

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

AUDIT REPORT

OF

PORTER TOWNSHIP SCHOOL CORPORATION

PORTER COUNTY, INDIANA

July 1, 2007 to June 30, 2009



FILED

02/03/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager	Aline Busse	07-01-07 to 06-30-10
Superintendent of Schools	Nicholas Brown	07-01-07 to 06-30-10
President of the School Board	Steve Julovich Thomas Keevin Nichole Kovacik	07-01-07 to 06-30-08 07-01-08 to 06-30-09 07-01-09 to 06-30-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE PORTER TOWNSHIP SCHOOL
CORPORATION, PORTER COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Porter Township School Corporation (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated December 16, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit 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 auditing procedures applied in the audit 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 auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

December 16, 2009



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE PORTER TOWNSHIP SCHOOL
CORPORATION, PORTER COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Porter Township School Corporation (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management, the School Board, and federal awarding agencies and pass-through entities 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 16, 2009

PORTER TOWNSHIP SCHOOL CORPORATION
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	\$ 6,452,093	\$ -	\$ 126,223	\$ (6,325,870)
Support services	4,780,523	514,200	179,685	(4,086,638)
Noninstructional services	792,516	-	-	(792,516)
Facilities acquisition and construction	1,758,789	-	-	(1,758,789)
Debt service	5,482,398	-	-	(5,482,398)
Nonprogrammed charges	463,876	-	-	(463,876)
Total governmental activities	<u>\$ 19,730,195</u>	<u>\$ 514,200</u>	<u>\$ 305,908</u>	<u>(18,910,087)</u>
General receipts:				
Property taxes				6,929,145
Other local sources				871,186
State aid				5,215,149
Bonds and loans				2,003,581
Grants and contributions not restricted to specific programs				219,146
Sale of property				1,610
Investment earnings				126,254
Other				56,384
Total general receipts				<u>15,422,455</u>
Change in net assets				(3,487,632)
Net assets - beginning				<u>5,017,639</u>
Net assets - ending				<u>\$ 1,530,007</u>
<u>Assets</u>				
Cash and investments				\$ 1,498,547
Restricted assets:				
Cash and investments				<u>31,460</u>
Total assets				<u>\$ 1,530,007</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 31,460
Unrestricted				<u>1,498,547</u>
Total net assets				<u>\$ 1,530,007</u>

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

PORTER TOWNSHIP SCHOOL CORPORATION
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	\$ 6,083,457	\$ -	\$ 122,160	\$ (5,961,297)
Support services	5,474,376	699,432	17,522	(4,757,422)
Noninstructional services	750,773	-	-	(750,773)
Facilities acquisition and construction	1,855,940	-	-	(1,855,940)
Debt service	4,589,340	-	-	(4,589,340)
Nonprogrammed charges	<u>503,062</u>	<u>-</u>	<u>-</u>	<u>(503,062)</u>
Total governmental activities	<u>\$ 19,256,948</u>	<u>\$ 699,432</u>	<u>\$ 139,682</u>	<u>(18,417,834)</u>
General receipts:				
Property taxes				7,904,318
Other local sources				1,461,767
State aid				5,855,688
Bonds and loans				2,406,802
Grants and contributions not restricted to specific programs				1,007,752
Investment earnings				26,298
Other				<u>3,432</u>
Total general receipts				<u>18,666,057</u>
Change in net assets				248,223
Net assets - beginning				<u>1,530,007</u>
Net assets - ending				<u>\$ 1,778,230</u>
<u>Assets</u>				
Cash and investments				\$ 1,445,970
Restricted assets:				
Cash and investments				<u>332,260</u>
Total assets				<u>\$ 1,778,230</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 332,260
Unrestricted				<u>1,445,970</u>
Total net assets				<u>\$ 1,778,230</u>

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

PORTER TOWNSHIP SCHOOL CORPORATION
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

