

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

FINANCIAL STATEMENT EXAMINATION REPORT
OF
WEST CENTRAL INDIANA EDUCATIONAL SERVICE CENTER
PUTNAM COUNTY, INDIANA
July 1, 2009 to June 30, 2011



FILED
06/22/2012

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|-------------------------------------|--|
| Treasurer | Debra J. Christy | 07-01-09 to 06-30-12 |
| Executive Director | David C. Archer Valerie Buchanan | 07-01-09 to 06-30-11 07-01-11 to 06-30-12 |
| Chairman of the Service Center Executive Board | Bruce Bernhardt Dr. Julie Wood | 07-01-09 to 06-30-10 07-01-11 to 06-30-12 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WEST CENTRAL INDIANA EDUCATIONAL
SERVICE CENTER, PUTNAM COUNTY, INDIANA

We have examined the financial statement of West Central Indiana Educational Service Center (Educational Service Center), for the period of July 1, 2009 to June 30, 2011. The Educational Service Center'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 Educational Service Center 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 Educational Service Center 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 the 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 Educational Service Center's management, Executive Board, and others within the entity 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

February 8, 2012

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Educational Service Center. The financial statement and notes are presented as intended by the Educational Service Center.

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WEST CENTRAL INDIANA EDUCATIONAL SERVICE 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 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-10 | Receipts | Disbursements | Other Financing Uses | Cash and Investments 06-30-11 |
|---|-------------------------------------|---------------------|---------------------|--------------------------------------|-------------------------------------|---------------------|---------------------|----------------------------|-------------------------------------|
| General | \$ 125,193 | \$ 679,789 | \$ 613,192 | \$ (95,494) | \$ 96,296 | \$ 689,873 | \$ 672,999 | \$ - | \$ 113,170 |
| General Emergency | 4,188 | - | - | - | 4,188 | - | - | - | 4,188 |
| Instruction Support | 59,139 | 789,732 | 642,743 | - | 206,128 | 474,991 | 625,758 | - | 55,361 |
| Miscellaneous Programs | 469 | - | - | - | 469 | - | - | - | 469 |
| Health and Wellness | - | 590 | 500 | - | 90 | 545 | 500 | - | 135 |
| Gifted and Talented | 6,583 | - | 966 | - | 5,617 | - | - | - | 5,617 |
| Gifted and Talented Recognition | 158,753 | 18,580 | 177,333 | - | - | - | - | - | - |
| School Technology | 7,934 | - | - | - | 7,934 | 1,620 | - | - | 9,554 |
| Technology Planning Grant | - | - | - | - | - | 540 | - | - | 540 |
| Drug Education | (44,897) | 94,790 | 132,271 | 82,378 | - | 108,414 | 104,897 | (7,061) | (3,544) |
| Putnam Co. Tobacco Grant | 6,899 | - | - | - | 6,899 | - | 6,899 | - | - |
| Jr. High Leadership Academy | 413 | 3,165 | 16,694 | 13,116 | - | 11,021 | 10,495 | (526) | - |
| Improving Teaching Quality, No Child Left, Title II, Part A | 76,481 | 101,232 | 88,632 | - | 89,081 | 45,741 | 81,547 | - | 53,275 |
| Title III, Language Instruction | 26,278 | 44 | 25,932 | - | 390 | - | - | - | 390 |
| Totals | \$ 427,433 | \$ 1,687,922 | \$ 1,698,263 | \$ - | \$ 417,092 | \$ 1,332,745 | \$ 1,503,095 | \$ (7,587) | \$ 239,155 |

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

WEST CENTRAL INDIANA EDUCATIONAL SERVICE CENTER
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Educational Service Center was established under the laws of the State of Indiana. The Educational Service Center operates under an Executive Board of government and provides educational services.

The accompanying financial statement presents the financial information for the Educational Service Center (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 revenue from other school corporations, Educational Service Center activities, revenue from community services activities, and other revenue from local sources.

State sources which include distributions from the State of Indiana to be used by the Educational Service Center 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 Educational Service Center.

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.

WEST CENTRAL INDIANA EDUCATIONAL SERVICE CENTER
NOTES TO FINANCIAL STATEMENT
(Continued)

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 and operation and maintenance of plant services.

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

Nonprogrammed charges which include outflows for 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. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Educational Service Center. 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 Educational Service Center. 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 Educational Service Center 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.

WEST CENTRAL INDIANA EDUCATIONAL SERVICE CENTER
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Educational Service Center submits a proposed operating budget to the governing board for the following calendar year. Prior to July 1, the governing board approves the budget for the next year.

Note 3. 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 Educational Service Center 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 4. Risk Management

The Educational Service Center 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.

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 Educational Service Center 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 Educational Service Center by recording as a disbursement and replacement items purchased.

