

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

EXAMINATION REPORT  
OF  
WILSON EDUCATION CENTER  
CLARK COUNTY, INDIANA  
July 1, 2007 to June 30, 2009



**FILED**

07/29/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Pamela A. Clover	07-01-07 to 06-30-10
Executive Director	Larry E. Risk (Office Vacant) Dr. Phillip Partenheimer	07-01-05 to 12-31-08 01-01-09 to 01-31-09 02-01-09 to 06-30-10
President of the Board of Directors	Dr. Robert Schmielau Stephen Patz	07-01-07 to 06-30-08 07-01-08 to 06-30-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WILSON EDUCATION CENTER, CLARK COUNTY, INDIANA

We have examined the financial statements presented herein of Wilson Education Center (School Corporation), for the period of July 1, 2007 to June 30, 2009. The School Corporation's management is responsible for the financial statements 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 statement 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 statements referred to above presents fairly, in all material respects, the financial statement of the School Corporation for the years ended June 30, 2008 and 2009, 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 statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the examination procedures applied in the examination of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt 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

June 11, 2010

WILSON EDUCATION CENTER  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 52,691	\$ -	\$ 11,798	\$ (40,893)
Support services	1,513,357	1,173,355	-	(340,002)
Debt service	<u>136,220</u>	<u>-</u>	<u>-</u>	<u>(136,220)</u>
Total governmental activities	<u>\$ 1,702,268</u>	<u>\$ 1,173,355</u>	<u>\$ 11,798</u>	<u>(517,115)</u>
General receipts:				
Other local sources				445,259
State aid				237,689
Grants and contributions not restricted to specific programs				41,936
Investment earnings				<u>24,873</u>
Total general receipts				<u>749,757</u>
Change in net assets				232,642
Net assets - beginning				<u>295,380</u>
Net assets - ending				<u>\$ 528,022</u>
<u>Assets</u>				
Cash and investments				<u>\$ 528,022</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 528,022</u>

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

WILSON EDUCATION CENTER  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 57,956	\$ -	\$ 20,989	\$ (36,967)
Support services	1,730,835	1,534,639	-	(196,196)
Debt service	336,220	-	-	(336,220)
Total governmental activities	<u>\$ 2,125,011</u>	<u>\$ 1,534,639</u>	<u>\$ 20,989</u>	<u>(569,383)</u>
General receipts:				
Other local sources				475,051
Grants and contributions not restricted to specific programs				397,491
Investment earnings				<u>24,368</u>
Total general receipts				<u>896,910</u>
Change in net assets				327,527
Net assets - beginning				<u>528,022</u>
Net assets - ending				<u>\$ 855,549</u>
<u>Assets</u>				
Cash and investments				<u>\$ 855,549</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 855,549</u>

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

WILSON EDUCATION 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, 2008

	<u>General</u>	<u>Other</u>	<u>Totals</u>
Receipts:			
Local sources	\$ 1,586,626	\$ 11,859	\$ 1,598,485
State sources	243,889	56,798	300,687
Federal sources	<u>-</u>	<u>35,738</u>	<u>35,738</u>
Total receipts	<u>1,830,515</u>	<u>104,395</u>	<u>1,934,910</u>
Disbursements:			
Current:			
Instruction	-	52,691	52,691
Support services	1,503,612	9,745	1,513,357
Debt services	<u>136,220</u>	<u>-</u>	<u>136,220</u>
Total disbursements	<u>1,639,832</u>	<u>62,436</u>	<u>1,702,268</u>
Excess of receipts over disbursements	<u>190,683</u>	<u>41,959</u>	<u>232,642</u>
Cash and investments - beginning	<u>253,793</u>	<u>41,587</u>	<u>295,380</u>
Cash and investments - ending	<u>\$ 444,476</u>	<u>\$ 83,546</u>	<u>\$ 528,022</u>
<u>Cash and Investment Assets - Ending</u>			
Total cash and investment assets	<u>\$ 444,476</u>	<u>\$ 83,546</u>	<u>\$ 528,022</u>
<u>Cash and Investment Fund Balance - Ending</u>			
Unrestricted	<u>\$ 444,476</u>	<u>\$ 83,546</u>	<u>\$ 528,022</u>

