

**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, 2007 to June 30, 2009



**FILED**  
03/08/2010



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Government-Wide Financial Information:	
Statement of Activities and Net Assets - Cash and Investment Basis.....	4-5
Fund Financial Information:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis	
– Governmental Funds .....	6-7
Fiduciary Fund:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances	
– Fiduciary Fund .....	8
Notes to Financial Information .....	9-12
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	13-14
Schedule of Capital Assets.....	15
Exit Conference.....	16

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Debra K. Grindle	07-01-07 to 06-30-10
Director	Gary Sweet	07-01-07 to 06-30-10
President of the Board of Managers	Jeff Dawes Janis Fahs	07-01-07 to 06-30-08 07-01-08 to 06-30-10



**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 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, 2007 to June 30, 2009. 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, 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 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 basic financial information. The Combining Schedule, as listed in the Table of Contents, has been subjected to the examination procedures applied in the examination 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 7, 2010

HEARTLAND CAREER 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 (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 1,411,618	\$ -	\$ 147,676	\$ (1,263,942)
Support services	570,528	142,585	-	(427,943)
Facilities acquisition and construction	<u>132,526</u>	<u>-</u>	<u>-</u>	<u>(132,526)</u>
Total governmental activities	<u>\$ 2,114,672</u>	<u>\$ 142,585</u>	<u>\$ 147,676</u>	<u>(1,824,411)</u>
General receipts:				
Other local sources				1,665,804
State aid				97,738
Sale of property				3,198
Investment earnings				<u>28,660</u>
Total general receipts				<u>1,795,400</u>
Change in net assets				(29,011)
Net assets - beginning				<u>974,912</u>
Net assets - ending				<u>\$ 945,901</u>
<u>Assets</u>				
Cash and investments				<u>\$ 945,901</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 945,901</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, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 1,430,916	\$ -	\$ 158,119	\$ (1,272,797)
Support services	637,574	175,321	-	(462,253)
Facilities acquisition and construction	<u>98,402</u>	<u>-</u>	<u>-</u>	<u>(98,402)</u>
Total governmental activities	<u>\$ 2,166,892</u>	<u>\$ 175,321</u>	<u>\$ 158,119</u>	<u>(1,833,452)</u>
General receipts:				
Other local sources				1,709,242
State aid				102,711
Sale of property				5,217
Investment earnings				<u>9,705</u>
Total general receipts				<u>1,826,875</u>
Change in net assets				(6,577)
Net assets - beginning				<u>945,901</u>
Net assets - ending				<u>\$ 939,324</u>
<u>Assets</u>				
Cash and investments				<u>\$ 939,324</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 939,324</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, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Other</u>	<u>Totals</u>
Receipts:				
Local sources	\$ 1,633,724	\$ 145,000	\$ 58,324	\$ 1,837,048
State sources	100,739	-	-	100,739
Federal sources	-	-	144,676	144,676
	<u>1,734,463</u>	<u>145,000</u>	<u>203,000</u>	<u>2,082,463</u>
Disbursements:				
Current:				
Instruction	1,267,421	-	144,197	1,411,618
Support services	534,782	280	35,466	570,528
Facilities acquisition and construction	6,050	126,476	-	132,526
	<u>1,808,253</u>	<u>126,756</u>	<u>179,663</u>	<u>2,114,672</u>
Excess (deficiency) of receipts over disbursements	<u>(73,790)</u>	<u>18,244</u>	<u>23,337</u>	<u>(32,209)</u>
Other financing sources:				
Sale of capital assets	3,198	-	-	3,198
Excess (deficiency) of receipts and other financing sources over disbursements	(70,592)	18,244	23,337	(29,011)
Cash and investments - beginning	<u>759,472</u>	<u>212,510</u>	<u>2,930</u>	<u>974,912</u>
Cash and investments - ending	<u>\$ 688,880</u>	<u>\$ 230,754</u>	<u>\$ 26,267</u>	<u>\$ 945,901</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	<u>\$ 688,880</u>	<u>\$ 230,754</u>	<u>\$ 26,267</u>	<u>\$ 945,901</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Unrestricted	<u>\$ 688,880</u>	<u>\$ 230,754</u>	<u>\$ 26,267</u>	<u>\$ 945,901</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, 2009

	<u>General</u>	<u>Capital Projects</u>	<u>Other</u>	<u>Totals</u>
Receipts:				
Local sources	\$ 1,693,378	\$ 145,000	\$ 55,889	\$ 1,894,267
State sources	105,712	-	-	105,712
Federal sources	<u>-</u>	<u>-</u>	<u>155,119</u>	<u>155,119</u>
 Total receipts	 <u>1,799,090</u>	 <u>145,000</u>	 <u>211,008</u>	 <u>2,155,098</u>
Disbursements:				
Current:				
Instruction	1,284,425	-	146,491	1,430,916
Support services	596,577	-	40,997	637,574
Facilities acquisition and construction	<u>-</u>	<u>98,402</u>	<u>-</u>	<u>98,402</u>
 Total disbursements	 <u>1,881,002</u>	 <u>98,402</u>	 <u>187,488</u>	 <u>2,166,892</u>
 Excess (deficiency) of receipts over disbursements	 <u>(81,912)</u>	 <u>46,598</u>	 <u>23,520</u>	 <u>(11,794)</u>
Other financing sources:				
Sale of capital assets	<u>4,292</u>	<u>-</u>	<u>925</u>	<u>5,217</u>
 Excess (deficiency) of receipts and other financing sources over disbursements	 <u>(77,620)</u>	 <u>46,598</u>	 <u>24,445</u>	 <u>(6,577)</u>
 Cash and investments - beginning	 <u>688,880</u>	 <u>230,754</u>	 <u>26,267</u>	 <u>945,901</u>
 Cash and investments - ending	 <u>\$ 611,260</u>	 <u>\$ 277,352</u>	 <u>\$ 50,712</u>	 <u>\$ 939,324</u>
 <u>Cash and Investment Assets - Ending</u>				
 Cash and investments	 <u>\$ 611,260</u>	 <u>\$ 277,352</u>	 <u>\$ 50,712</u>	 <u>\$ 939,324</u>
 <u>Cash and Investment Fund Balance - Ending</u>				
 Unrestricted	 <u>\$ 611,260</u>	 <u>\$ 277,352</u>	 <u>\$ 50,712</u>	 <u>\$ 939,324</u>

