

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

HEARTLAND CAREER CENTER

WABASH COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

02/16/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis.....	7
Notes to Financial Statement.....	8-12
Supplementary Information: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis.....	14-17
Schedule of Capital Assets.....	19
Exit Conference.....	20

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Debra K. Grindle	07-01-09 to 06-30-12
Director	Gary Sweet	07-01-09 to 06-30-12
President of the Board of Managers	Janis Fahs William Konyha	07-01-09 to 06-30-10 07-01-10 to 06-30-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statement of the Heartland Career Center (School Corporation), for the period of July 1, 2009 to June 30, 2011. The School Corporation's management is responsible for the financial statement. 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 and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the School Corporation's management and Board of Managers and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 21, 2011

(This page intentionally left blank.)

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

(This page intentionally left blank.)

HEARTLAND CAREER CENTER
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES) AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09			Cash and Investments 06-30-10			Cash and Investments 06-30-11		
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	
General	\$ 611,260	\$ 1,828,514	\$ 1,791,201	\$ 648,573	\$ 1,914,193	\$ 1,780,316	\$ 782,450		
Transportation Operating	32,085	23,523	18,940	36,668	18,111	23,017	31,762		
School Bus Replacement	36,769	11,333	-	48,102	10,968	43,374	15,696		
Repair and Replacement	-	-	-	-	43,091	31,591	11,500		
Capital Projects	277,352	144,999	129,460	292,891	145,000	151,514	286,377		
Community Foundation Grant	-	5,300	5,006	294	-	294	-		
State Farm Skills USA Innovation	-	10,000	7,465	2,535	-	953	1,582		
Arts United NGI-FY2011-0011	-	-	-	-	1,200	1,415	(215)		
Arts United AE-FY2010-07	-	-	-	-	675	288	387		
Valvoline Classroom Grant	-	-	-	-	1,000	-	1,000		
Adult Education P. Barker Trust	-	28,800	20,715	8,085	-	7,299	786		
Staff Wellness Grant	339	2,999	2,573	765	2,625	2,307	1,083		
NCISIC Insurance Surplus Grant	-	8,625	8,625	-	2,875	2,875	-		
Adult Evening	4,987	11,473	10,061	6,399	9,320	8,442	7,277		
School Technology Grant	-	-	-	-	4,800	4,400	400		
ABE FY 2009-8016 P.L. 100-297	5,550	-	5,550	-	-	-	-		
ABE FY 2010-8016 P.L. 100-297	-	30,907	27,829	3,078	-	3,078	-		
Perkins B. Grant 09-4700-8065	(28,679)	28,679	-	-	-	-	-		
Perkins B. Grant 10-4700-8065	-	85,971	114,629	(28,658)	28,658	-	-		
Perkins B. Grant 11-4700-8065	-	-	-	-	105,404	108,472	(3,068)		
Adult Education/Computer Basics	-	9,540	9,540	-	-	-	-		
Totals	\$ 939,663	\$ 2,230,663	\$ 2,151,594	\$ 1,018,732	\$ 2,287,920	\$ 2,169,635	\$ 1,137,017		

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

HEARTLAND CAREER CENTER
NOTES TO FINANCIAL STATEMENT

Note 1. 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 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 fifteen 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.

The accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

HEARTLAND CAREER CENTER
NOTES TO FINANCIAL STATEMENT
(Continued)

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

HEARTLAND CAREER CENTER
NOTES TO FINANCIAL STATEMENT
(Continued)

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

F. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. 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 3. Property Taxes

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

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The School Corporation may be 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; medical benefits to employees, retirees, and dependents; and natural disasters.

HEARTLAND CAREER CENTER
NOTES TO FINANCIAL STATEMENT
(Continued)

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority

HEARTLAND CAREER CENTER
NOTES TO FINANCIAL STATEMENT
(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 members' contributions, set by state statute at 3 percent 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.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

HEARTLAND CAREER CENTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	Transportation Operating	School Bus Replacement	Capital Projects	Community Foundation Grant	State Farm Skills USA Innovation	Adult Education P. Barker Trust	Staff Wellness Grant
Cash and investments - beginning	\$ 611,260	\$ 32,085	\$ 36,769	\$ 277,352	\$ -	\$ -	\$ -	\$ 339
Receipts:								
Local sources	1,718,861	23,523	11,333	144,999	5,300	10,000	28,800	2,999
State sources	109,653	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Total receipts	<u>1,828,514</u>	<u>23,523</u>	<u>11,333</u>	<u>144,999</u>	<u>5,300</u>	<u>10,000</u>	<u>28,800</u>	<u>2,999</u>
Disbursements:								
Current:								
Instruction	1,187,960	-	-	-	5,006	7,465	20,715	-
Support services	603,241	18,940	-	-	-	-	-	2,573
Facilities acquisition and construction	-	-	-	129,460	-	-	-	-
Total disbursements	<u>1,791,201</u>	<u>18,940</u>	<u>-</u>	<u>129,460</u>	<u>5,006</u>	<u>7,465</u>	<u>20,715</u>	<u>2,573</u>
Excess (deficiency) of receipts over disbursements	<u>37,313</u>	<u>4,583</u>	<u>11,333</u>	<u>15,539</u>	<u>294</u>	<u>2,535</u>	<u>8,085</u>	<u>426</u>
Cash and investments - ending	<u>\$ 648,573</u>	<u>\$ 36,668</u>	<u>\$ 48,102</u>	<u>\$ 292,891</u>	<u>\$ 294</u>	<u>\$ 2,535</u>	<u>\$ 8,085</u>	<u>\$ 765</u>