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

WILSON EDUCATION 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, 2009

	General	Co-Op Licensing Fee	Other	Totals
<b>Receipts:</b>				
Local sources	\$ 1,979,725	\$ 26,325	\$ 6,555	\$ 2,012,605
Intermediate sources	-	-	21,453	21,453
State sources	237,691	-	136,689	374,380
Federal sources	-	-	44,100	44,100
	<u>2,217,416</u>	<u>26,325</u>	<u>208,797</u>	<u>2,452,538</u>
<b>Disbursements:</b>				
Current:				
Instruction	-	-	57,956	57,956
Support services	1,583,134	-	147,701	1,730,835
Debt services	336,220	-	-	336,220
	<u>1,919,354</u>	<u>-</u>	<u>205,657</u>	<u>2,125,011</u>
Excess of receipts over disbursements	<u>298,062</u>	<u>26,325</u>	<u>3,140</u>	<u>327,527</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	250,000	12,573	262,573
Transfers out	(250,000)	-	(12,573)	(262,573)
	<u>(250,000)</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Excess of receipts and other financing sources over disbursements	48,062	276,325	3,140	327,527
Cash and investments - beginning	<u>444,476</u>	<u>-</u>	<u>83,546</u>	<u>528,022</u>
Cash and investments - ending	<u>\$ 492,538</u>	<u>\$ 276,325</u>	<u>\$ 86,686</u>	<u>\$ 855,549</u>
<b><u>Cash and Investment Assets - Ending</u></b>				
Cash and investments	<u>\$ 492,538</u>	<u>\$ 276,325</u>	<u>\$ 86,686</u>	<u>\$ 855,549</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>				
Unrestricted	<u>\$ 492,538</u>	<u>\$ 276,325</u>	<u>\$ 86,686</u>	<u>\$ 855,549</u>

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

WILSON EDUCATION CENTER  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUND  
For the Year Ended June 30, 2008

	Private-Purpose Trust Fund
Additions:	
Contributions:	
Other	\$ 49,778
Total contributions	49,778
Deductions:	
Administrative and general	56,743
Deficiency of total additions over total deductions	(6,965)
Cash and investment fund balance - beginning	45,925
Cash and investment fund balance - ending	\$ 38,960
Net assets:	
Cash and investments	\$ 38,960
Total net assets - cash and investment basis held in trust	\$ 38,960

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

WILSON EDUCATION CENTER  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUND  
For the Year Ended June 30, 2009

	<u>Private-Purpose Trust Fund</u>
Additions:	
Contributions:	
Other	\$ 44,546
Deductions:	
Administrative and general	<u>45,797</u>
Deficiency of total additions over total deductions	(1,251)
Cash and investment fund balance - beginning	<u>38,960</u>
Cash and investment fund balance - ending	<u><u>\$ 37,709</u></u>
Net assets:	
Cash and investments	<u>\$ 37,709</u>
Total net assets - cash and investment basis held in trust	<u><u>\$ 37,709</u></u>

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

WILSON EDUCATION CENTER  
NOTES TO FINANCIAL STATEMENTS

I. 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 Wilson Education Center (School Corporation) is an educational service center established by area schools to perform educational planning on a cooperative basis and to assist in meeting specific educational needs in participating school districts which could be provided more efficiently by an educational service center than by the districts themselves. The establishment of an education service center is authorized under the laws of Indiana. The Education Center operates under a Board of Directors composed of the chief administrative officer or his/her designee from each of the following member schools:

Batesville Community Schools	North Harrison Community Schools
Brownstown Central Schools	Rising Sun-Ohio County Schools
Clarksville Community Schools	Salem Community Schools
Crothersville Community Schools	Scott County School District 1
East Washington School Corporation	Scott County School District 2
Greater Clark County School Corporation	Seymour Community Schools
Jac-Cen-Del Community Schools	South Dearborn Community Schools
Jennings County Schools	South Harrison Community Schools
Lanesville Community Schools	South Ripley Community Schools
Lawrenceburg Community Schools	Southwestern Jefferson County Schools
Madison Consolidated Schools	Sunman-Dearborn Community Schools
Medora Community Schools	Switzerland County Schools
Milan Community Schools	West Clark Community Schools
New Albany-Floyd County Schools	

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Wilson Education Center

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

WILSON EDUCATION CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

Fund financial statements 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, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

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 co-op licensing fee fund was established to record the fees charged and the costs related to developing and maintaining e-procurement systems for educational service centers in other states.

Additionally, the School Corporation reports the following fund type:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit schools and students participating in academic competitions.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial statements 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 statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements 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 statements.

WILSON EDUCATION CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise or internal service funds.

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.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

Capital assets arising from cash transactions are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

WILSON EDUCATION CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Disbursements

Operating disbursements include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2009, the School Corporation had deposit balances in the amount of \$1,210,459.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and June 30, 2009, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2007-08</u>	<u>2008-09</u>
General Fund	Co-op Licensing Fee Fund	\$ -	\$ 250,000
Other governmental funds	Other governmental funds	-	<u>12,573</u>
Totals		<u>\$ -</u>	<u>\$ 262,573</u>

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

WILSON EDUCATION CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

During the fiscal year ending June 30, 2009, the School Corporation entered into agreements to provide services in developing and maintaining e-procurement systems for education service centers in other states. The General Fund received \$250,000 from the activity. Upon Board approval of a separate co-op licensing fee fund, on May 13, 2009, the \$250,000 was transferred from the General Fund to the co-op licensing fee fund.

IV. Other Information

A. Risk Management

The School Corporation is 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; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Job Related Illnesses or Injuries to Employees

In 2007, the School Corporation joined the Indiana Schools' Educational Service Centers (ISESC) Risk Management Program Self-Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program. This risk pool was formed in July 2006. The purpose of the risk pool is to provide a medium for the funding and administration of workers compensation claims.

The School Corporation is assessed an annual premium determined by payroll audit. The School Corporation is responsible for paying at least 90% of the rate determined. Payments are placed in trust for the School Corporation and are used to pay the School Corporation's workers compensation claims and ISESC administrative costs, and to purchase aggregate excess insurance.

The School Corporation may be assessed additional amounts to provide funds to other member schools' trust funds when they suffer losses in excess of 125% of their annual premiums and the losses are not covered by excess loss insurance. In turn, the School Corporation's trust fund may receive funds from assessments to other member schools if the School Corporation has losses which exceed 125% of its annual premium and the losses are not covered by excess loss insurance.

The risk pool is considered a self-sustaining risk pool that will provide coverage for its members up to an aggregate loss of \$1,875,323. The risk pool obtains independent coverage when the risk pool's aggregate loss exceeds \$1,875,323.

In addition to the risk pool's aggregate coverage, the School Corporation has obtained specific excess coverage that will provide coverage for events in excess of \$250,000.

WILSON EDUCATION CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit 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 the 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 member's 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. The 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 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.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 26,232
Interest on net pension obligation	(2,234)
Adjustment to annual required contribution	2,546
Annual pension cost	26,544
Contributions made	32,843
Decrease in net pension obligation	(6,299)
Net pension obligation, beginning of year	(30,815)
Net pension obligation, end of year	\$ (37,114)

WILSON EDUCATION CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF
Contribution rates:	
School Corporation	5.5%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 17,038	137%	\$ (11,972)
	06-30-07	20,177	193%	(30,815)
	06-30-08	26,544	124%	(37,114)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

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

WILSON EDUCATION CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 member's 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 Costs

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.