	General	Transportation Operating	Rainy Day	Food Services	Debt Service	Capital Projects	Other	Totals
Receipts:								
Local sources	\$ 3,469,588	\$ 901,498	\$ -	\$ 456,621	\$ 1,909,474	\$ 1,360,007	\$ 341,586	\$ 8,438,774
Intermediate sources	812	-	-	-	-	-	1,200	2,012
State sources	5,171,493	-	-	-	-	-	212,829	5,384,322
Federal sources	-	-	-	159,006	-	-	196,874	355,880
Temporary loans	1,264,991	-	-	-	-	659,155	79,435	2,003,581
Other	9,659	562	-	-	-	46,163	-	56,384
Total receipts	9,916,543	902,060	-	615,627	1,909,474	2,065,325	831,924	16,240,953
Disbursements:								
Current:								
Instruction	6,206,621	-	-	-	-	-	245,472	6,452,093
Support services	2,969,427	841,980	-	81	-	652,416	316,619	4,780,523
Noninstructional services	213,625	-	-	577,741	-	-	1,150	792,516
Facilities acquisition and construction	547	68,250	-	-	-	1,658,562	31,430	1,758,789
Debt services	1,903,098	-	-	-	2,338,156	932,339	308,805	5,482,398
Nonprogrammed charges	460,234	-	-	-	-	-	3,642	463,876
Total disbursements	11,753,552	910,230	-	577,822	2,338,156	3,243,317	907,118	19,730,195
Excess (deficiency) of receipts over disbursements	(1,837,009)	(8,170)	-	37,805	(428,682)	(1,177,992)	(75,194)	(3,489,242)
Other financing sources (uses):								
Sale of capital assets	-	1,610	-	-	-	-	-	1,610
Transfers in	1,282	-	-	-	-	-	6,658	7,940
Transfers out	-	-	-	-	-	-	(7,940)	(7,940)
Total other financing sources (uses)	1,282	1,610	-	-	-	-	(1,282)	1,610
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,835,727)	(6,560)	-	37,805	(428,682)	(1,177,992)	(76,476)	(3,487,632)
Cash and investments - beginning	2,305,748	282,375	201,835	125,711	460,142	1,274,244	367,584	5,017,639
Cash and investments - ending	\$ 470,021	\$ 275,815	\$ 201,835	\$ 163,516	\$ 31,460	\$ 96,252	\$ 291,108	\$ 1,530,007
Cash and Investment Assets - Ending								
Cash and investments	\$ 470,021	\$ 275,815	\$ 201,835	\$ 163,516	\$ -	\$ 96,252	\$ 291,108	\$ 1,498,547
Restricted assets:								
Cash and investments	-	-	-	-	31,460	-	-	31,460
Total cash and investment assets - ending	\$ 470,021	\$ 275,815	\$ 201,835	\$ 163,516	\$ 31,460	\$ 96,252	\$ 291,108	\$ 1,530,007
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 31,460	\$ -	\$ -	\$ 31,460
Unrestricted	470,021	275,815	201,835	163,516	-	96,252	291,108	1,498,547
Total cash and investment fund balance - ending	\$ 470,021	\$ 275,815	\$ 201,835	\$ 163,516	\$ 31,460	\$ 96,252	\$ 291,108	\$ 1,530,007

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

PORTER TOWNSHIP SCHOOL CORPORATION
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	Transportation Operating	Rainy Day	Food Services	Fiscal Stabilization	Debt Service	Capital Projects	Other	Totals
Receipts:									
Local sources	\$ 4,324,768	\$ 1,007,146	\$ 2,215	\$ 632,924	\$ -	\$ 2,229,161	\$ 1,499,720	\$ 394,137	\$ 10,090,071
Intermediate sources	-	-	-	-	-	-	-	1,744	1,744
State sources	5,881,907	-	-	-	-	-	-	187,269	6,069,176
Federal sources	-	-	-	-	750,829	-	-	183,117	933,946
Temporary loans	554,691	-	-	-	-	361,207	1,464,442	26,462	2,406,802
Other	-	3,432	-	-	-	-	-	-	3,432
Total receipts	10,761,366	1,010,578	2,215	632,924	750,829	2,590,368	2,964,162	792,729	19,505,171
Disbursements:									
Current:									
Instruction	5,854,403	-	-	-	-	-	-	229,054	6,083,457
Support services	3,288,589	1,095,569	-	5	321,198	-	502,712	266,303	5,474,376
Noninstructional services	208,940	-	-	541,833	-	-	-	-	750,773
Facilities acquisition and construction	-	-	-	-	-	-	1,855,940	-	1,855,940
Debt services	1,256,278	-	-	-	-	2,289,568	874,457	169,037	4,589,340
Nonprogrammed charges	499,562	-	-	-	-	-	-	3,500	503,062
Total disbursements	11,107,772	1,095,569	-	541,838	321,198	2,289,568	3,233,109	667,894	19,256,948
Excess (deficiency) of receipts over disbursements	(346,406)	(84,991)	2,215	91,086	429,631	300,800	(268,947)	124,835	248,223
Other financing sources (uses):									
Transfers in	-	-	200,000	-	-	-	-	33,732	233,732
Transfers out	(816)	-	(200,000)	-	-	-	-	(32,916)	(233,732)
Total other financing sources (uses)	(816)	-	-	-	-	-	-	816	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(347,222)	(84,991)	2,215	91,086	429,631	300,800	(268,947)	125,651	248,223
Cash and investments - beginning	470,021	275,815	201,835	163,516	-	31,460	96,252	291,108	1,530,007
Cash and investments - ending	\$ 122,799	\$ 190,824	\$ 204,050	\$ 254,602	\$ 429,631	\$ 332,260	\$ (172,695)	\$ 416,759	\$ 1,778,230
Cash and Investment Assets - Ending									
Cash and investments	\$ 122,799	\$ 190,824	\$ 204,050	\$ 254,602	\$ 429,631	\$ -	\$ (172,695)	\$ 416,759	\$ 1,445,970
Restricted assets:									
Cash and investments	-	-	-	-	-	332,260	-	-	332,260
Total cash and investment assets - ending	\$ 122,799	\$ 190,824	\$ 204,050	\$ 254,602	\$ 429,631	\$ 332,260	\$ (172,695)	\$ 416,759	\$ 1,778,230
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332,260	\$ -	\$ -	\$ 332,260
Unrestricted	122,799	190,824	204,050	254,602	429,631	-	(172,695)	416,759	1,445,970
Total cash and investment fund balance - ending	\$ 122,799	\$ 190,824	\$ 204,050	\$ 254,602	\$ 429,631	\$ 332,260	\$ (172,695)	\$ 416,759	\$ 1,778,230

