283)</u>	<u>37,495</u>	<u>5,061</u>	<u>4,662</u>	<u>175,373</u>
Other financing sources (uses):						
Transfers in	1,500	-	-	-	-	1,500
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,500)</u>	<u>(1,500)</u>
Total other financing sources (uses)	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,500)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	131,938	(2,283)	37,495	5,061	3,162	175,373
Cash and investments - beginning	<u>466,491</u>	<u>17,933</u>	<u>256,013</u>	<u>17,544</u>	<u>(23,998)</u>	<u>733,983</u>
Cash and investments - ending	<u>\$ 598,429</u>	<u>\$ 15,650</u>	<u>\$ 293,508</u>	<u>\$ 22,605</u>	<u>\$ (20,836)</u>	<u>\$ 909,356</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 598,429</u>	<u>\$ 15,650</u>	<u>\$ 293,508</u>	<u>\$ 22,605</u>	<u>\$ (20,836)</u>	<u>\$ 909,356</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 598,429</u>	<u>\$ 15,650</u>	<u>\$ 293,508</u>	<u>\$ 22,605</u>	<u>\$ (20,836)</u>	<u>\$ 909,356</u>

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

HEARTLAND CAREER CENTER
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Capital Projects	School Bus Replacement	Other	Totals
Receipts:						
Local sources	\$ 1,769,259	\$ 26,655	\$ 145,000	\$ 20,054	\$ 11,187	\$ 1,972,155
State sources	102,792	-	-	-	-	102,792
Federal sources	-	-	-	-	153,015	153,015
Sale of property, adjustments and refunds	864	-	-	-	-	864
Total receipts	<u>1,872,915</u>	<u>26,655</u>	<u>145,000</u>	<u>20,054</u>	<u>164,202</u>	<u>2,228,826</u>
Disbursements:						
Current:						
Instruction	904,437	-	-	-	118,984	1,023,421
Support services	807,435	24,878	225,998	35,080	46,458	1,139,849
Total disbursements	<u>1,711,872</u>	<u>24,878</u>	<u>225,998</u>	<u>35,080</u>	<u>165,442</u>	<u>2,163,270</u>
Excess (deficiency) of receipts over disbursements	161,043	1,777	(80,998)	(15,026)	(1,240)	65,556
Cash and investments - beginning	598,429	15,650	293,508	22,605	(20,836)	909,356
Cash and investments - ending	<u>\$ 759,472</u>	<u>\$ 17,427</u>	<u>\$ 212,510</u>	<u>\$ 7,579</u>	<u>\$ (22,076)</u>	<u>\$ 974,912</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 759,472</u>	<u>\$ 17,427</u>	<u>\$ 212,510</u>	<u>\$ 7,579</u>	<u>\$ (22,076)</u>	<u>\$ 974,912</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 759,472</u>	<u>\$ 17,427</u>	<u>\$ 212,510</u>	<u>\$ 7,579</u>	<u>\$ (22,076)</u>	<u>\$ 974,912</u>

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

HEARTLAND CAREER CENTER
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 Heartland Career Center was established by agreement of several participating school corporations dated July 3, 1965, under authority of Section 4, Chapter 24 of the Acts of Indiana General Assembly of 1913, and Acts amendatory thereof and supplementary thereto. The purpose of the Career Center is to cooperatively provide vocational education for students 15 years of age or older within the area subject to jurisdiction of the several participating school corporations.

The School Corporation is managed and controlled by the Board of Managers composed of board members of the participating school corporations or their designated representatives.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Schedules

Government-Wide Financial Schedules

The Schedules of Activities and Net Assets - Cash and Investment Basis display 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, proprietary 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:

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 transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

HEARTLAND CAREER CENTER
NOTES TO FINANCIAL INFORMATION
(Continued)

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

B. Measurement Focus and Basis of Accounting

The government-wide and governmental 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. Receipts are recorded when received and disbursements are recorded when paid.

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.

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

No formal budget is required since the funding for the School Corporation is from other participating school corporations and not by a tax rate.

Note 4. Property Taxes

No property taxes are levied for the School Corporation. Funding is provided from participating school corporations.

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.

HEARTLAND CAREER CENTER
 NOTES TO FINANCIAL INFORMATION
 (Continued)

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 6. Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2005-2006</u>	<u>2006-2007</u>
Other governmental funds	General Fund	<u>\$ 1,500</u>	<u>\$ -</u>

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

Note 7. 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:

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.