Note 5. 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 Educational Service Center authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an

WEST CENTRAL INDIANA EDUCATIONAL SERVICE CENTER
NOTES TO FINANCIAL STATEMENT
(Continued)

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 Educational Service Center 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 percent of compensation, plus the interest credited to the member's account. The Educational Service Center 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 Educational Service Center 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 Educational Service Center currently receives partial funding,

WEST CENTRAL INDIANA EDUCATIONAL SERVICE CENTER
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

The Educational Service Center also contributes to an additional pension plan unique to the Educational Service Center. Information regarding this plan may be obtained from the Educational Service Center.

Note 6. Subsequent Event

The Educational Service Center has had to curtail services in the 2011/2012 school year. The State Grant to Education Service Centers was discontinued. Three of the Twenty-two members of the Educational Service Center discontinued membership in 2011/2012. A fourth corporation has given notice that they will leave at the end of 2012.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Educational Service Center'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 Educational Service Center 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 Educational Service Center which is 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 Educational Service Center. It is presented as intended by the Educational Service Center.

WEST CENTRAL INDIANA EDUCATIONAL SERVICE 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 | General Emergency | Instruction Support | Miscellaneous Programs | Health and Wellness | Gifted and Talented | Gifted and Talented Recognition | School Technology |
|---|------------------|----------------------|------------------------|---------------------------|------------------------|------------------------|---------------------------------------|----------------------|
| Cash and investments - beginning | \$ 125,193 | \$ 4,188 | \$ 59,139 | \$ 469 | \$ - | \$ 6,583 | \$ 158,753 | \$ 7,934 |
| Receipts: | | | | | | | | |
| Local sources | 670,477 | - | - | - | 590 | - | 18,580 | - |
| State sources | 9,312 | - | 789,732 | - | - | - | - | - |
| Total receipts | <u>679,789</u> | <u>-</u> | <u>789,732</u> | <u>-</u> | <u>590</u> | <u>-</u> | <u>18,580</u> | <u>-</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 35,518 | - | - | - | - | 966 | 177,333 | - |
| Support services | 568,412 | - | 642,743 | - | 500 | - | - | - |
| Facilities acquisition and construction | 9,262 | - | - | - | - | - | - | - |
| Total disbursements | <u>613,192</u> | <u>-</u> | <u>642,743</u> | <u>-</u> | <u>500</u> | <u>966</u> | <u>177,333</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>66,597</u> | <u>-</u> | <u>146,989</u> | <u>-</u> | <u>90</u> | <u>(966)</u> | <u>(158,753)</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | (95,494) | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>(95,494)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(28,897)</u> | <u>-</u> | <u>146,989</u> | <u>-</u> | <u>90</u> | <u>(966)</u> | <u>(158,753)</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 96,296</u> | <u>\$ 4,188</u> | <u>\$ 206,128</u> | <u>\$ 469</u> | <u>\$ 90</u> | <u>\$ 5,617</u> | <u>\$ -</u> | <u>\$ 7,934</u> |

WEST CENTRAL INDIANA EDUCATIONAL SERVICE 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)

| | Technology Planning Grant | Drug Education | Putnam Co. Tobacco Grant | Jr. High Leadership Academy | Improving Teaching Quality, No Child Left, Title II, Part A | Title III, Language Instruction | Totals |
|---|---------------------------------|-------------------|--------------------------------|-----------------------------------|--|---------------------------------------|------------|
| Cash and investments - beginning | \$ - | \$ (44,897) | \$ 6,899 | \$ 413 | \$ 76,481 | \$ 26,278 | \$ 427,433 |
| Receipts: | | | | | | | |
| Local sources | - | 94,790 | - | 3,165 | 101,232 | 44 | 888,878 |
| State sources | - | - | - | - | - | - | 799,044 |
| Total receipts | - | 94,790 | - | 3,165 | 101,232 | 44 | 1,687,922 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | - | - | - | - | - | 213,817 |
| Support services | - | 132,271 | - | 16,694 | 88,632 | 25,932 | 1,475,184 |
| Facilities acquisition and construction | - | - | - | - | - | - | 9,262 |
| Total disbursements | - | 132,271 | - | 16,694 | 88,632 | 25,932 | 1,698,263 |
| Excess (deficiency) of receipts over disbursements | - | (37,481) | - | (13,529) | 12,600 | (25,888) | (10,341) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | 82,378 | - | 13,116 | - | - | 95,494 |
| Transfers out | - | - | - | - | - | - | (95,494) |
| Total other financing sources (uses) | - | 82,378 | - | 13,116 | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 44,897 | - | (413) | 12,600 | (25,888) | (10,341) |
| Cash and investments - ending | \$ - | \$ - | \$ 6,899 | \$ - | \$ 89,081 | \$ 390 | \$ 417,092 |