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2008, and 2009, were \$4,132, \$4,266, and \$3,083, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

C. Subsequent Event

The School Corporation is partially funded by state support for education service centers. For the fiscal year ending June 30, 2009, State support was \$237,691. The state has notified the School Corporation that state support will be reduced by 50% for the fiscal year ending June 30, 2010.

WILSON EDUCATION CENTER  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 540,961	\$ 489,936	\$ 51,025	110%	\$ 428,414	12%
07-01-07	632,856	591,555	41,301	107%	502,506	8%
07-01-08	707,881	716,532	(8,651)	99%	524,269	2%

WILSON EDUCATION 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, 2008

	07/08 Class Computer Integration	School Technology	07/08 High Ability Grant	Teacher Reading Academy	English Language Acquisition	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ 11,859	\$ -	\$ -	\$ -	\$ 11,859
State sources	15,000	-	11,798	30,000	-	56,798
Federal sources	-	-	-	-	35,738	35,738
<b>Total receipts</b>	<u>15,000</u>	<u>11,859</u>	<u>11,798</u>	<u>30,000</u>	<u>35,738</u>	<u>104,395</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	6,614	10,339	-	35,738	52,691
Support services	-	9,745	-	-	-	9,745
<b>Total disbursements</b>	<u>-</u>	<u>16,359</u>	<u>10,339</u>	<u>-</u>	<u>35,738</u>	<u>62,436</u>
Excess (deficiency) of receipts over disbursements	15,000	(4,500)	1,459	30,000	-	41,959
Cash and investments - beginning	-	41,587	-	-	-	41,587
Cash and investments - ending	<u>\$ 15,000</u>	<u>\$ 37,087</u>	<u>\$ 1,459</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 83,546</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ 15,000</u>	<u>\$ 37,087</u>	<u>\$ 1,459</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 83,546</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ 15,000</u>	<u>\$ 37,087</u>	<u>\$ 1,459</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 83,546</u>

WILSON EDUCATION 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, 2009

	CIM	Reading Recovery	07/08 Class Computer Integration	School Technology Fund	2d Grade Laptop	07/08 High Ability Grant	08/09 High Ability Grant	Teacher Reading Academy	English Language Acquisition	Totals
<b>Receipts:</b>										
Local sources	\$ -	\$ -	\$ -	\$ 6,555	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,555
Intermediate sources	-	-	-	21,453	-	-	-	-	-	21,453
State sources	28,650	79,250	-	-	7,800	20,989	-	-	-	136,689
Federal sources	-	-	-	-	-	-	-	-	44,100	44,100
<b>Total receipts</b>	<b>28,650</b>	<b>79,250</b>	<b>-</b>	<b>28,008</b>	<b>7,800</b>	<b>20,989</b>	<b>-</b>	<b>-</b>	<b>44,100</b>	<b>208,797</b>
<b>Disbursements:</b>										
<b>Current:</b>										
Instruction	-	-	-	-	-	9,875	3,981	-	44,100	57,956
Support services	24,300	78,231	15,000	5,183	7,800	-	-	17,187	-	147,701
<b>Total disbursements</b>	<b>24,300</b>	<b>78,231</b>	<b>15,000</b>	<b>5,183</b>	<b>7,800</b>	<b>9,875</b>	<b>3,981</b>	<b>17,187</b>	<b>44,100</b>	<b>205,657</b>
Excess (deficiency) of receipts over disbursements	4,350	1,019	(15,000)	22,825	-	11,114	(3,981)	(17,187)	-	3,140
<b>Other financing sources (uses):</b>										
Transfers in	-	-	-	-	-	-	12,573	-	-	12,573
Transfers out	-	-	-	-	-	(12,573)	-	-	-	(12,573)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,573)</b>	<b>12,573</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,350	1,019	(15,000)	22,825	-	(1,459)	8,592	(17,187)	-	3,140
Cash and investments - beginning	-	-	15,000	37,087	-	1,459	-	30,000	-	83,546
Cash and investments - ending	<u>\$ 4,350</u>	<u>\$ 1,019</u>	<u>\$ -</u>	<u>\$ 59,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,592</u>	<u>\$ 12,813</u>	<u>\$ -</u>	<u>\$ 86,686</u>
<b>Cash and Investment Assets - Ending</b>										
Cash and investments	<u>\$ 4,350</u>	<u>\$ 1,019</u>	<u>\$ -</u>	<u>\$ 59,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,592</u>	<u>\$ 12,813</u>	<u>\$ -</u>	<u>\$ 86,686</u>
<b>Cash and Investment Fund Balance - Ending</b>										
Unrestricted	<u>\$ 4,350</u>	<u>\$ 1,019</u>	<u>\$ -</u>	<u>\$ 59,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,592</u>	<u>\$ 12,813</u>	<u>\$ -</u>	<u>\$ 86,686</u>