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

PORTER TOWNSHIP SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	<u>Pension Trust Funds</u>
Additions: Contributions: Employer	\$ <u>29,657</u>
Investment earnings: Net decrease in fair value of investments Interest Dividends	(42,970) 8,386 <u>21,090</u>
Total investment earnings	<u>(13,494)</u>
Total additions	<u>16,163</u>
Deductions: Benefits Administrative and general	75,546 <u>3,654</u>
Total deductions	<u>79,200</u>
Excess (deficiency) of total additions over total deductions	(63,037)
Cash and investment fund balance - beginning	<u>1,529,047</u>
Cash and investment fund balance - ending	\$ <u><u>1,466,010</u></u>
Net assets: Cash and investments	\$ <u><u>1,466,010</u></u>

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

PORTER TOWNSHIP SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 31,583
Other	<u>52,613</u>
Total contributions	<u>84,196</u>
Investment earnings:	
Net decrease in fair value of investments	(84,705)
Interest	1,899
Dividends	<u>18,348</u>
Total investment earnings	<u>(64,458)</u>
Total additions	<u>19,738</u>
Deductions:	
Benefits	111,314
Administrative and general	<u>4,152</u>
Total deductions	<u>115,466</u>
Excess (deficiency) of total additions over total deductions	(95,728)
Cash and investment fund balance - beginning	<u>1,466,010</u>
Cash and investment fund balance - ending	<u><u>\$ 1,370,282</u></u>
Net assets:	
Cash and investments	<u><u>\$ 1,370,282</u></u>

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

PORTER TOWNSHIP SCHOOL CORPORATION
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 School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

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

Primary Government: Porter Township School Corporation

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

Joint Ventures

Porter County Education Services (Interlocal)

The School Corporation is a participant with other Porter County school corporations in a joint venture to operate the Porter County Education Services (Interlocal) which was created to provide special education, vocational education, and alternative school. The School Corporation is obligated by contract to remit tuition to the Interlocal based on the number of students who participate in these programs. For the 2007-2008 and 2008-2009 school years, the School Corporation paid \$454,359 and \$853,540, respectively. The Interlocal's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Porter County Education Services can be obtained from 750 Ransom Road, Valparaiso, Indiana, 46385.

Lakeshore Alliance for Student Success, Inc. (LASS)

The School Corporation is a participant with ten other school corporations and four local universities in a joint venture to operate the Lakeshore Alliance for Student Success, Inc., (LASS) which was created to implement research-based strategies in order to improve student and organizational performance. The School Corporation is obligated by contract to remit membership dues of \$500 per school building or \$2,000 annually. The governing board of the LASS consists of two members from each participating school corporation, the School Corporation Superintendent and the Teacher Union President. The Board has full authority to manage LASS, including responsibility for fiscal matters. Complete financial statements for the Lakeshore Alliance for Student Success, Inc., can be obtained from Merrillville Community School Corporation, 6701 Delaware Street, Merrillville, Indiana, 46410.