WEST CENTRAL INDIANA EDUCATIONAL SERVICE 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 | General Emergency | Instruction Support | Miscellaneous Programs | Health and Wellness | Gifted and Talented | Gifted and Talented Recognition | School Technology |
|---|-------------------|----------------------|------------------------|---------------------------|------------------------|------------------------|---------------------------------------|----------------------|
| Cash and investments - beginning | \$ 96,296 | \$ 4,188 | \$ 206,128 | \$ 469 | \$ 90 | \$ 5,617 | \$ - | \$ 7,934 |
| Receipts: | | | | | | | | |
| Local sources | 638,502 | - | - | - | 545 | - | - | - |
| State sources | 9,312 | - | 474,991 | - | - | - | - | 1,620 |
| Interfund loans | 42,059 | - | - | - | - | - | - | - |
| Total receipts | <u>689,873</u> | <u>-</u> | <u>474,991</u> | <u>-</u> | <u>545</u> | <u>-</u> | <u>-</u> | <u>1,620</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 17,537 | - | - | - | - | - | - | - |
| Support services | 640,505 | - | 625,758 | - | 500 | - | - | - |
| Facilities acquisition and construction | 11,413 | - | - | - | - | - | - | - |
| Interfund loans | 3,544 | - | - | - | - | - | - | - |
| Total disbursements | <u>672,999</u> | <u>-</u> | <u>625,758</u> | <u>-</u> | <u>500</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>16,874</u> | <u>-</u> | <u>(150,767)</u> | <u>-</u> | <u>45</u> | <u>-</u> | <u>-</u> | <u>1,620</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing uses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>16,874</u> | <u>-</u> | <u>(150,767)</u> | <u>-</u> | <u>45</u> | <u>-</u> | <u>-</u> | <u>1,620</u> |
| Cash and investments - ending | <u>\$ 113,170</u> | <u>\$ 4,188</u> | <u>\$ 55,361</u> | <u>\$ 469</u> | <u>\$ 135</u> | <u>\$ 5,617</u> | <u>\$ -</u> | <u>\$ 9,554</u> |

WEST CENTRAL INDIANA EDUCATIONAL SERVICE 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)

| | Technology Planning Grant | Drug Education | Putnam Co. Tobacco Grant | Jr. High Leadership Academy | Improving Teaching Quality, No Child Left, Title II, Part A | Title III, Language Instruction | Totals |
|---|---------------------------------|-------------------|--------------------------------|-----------------------------------|--|---------------------------------------|------------|
| Cash and investments - beginning | \$ - | \$ - | \$ 6,899 | \$ - | \$ 89,081 | \$ 390 | \$ 417,092 |
| Receipts: | | | | | | | |
| Local sources | - | 104,870 | - | 11,021 | 45,741 | - | 800,679 |
| State sources | 540 | - | - | - | - | - | 486,463 |
| Interfund loans | - | 3,544 | - | - | - | - | 45,603 |
| Total receipts | 540 | 108,414 | - | 11,021 | 45,741 | - | 1,332,745 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | - | - | - | - | - | 17,537 |
| Support services | - | 71,745 | 6,899 | 8,649 | 81,547 | - | 1,435,603 |
| Facilities acquisition and construction | - | - | - | - | - | - | 11,413 |
| Interfund loans | - | 33,152 | - | 1,846 | - | - | 38,542 |
| Total disbursements | - | 104,897 | 6,899 | 10,495 | 81,547 | - | 1,503,095 |
| Excess (deficiency) of receipts over disbursements | 540 | 3,517 | (6,899) | 526 | (35,806) | - | (170,350) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | (7,061) | - | (526) | - | - | (7,587) |
| Total other financing uses | - | (7,061) | - | (526) | - | - | (7,587) |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 540 | (3,544) | (6,899) | - | (35,806) | - | (177,937) |
| Cash and investments - ending | \$ 540 | \$ (3,544) | \$ - | \$ - | \$ 53,275 | \$ 390 | \$ 239,155 |

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WEST CENTRAL INDIANA EDUCATIONAL SERVICE 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>Primary Government</u> | <u>Ending Balance</u> |
|--|---------------------------|
| Governmental activities: | |
| Capital assets, not being depreciated: | |
| Furnishings and equipment | <u>\$ 346,478</u> |

WEST CENTRAL INDIANA EDUCATIONAL SERVICE CENTER
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCE

The Drug Education fund was overdrawn \$3,544 at June 30, 2011.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TEMPORARY LOAN

The Educational Service Center has a temporary loan from the General fund to the Drug Education fund that has been outstanding since June 30, 1996. Each year some repayment is made, but each year additional General fund money is transferred to the Drug Education fund. At June 30, 2011, the amount payable to the General fund was \$142,738.

Indiana Code 36-1-8-4 states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

WEST CENTRAL INDIANA EDUCATIONAL SERVICE CENTER
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The contents of this report were discussed on February 8, 2012, with Valerie Buchanan, Executive Director; Debra J. Christy, Treasurer; and Roberta Smiley, Deputy-Treasurer. The officials concurred with our findings.