WILSON EDUCATION CENTER  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended June 30, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 200,000
Buildings	1,558,015
Machinery and equipment	<u>1,132,082</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 2,890,096</u>

WILSON EDUCATION CENTER  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2009

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Loan payable	\$ 452,415	\$ 79,035

WILSON EDUCATION CENTER  
EXAMINATION RESULTS AND COMMENTS

PUBLIC WORKS PROJECTS

The Wilson Education Center solicited bids as the Association of Education Purchasing Agencies (AEPA) Member State representative for the State of Indiana for the bid categories: "Roofing Related Services"; "Commercial Floor Covering Systems"; and various categories of athletic services. These bid categories included the combined cost of materials and installation. AEPA is a national purchasing organization of educational service centers located in twenty-two (22) Member States. The Wilson Education Center adopted specifications approved by AEPA and awarded contracts based on recommendations made by AEPA.

The contracts awarded by the Wilson Education Center were based on using the IC 5-22-1-3(a) (Public Purchases Law) instead of the IC 36-1-12-2 (Public Works Law).

The following is a schedule of the original contract award date and purchases that school corporations located in the State of Indiana made during the fiscal years ended June 30, 2008 and June 30, 2009, using the Wilson Education Center's purchase contracts. The information was derived from vendor summary reports that the Wilson Education Center submits to the Association of Educational Purchasing Agencies (AEPA).

<u>Description of Purchases</u>	<u>Original Contract Award Date</u>	<u>School Year 2007-2008</u>	<u>School Year 2008-2009</u>
Roofing Related Services	01-17-07	\$ 7,221,847	\$ 3,114,261
Commercial Floor Covering Systems	01-17-07	1,296,071	1,133,381
Athletic Services	01-17-07	-	784,774
Totals		<u>\$ 8,517,918</u>	<u>\$ 5,032,416</u>

Legal Advice Followed by Wilson Education Center

A letter dated October 11, 2007, from the Wilson Education Center Attorney, to the Indiana Association of Educational Service Centers (a statewide consortium of the nine (9) educational service centers) regarding the Wilson Education Center's process of using the provisions of the Public Purchasing Law to solicit bids for materials including the cost of installation. The letter states in part the following:

"As you know, the purchase of equipment, goods, and materials by Indiana public school corporations is governed by Indiana's public purchasing laws under Indiana Code 5-22, as amended. As I have previously discussed with Mr. Larry Risk, Executive Director of the Wilson Education Center, we reasonably believe Indiana's public purchasing laws apply to the purchase and installation of equipment and materials (such as flooring, boilers, chillers and roofing materials) on existing facilities so long as such equipment or materials is either replacing existing equipment or materials or there is not any alteration in the physical structure of the existing facility after the equipment or materials are installed. In addition, we reasonably believe that if services are provided in connection with such purchase and installation by an Indiana public school corporation, then Indiana Code 5-16-7, as amended, may apply. At your request, this letter will provide you a detailed written analysis of the conversations I have had with Mr. Risk on these issues"

WILSON EDUCATION CENTER  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Statutes Related to Public Works Projects

The following are two of the statutes related to public works projects:

IC 36-1-12-2(Public Works Law) states in part: "As used in this chapter, "public work" means the construction, reconstruction, alteration, or renovation of a public building, airport facility, or other structure that is paid for out of a public fund . . ."