PORTER TOWNSHIP SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Northwest Indiana Public School Study Council

The School Corporation is a participant in the Northwest Indiana Educational Services Center (Center), a joint school services program established May 30, 1985, for participating school corporations to cooperate and share programs such as curriculum development, instructional materials, needs assessment, computer utilization and in-service education. The School Corporation provides funding based on Average Daily Membership, determined annually. Complete financial statements for the Center can be obtained from the Center's administrative offices, 2939 41st Avenue, Highland, Indiana, 46322.

Jointly Governed Organization

The School Corporation is a participant in the Northwest Indiana Public School Study Council (Study Council), a joint school services program established December 10, 1969, for the improvement of education and the study of problems and issues involved in public education. The School Corporation is obligated to remit \$1,000 annually to belong to the Study Council. Each participating school corporation provides a member to participate on the Study Council's governing board. Complete financial statements for the Study Council can be obtained from the Merrillville Community School Corporation, 6701 Delaware Street, Merrillville, Indiana, 46410.

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. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

The rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

PORTER TOWNSHIP SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The food services fund is used to account for financial resources for feeding breakfast and lunch to school children.

Fiscal stabilization - education (stimulus) fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

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

Additionally, the School Corporation reports the following fund type:

The pension trust funds account for retirement, postretirement or severance benefits provided to employees on or after the termination of their employment.

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.

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 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.

PORTER TOWNSHIP SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. 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.

5. 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.

PORTER TOWNSHIP SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

PORTER TOWNSHIP SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. 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 and state statute:

Fund	2008	2009
Retirement/Severance Bond	\$ (6,431)	\$ (7,788)
Capital Projects	-	(172,695)

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.

III. Detailed Notes on All Funds

A. Deposits and Investments

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 \$3,148,512. These 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 2009, were as follows:

PORTER TOWNSHIP SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>2008</u>	<u>2009</u>
General Fund	Other governmental funds	\$ -	\$ 816
Rainy Day	Rainy Day	-	200,000
Other governmental funds	General Fund	1,282	-
	Other governmental funds	<u>6,658</u>	<u>32,916</u>
Totals		<u>\$ 7,940</u>	<u>\$ 233,732</u>

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

C. Restatements and Reclassifications

For the year ended June 30, 2009, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit. New funds represents the inclusion of existing funds which were not presented in the prior report.

<u>New Fund Title</u>	<u>Balance July 1, 2007</u>
Voluntary Employee Benefits Association (VEBA) Fiduciary Fund	<u>\$ 1,290,434</u>

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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of 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 (excluding postemployment benefits); 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.

B. Holding Corporations

The School Corporation has entered into capital leases with the Porter Township High School Building Corporation and the Porter Township School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the year ended June 30, 2009, totaled \$1,625,500.

PORTER TOWNSHIP SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

C. Subsequent Events

Reassessment and Property Taxes

In accordance with state statutes, all counties were required to reassess property values prior to billing taxes in 2008. Significant delays in the reassessment process resulted in delays in billing, collecting and distributing taxes for 2008. The final reconciling bill for 2007 pay 2008 taxes was due April 13, 2009. Three taxing districts that included taxes due to LaPorte County were not able to be billed until August 2009, due September 11, 2009. The final distribution of 2007 pay 2008 taxes was received by the School Corporation on October 2, 2009.

Due to significant delays in the reassessment process, the assessed valuations of Porter County were not finalized by February 15, 2009, as required. Therefore, the 2008 pay 2009 property tax rates and levies, as well as related budget orders for 2009, were not established until October, 2009. Currently, the County is anticipating billing the 2008 pay 2009 taxes in one installment due in December 2009.

Tax Anticipation Warrants

Tax anticipation warrants with the Indiana Bond Bank for the General, Debt Service, Retirement/Severance Bond, Capital Projects, Transportation Operating, and Bus Replacement Funds for \$554,832, \$1,302,229, \$15,520, \$1,133,362, \$386,175, and \$6,461, respectively, were still outstanding on November 30, 2009.

School Technology Advancement Account

In October 2009, the School Corporation was approved for a \$32,360 school technology advancement account loan from the State. The loan is to be repaid over 5 years at an interest rate of 1%.

D. Termination Benefits

Teacher Early Retirement Incentive

In 2005, the School Corporation issued retirement bonds for \$1,575,000 for teachers employed during the 2003/2004 school year to establish a Voluntary Employees Beneficiary Association (VEBA) account. Any teacher retiring at or after age 55 with 10 years of service and before becoming eligible for Medicare and after notification of retirement to the Superintendent, will receive an annual cash payment of \$3,000 paid to the employee's individual VEBA account until the retiree becomes eligible for Medicare. The allowance per retired teacher will be increased by 3% each year after the initial payment. The retiree will be allowed to remain on the School Corporation's medical, vision and dental insurance. The retiree is responsible for the full insurance premium; however, the retiree's individual VEBA account may be used to pay the premium. For the 2008/2009 school year, \$31,956 was contributed to VEBA for ten teachers.