HEARTLAND CAREER CENTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	NCISIC Insurance Surplus Grant	Adult Evening	ABE FY 2009-8016 P.L. 100-297	ABE FY 2010-8016 P.L. 100-297	Perkins B. Grant 09-4700-8065	Perkins B. Grant 10-4700-8065	Adult Education/ Computer Basics	Totals
Cash and investments - beginning	\$ -	\$ 4,987	\$ 5,550	\$ -	\$ (28,679)	\$ -	\$ -	\$ 939,663
Receipts:								
Local sources	8,625	11,473	-	-	-	-	-	1,965,913
State sources	-	-	-	-	-	-	-	109,653
Federal sources	-	-	-	30,907	28,679	85,971	9,540	155,097
Total receipts	8,625	11,473	-	30,907	28,679	85,971	9,540	2,230,663
Disbursements:								
Current:								
Instruction	8,625	10,061	4,882	24,246	-	96,560	9,540	1,375,060
Support services	-	-	668	3,583	-	18,069	-	647,074
Facilities acquisition and construction	-	-	-	-	-	-	-	129,460
Total disbursements	8,625	10,061	5,550	27,829	-	114,629	9,540	2,151,594
Excess (deficiency) of receipts over disbursements	-	1,412	(5,550)	3,078	28,679	(28,658)	-	79,069
Cash and investments - ending	\$ -	\$ 6,399	\$ -	\$ 3,078	\$ -	\$ (28,658)	\$ -	\$ 1,018,732

HEARTLAND CAREER CENTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Transportation Operating	School Bus Replacement	Repair and Replacement	Capital Projects	Community Foundation Grant	State Farm Skills USA Innovation	Arts United NGI-FY2011-0011	Arts United AE-FY2010-07	Valvoline Classroom Grant
Cash and investments - beginning	\$ 648,573	\$ 36,668	\$ 48,102	\$ -	\$ 292,891	\$ 294	\$ 2,535	\$ -	\$ -	\$ -
Receipts:										
Local sources	1,804,821	14,824	10,968	-	145,000	-	-	1,200	675	1,000
State sources	108,872	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	500	3,287	-	43,091	-	-	-	-	-	-
Total receipts	<u>1,914,193</u>	<u>18,111</u>	<u>10,968</u>	<u>43,091</u>	<u>145,000</u>	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>675</u>	<u>1,000</u>
Disbursements:										
Current:										
Instruction	1,151,123	-	-	-	-	294	953	1,415	72	-
Support services	615,058	23,017	43,374	26,967	-	-	-	-	216	-
Facilities acquisition and construction	-	-	-	4,624	151,514	-	-	-	-	-
Nonprogrammed charges	14,135	-	-	-	-	-	-	-	-	-
Total disbursements	<u>1,780,316</u>	<u>23,017</u>	<u>43,374</u>	<u>31,591</u>	<u>151,514</u>	<u>294</u>	<u>953</u>	<u>1,415</u>	<u>288</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>133,877</u>	<u>(4,906)</u>	<u>(32,406)</u>	<u>11,500</u>	<u>(6,514)</u>	<u>(294)</u>	<u>(953)</u>	<u>(215)</u>	<u>387</u>	<u>1,000</u>
Cash and investments - ending	<u>\$ 782,450</u>	<u>\$ 31,762</u>	<u>\$ 15,696</u>	<u>\$ 11,500</u>	<u>\$ 286,377</u>	<u>\$ -</u>	<u>\$ 1,582</u>	<u>\$ (215)</u>	<u>\$ 387</u>	<u>\$ 1,000</u>

HEARTLAND CAREER CENTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Adult Education P. Barker Trust	Staff Wellness Grant	NCISIC Insurance Surplus Grant	Adult Evening	School Technology Grant	ABE FY 2010-8016 P.L. 100-297	Perkins B. Grant 10-4700-8065	Perkins B. Grant 11-4700-8065	Totals
Cash and investments - beginning	\$ 8,085	\$ 765	\$ -	\$ 6,399	\$ -	\$ 3,078	\$ (28,658)	\$ -	\$ 1,018,732
Receipts:									
Local sources	-	2,625	2,875	9,320	-	-	-	-	1,993,308
State sources	-	-	-	-	4,800	-	-	-	113,672
Federal sources	-	-	-	-	-	-	28,658	105,404	134,062
Other	-	-	-	-	-	-	-	-	46,878
Total receipts	-	2,625	2,875	9,320	4,800	-	28,658	105,404	2,287,920
Disbursements:									
Current:									
Instruction	7,299	-	2,875	8,442	-	1,812	-	91,244	1,265,529
Support services	-	2,307	-	-	4,400	1,266	-	17,228	733,833
Facilities acquisition and construction	-	-	-	-	-	-	-	-	156,138
Nonprogrammed charges	-	-	-	-	-	-	-	-	14,135
Total disbursements	7,299	2,307	2,875	8,442	4,400	3,078	-	108,472	2,169,635
Excess (deficiency) of receipts over disbursements	(7,299)	318	-	878	400	(3,078)	28,658	(3,068)	118,285
Cash and investments - ending	\$ 786	\$ 1,083	\$ -	\$ 7,277	\$ 400	\$ -	\$ -	\$ (3,068)	\$ 1,137,017

(This page intentionally left blank.)

HEARTLAND CAREER CENTER
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2011

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>Ending Balance</u>
Capital assets, not being depreciated:	
Buildings	\$ 1,405,019
Improvements other than buildings	70,009
Machinery and equipment	<u>1,161,157</u>
Total capital assets not being depreciated	<u>\$ 2,636,185</u>

HEARTLAND CAREER CENTER
EXIT CONFERENCE

The contents of this report were discussed on December 21, 2011, with Debra K. Grindle, Treasurer, and Gary Sweet, Director. Our examination disclosed no material items that warrant comment at this time.