IC 5-22-1-3(a) (Public Purchasing Law) states in part: "this article does not apply to the following types of activities: . . . (2) A public works project. . ."

Official Opinion Issued by Office of the Attorney General

Official Opinion 2008-5, dated November 3, 2008, issued by the Attorney General of the State of Indiana in response to questions from the State Board of Accounts provided in part the following:

"You have requested our opinion regarding the extent to which the public work laws apply to certain expenditures by school corporations. Although you posed several questions related to this matter, we understand the basic question to be whether the public work statute applies to roof repair/replacement projects undertaken by school corporations and whether school corporations participating in educational service centers are excepted from the public work statute.

**Conclusion**

It is the opinion of this Office that school corporations are covered by the public work statute and are subject to the procedures for bids and quotes whenever they contract for public work even when the public work is contracted through an educational service center. The process required to award a contract for a particular public work project is determined by the cost of the project except in the event of a declared emergency. The definition of "public work" includes repairs to a roof, including those made to a portion of a roof."

Subsequent Action by the General Assembly

The General Assembly passed Public Law 176, Effective July 1, 2009, adding IC 36-1-12-4.9 to provide:

"(a) This section applies to a public work for the routine operation, routine repair, or routine maintenance of existing structures, buildings, or real property if the cost of the public work is estimated to be less than one hundred fifty thousand dollars (\$150,000)."

"(b) The board may award a contract for public work described in subsection (a) in the manner provided in IC 5-22."

IC 5-22 is commonly referred to as the Public Purchasing Law.

Review of Bidding Process

The bidding process used to award contracts for bid categories that included the combined cost of materials and installation in effect during school years 2007-2008 and 2008-2009 was essentially the same process used in the prior examination period that covered school years 2005-2006 and 2006-2007.

WILSON EDUCATION CENTER  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

We reviewed the bidding process used by AEPA for the bid category "Roofing Related Services" in the prior examination period (July 1, 2005 to June 30, 2007). We selected the "Roofing Related Services" bid category because roofing related services represented the largest dollar volume of purchases for a bid category that included the combined cost of materials and installation. See prior Report B35723 for the results of the review.

Subsequent Action by the Wilson Education Center's Board of Directors

The Wilson Education Center's Board of Directors on April 15, 2009, determined that Wilson Education Center would no longer award bid contracts from AEPA bids that included the cost of material including installation which might be subject to Public Works Law.

BID PROCESS FOR SUPPLIES AND EQUIPMENT

The Wilson Education Center solicited bids as the Association of Education Purchasing Agencies (AEPA) Member State representative for the State of Indiana for various bid categories of supplies and equipment. AEPA is a national purchasing organization of educational service centers located in twenty-two (22) Member States. The Wilson Education Center adopted specifications approved by AEPA and awarded contracts based on recommendations made by AEPA.

The contracts awarded by the Wilson Education Center were based on using the IC 5-22-1-3 (Public Purchases Law).

School corporations located in the State of Indiana made the following purchases of supplies and equipment during the fiscal years ended June 30, 2008 and June 30, 2009, using the Wilson Education Center's purchase contracts. The information was derived from vendor summary reports that the Wilson Education Center submits to the Association of Educational Purchasing Agencies (AEPA).