HEARTLAND CAREER CENTER
 NOTES TO FINANCIAL INFORMATION
 (Continued)

B. Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' 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:

Teachers' 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.

Note 8. Cash and Investment Balance Deficits

At June 30, 2006 and 2007, the following funds reported deficits in cash and investment, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	June 30, 2006	June 30, 2007
Basic Grant No. 06-4700-8065	\$ 31,495	\$ -
Perkins B. Grant No. 07-4700-8065	-	28,785

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

HEARTLAND CAREER CENTER
 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

	Adult Evening	PL100-297 Adult Basic Ed-Federal	ABE Federal Grant FY2006-8016	Basic Grant No. 06-4700-8065	Basic Grant No. 05-4700-8065	Totals
Receipts:						
Local sources	\$ 11,395	\$ -	\$ -	\$ -	\$ -	\$ 11,395
Federal sources	-	-	53,612	95,004	32,659	181,275
Total receipts	11,395	-	53,612	95,004	32,659	192,670
Disbursements:						
Current:						
Instruction	9,367	4,007	35,203	90,465	-	139,042
Support services	982	2,658	9,227	36,034	-	48,901
Community services	-	-	65	-	-	65
Total disbursements	10,349	6,665	44,495	126,499	-	188,008
Excess (deficiency) of receipts over disbursements	1,046	(6,665)	9,117	(31,495)	32,659	4,662
Other financing (uses):						
Transfers out	-	-	(1,500)	-	-	(1,500)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,046	(6,665)	7,617	(31,495)	32,659	3,162
Cash and investments - beginning	1,996	6,665	-	-	(32,659)	(23,998)
Cash and investments - ending	<u>\$ 3,042</u>	<u>\$ -</u>	<u>\$ 7,617</u>	<u>\$ (31,495)</u>	<u>\$ -</u>	<u>\$ (20,836)</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 3,042</u>	<u>\$ -</u>	<u>\$ 7,617</u>	<u>\$ (31,495)</u>	<u>\$ -</u>	<u>\$ (20,836)</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 3,042</u>	<u>\$ -</u>	<u>\$ 7,617</u>	<u>\$ (31,495)</u>	<u>\$ -</u>	<u>\$ (20,836)</u>

HEARTLAND CAREER CENTER
 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

	Adult Evening	ABE Federal Grant FY2006-8016	ABE FY 2007-0816 P.L. 100-297	Basic Grant No. 06-4700-8065	Perkins B. Grant No. 07-4700-8065	Totals
Receipts:						
Local sources	\$ 11,187	\$ -	\$ -	\$ -	\$ -	\$ 11,187
Federal sources	-	-	30,656	31,495	90,864	153,015
Total receipts	<u>11,187</u>	<u>-</u>	<u>30,656</u>	<u>31,495</u>	<u>90,864</u>	<u>164,202</u>
Disbursements:						
Current:						
Instruction	9,620	6,175	21,930	-	81,259	118,984
Support services	960	1,442	5,666	-	38,390	46,458
Total disbursements	<u>10,580</u>	<u>7,617</u>	<u>27,596</u>	<u>-</u>	<u>119,649</u>	<u>165,442</u>
Excess (deficiency) of receipts over disbursements	607	(7,617)	3,060	31,495	(28,785)	(1,240)
Cash and investments - beginning	<u>3,042</u>	<u>7,617</u>	<u>-</u>	<u>(31,495)</u>	<u>-</u>	<u>(20,836)</u>
Cash and investments - ending	<u>\$ 3,649</u>	<u>\$ -</u>	<u>\$ 3,060</u>	<u>\$ -</u>	<u>\$ (28,785)</u>	<u>\$ (22,076)</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 3,649</u>	<u>\$ -</u>	<u>\$ 3,060</u>	<u>\$ -</u>	<u>\$ (28,785)</u>	<u>\$ (22,076)</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 3,649</u>	<u>\$ -</u>	<u>\$ 3,060</u>	<u>\$ -</u>	<u>\$ (28,785)</u>	<u>\$ (22,076)</u>

HEARTLAND CAREER CENTER
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:	
Buildings	\$ 1,380,456
Improvements other than buildings	84,802
Machinery and equipment	<u>1,216,672</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 2,681,930</u>

HEARTLAND CAREER CENTER
EXIT CONFERENCE

The contents of this report were discussed on January 30, 2008, with Gary Sweet, Director; and Debra K. Grindle, Treasurer. Our examination disclosed no material items that warrant comment at this time.