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

HEARTLAND CAREER 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	\$ <u>2,500</u>
Deductions:	
Administrative and general	<u>2,161</u>
Excess of total additions over total deductions	339
Cash and investment fund balance - beginning	<u>-</u>
Cash and investment fund balance - ending	<u>\$ 339</u>
Net assets:	
Cash and investments	<u>\$ 339</u>
Total net assets - cash and investment basis held in trust	<u>\$ 339</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 Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets - Cash and Investments 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 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, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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 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)

Additionally, the School Corporation reports the following fund type:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the employees of the corporation.

**B. 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.

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 proprietary 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.

**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.

HEARTLAND CAREER CENTER  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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 (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. Pension Plans

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 7. Cash and Investment Balance Deficits

At June 30, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

<u>Fund</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>
Perkins B. Grant 08-4700-8065	\$ 25,972	\$ -
Perkins B. Grant 09-4700-8065	-	28,679

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, 2008

	Transportation Operating	Adult Evening	ABE FY 2007-0816 P.L. 100-297	ABE FY 2008-8016 P.L. 100-297	Perkins B. Grant 07-4700-8065	Perkins B. Grant 08-4700-8065	School Bus Replacement	Totals
Receipts:								
Local sources	\$ 30,560	\$ 11,511	\$ -	\$ -	\$ -	\$ -	\$ 16,253	\$ 58,324
Federal sources	-	-	-	26,661	28,785	89,230	-	144,676
Total receipts	30,560	11,511	-	26,661	28,785	89,230	16,253	203,000
Disbursements:								
Current:								
Instruction	-	12,989	2,887	21,477	-	106,844	-	144,197
Support services	24,276	-	173	2,659	-	8,358	-	35,466
Total disbursements	24,276	12,989	3,060	24,136	-	115,202	-	179,663
Excess (deficiency) of receipts over disbursements	6,284	(1,478)	(3,060)	2,525	28,785	(25,972)	16,253	23,337
Cash and investments - beginning	17,427	3,649	3,060	-	(28,785)	-	7,579	2,930
Cash and investments - ending	\$ 23,711	\$ 2,171	\$ -	\$ 2,525	\$ -	\$ (25,972)	\$ 23,832	\$ 26,267
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ 23,711	\$ 2,171	\$ -	\$ 2,525	\$ -	\$ (25,972)	\$ 23,832	\$ 26,267
<u>Cash and Investment Fund Balance - Ending</u>								
Unrestricted	\$ 23,711	\$ 2,171	\$ -	\$ 2,525	\$ -	\$ (25,972)	\$ 23,832	\$ 26,267

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, 2009

	Transportation Operating	Adult Evening	ABE FY 2008-8016 P.L. 100-297	ABE FY 2009-8016 P.L. 100-297	Perkins B. Grant 08-4700-8065	Perkins B. Grant 09-4700-8065	School Bus Replacement	Totals
Receipts:								
Local sources	\$ 29,861	\$ 14,016	\$ -	\$ -	\$ -	\$ -	\$ 12,012	\$ 55,889
Federal sources	-	-	4,270	27,110	25,972	97,767	-	155,119
Total receipts	29,861	14,016	4,270	27,110	25,972	97,767	12,012	211,008
Disbursements:								
Current:								
Instruction	-	11,200	6,149	21,124	-	108,018	-	146,491
Support services	21,487	-	646	436	-	18,428	-	40,997
Total disbursements	21,487	11,200	6,795	21,560	-	126,446	-	187,488
Excess (deficiency) of receipts over disbursements	8,374	2,816	(2,525)	5,550	25,972	(28,679)	12,012	23,520
Other financing sources:								
Sale of capital assets	-	-	-	-	-	-	925	925
Excess (deficiency) of receipts and other financing sources over disbursements	8,374	2,816	(2,525)	5,550	25,972	(28,679)	12,937	24,445
Cash and investments - beginning	23,711	2,171	2,525	-	(25,972)	-	23,832	26,267
Cash and investments - ending	\$ 32,085	\$ 4,987	\$ -	\$ 5,550	\$ -	\$ (28,679)	\$ 36,769	\$ 50,712
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ 32,085	\$ 4,987	\$ -	\$ 5,550	\$ -	\$ (28,679)	\$ 36,769	\$ 50,712
<u>Cash and Investment Fund Balance - Ending</u>								
Unrestricted	\$ 32,085	\$ 4,987	\$ -	\$ 5,550	\$ -	\$ (28,679)	\$ 36,769	\$ 50,712

HEARTLAND CAREER CENTER  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 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:	
Buildings	\$ 1,405,019
Improvements other than buildings	70,009
Machinery and equipment	<u>1,127,103</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 2,602,131</u></u>

HEARTLAND CAREER CENTER  
EXIT CONFERENCE

The contents of this report were discussed on January 7, 2010, with Debra K. Grindle, Treasurer; and Gary Sweet, Director. Our examination disclosed no material items that warrant comment at this time.