<u>Description of Purchases</u>	<u>Original Contract Award Date</u>	<u>07-01-07 to 06-30-08</u>	<u>07-01-08 to 06-30-09</u>
Roofing Related Services	01-17-07	\$ 7,221,847	3,114,261
Office/Classroom Supplies (Note 1)	01-17-07	535,756	728,962
Commercial Floor Covering Systems	01-17-07	1,296,071	1,133,381
Athletic Services (Note 2)	01-17-07	-	784,774
Library Books	01-17-07	20,824	-
Copiers	01-17-07	369,084	1,378,734
Technology Products	01-17-07	5,954,484	5,474,118
Furniture	01-17-07	13,958	16,378
Sports & Health Catalogs	01-17-07	3,434	7,021
Administrative Software	01-17-07	155,809	190,549
Totals		<u>\$ 15,571,267</u>	<u>\$ 12,828,178</u>

The bidding process used to award contracts for supplies and equipment in effect during school years 2007-2008 and 2008-2009 was essentially the same process used in the prior examination period that covering school years 2005-2006 and 2006-2007.

WILSON EDUCATION CENTER  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

We reviewed the bidding process used by AEPA for the bid category "Technology Products" in the prior examination period (July 1, 2005 to June 30, 2007). We selected the "Technology Products" bid category because technology products represented the largest dollar volume of purchases for a bid category that included supplies or equipment only. See prior Report B35723.

BOARD ACTIONS WITHOUT A QUORUM PHYSICALLY PRESENT

A review of the Board minutes for the period July 1, 2007 to June 30, 2009, showed that various board actions were taken without a quorum being physically present. Pamela Clover, Treasurer, stated that fax votes were accepted from voting members not present in order to have a majority vote.

Section 3:02 of the Inter-local Agreement that established the Wilson Educational Service Center states: "A majority of the Board of Directors constitute a quorum for doing business. Except as otherwise provided in the Agreement or by resolution of the Board of Directors shall require a majority of any quorum present, except that no contract shall be valid unless it receives an affirmative vote of 2/3 of the quorum present."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Part 9)

IC 5-14-1.5-3(d) states: "A member of the governing body of a public agency who is not physically present at a meeting of the governing body but who communicates with members of the governing body during the meeting by telephone, computer, videoconferencing, or any other electronic means of communication: (1) may not participate in final action taken at the meeting unless the member's participation is expressly authorized by statute; and (2) may not be considered to be present at the meeting unless considering the member to be present at the meeting is expressly authorized by statute."

BANK ACCOUNT RECONCILIATIONS

Monthly bank reconciliations between bank balances and record balances of cash and investments were not always performed. As of June 30, 2009, the bank account balances were \$6,914 greater than the record balances of cash and investments.

IC 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

WILSON EDUCATION CENTER  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OVERPAYMENT RECEIVED

The Wilson Education Center (Center) signed a grant agreement with the Indiana Department of Education (IDOE) on September 22, 2008. The grant was in the amount of \$7,800. IDOE made electronic transfers to the Wilson Center's bank account in the amount of \$7,800 on October 10, 2008 and on November 7, 2008 for a total of \$15,600. The November 7, 2008 transfer was in error. The error was not discovered by the Wilson Education Center because the second payment was not recorded in the financial records and bank reconciliations were not being performed (See Examination and Result and Comment titled "Bank Account Reconciliations").

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines for Indiana School Corporations, Chapter 9)

Pamela Clover, Treasurer, contacted the Indiana Department of Education on January 20, 2010, requesting instruction on how to correct the error. The Wilson Center refunded the \$7,800 overpayment on March 11, 2010.

Persons, companies or governmental units that have overpaid amounts to a governmental unit are entitled to a repayment or refund by check or warrant. (Accounting and Uniform Compliance Guidelines for Indiana School Corporations, Chapter 9)

WILSON EDUCATION CENTER  
EXIT CONFERENCE

The contents of this report were discussed on June 11, 2010, with Pamela A. Clover, Treasurer; and Dr. Phillip Partenheimer, Executive Director.