Also teachers employed for the 2003/2004 school year who resigns or retires from this School Corporation in good standing at age 55 or older with ten or more years service with this School Corporation shall receive \$60/day for one half of their accumulated sick leave days, but not to exceed \$6,000. This amount will be reduced by the value of the School Corporation contribution to VEBA. Teachers who leave after thirteen consecutive years of service with the School Corporation shall receive, upon request, \$10/day for each day of accumulated sick leave.

PORTER TOWNSHIP SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Any teacher employed for the 2003/2004 school year who dies while in the service of the School Corporation shall have any beneficiaries listed on their Term Life Insurance Form paid \$35/day for unused sick days at the time of death.

E. Pensions Plan

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 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 which is paid by the School Corporation. 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, 2009 and 2008, were \$208,604 and \$185,549, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

PORTER TOWNSHIP SCHOOL CORPORATION
 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

	Special Education Pre-School	Textbook Rental	Education Plate	Scholarship/ Donations	Extra-Curricular Activity	B.G. - Winfield Pop Warner	Counseling Donations
Receipts:							
Local sources	\$ 8,449	\$ 136,948	\$ -	\$ -	\$ 11,379	\$ -	\$ 4,731
Intermediate sources	-	-	1,200	-	-	-	-
State sources	22,272	20,679	-	-	-	-	-
Federal sources	-	-	-	3,567	-	-	-
Temporary loans	-	-	-	-	-	-	-
Total receipts	30,721	157,627	1,200	3,567	11,379	-	4,731
Disbursements:							
Current:							
Instruction	32,728	-	-	-	-	-	-
Support services	81	146,730	653	-	11,558	-	348
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	3,642	-	-	-
Total disbursements	32,809	146,730	653	3,642	11,558	-	348
Excess (deficiency) of receipts over disbursements	(2,088)	10,897	547	(75)	(179)	-	4,383
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	4,346
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	4,346
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,088)	10,897	547	(75)	(179)	-	8,729
Cash and investments - beginning	13,784	90,964	6,117	75	179	329	-
Cash and investments - ending	<u>\$ 11,696</u>	<u>\$ 101,861</u>	<u>\$ 6,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329</u>	<u>\$ 8,729</u>
Cash and Investment Assets - Ending							
Total cash and investment assets - ending	<u>\$ 11,696</u>	<u>\$ 101,861</u>	<u>\$ 6,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329</u>	<u>\$ 8,729</u>
Cash and Investment Fund Balance - Ending							
Total cash and investment fund balance - ending	<u>\$ 11,696</u>	<u>\$ 101,861</u>	<u>\$ 6,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329</u>	<u>\$ 8,729</u>

PORTER TOWNSHIP SCHOOL CORPORATION
 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
 (Continued)

	CB&T Fidelity	Gifted/Talented 06/07	Gifted/Talented 07/08	Education Technology	English As Second Language	School Technology	A+ for Energy BP Grant
Receipts:							
Local sources	\$ 4,346	\$ -	\$ -	\$ -	\$ -	\$ 9,629	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	32,364	134,746	2,768	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Total receipts	4,346	-	32,364	134,746	2,768	9,629	-
Disbursements:							
Current:							
Instruction	-	12,930	32,364	-	1,572	-	1,461
Support services	-	-	-	138,666	-	5,093	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	12,930	32,364	138,666	1,572	5,093	1,461
Excess (deficiency) of receipts over disbursements	4,346	(12,930)	-	(3,920)	1,196	4,536	(1,461)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(4,346)	-	-	-	-	-	-
Total other financing sources (uses)	(4,346)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(12,930)	-	(3,920)	1,196	4,536	(1,461)
Cash and investments - beginning	-	12,930	-	3,920	137	3,132	5,000
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 1,333	\$ 7,668	\$ 3,539
Cash and Investment Assets - Ending							
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ -	\$ 1,333	\$ 7,668	\$ 3,539
Cash and Investment Fund Balance - Ending							
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ 1,333	\$ 7,668	\$ 3,539

PORTER TOWNSHIP SCHOOL CORPORATION
 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
 (Continued)

	Project Care Trustee Grant	Title I 06-07	Title I 07-08	Title V, Part A Testing	Title V, Part A 05/06	Title V, Part A 06/07	Drug Free 06/07
Receipts:							
Local sources	\$ 2,323	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	7,000	8,600	126,016	-	-	2,108	3,689
Temporary loans	-	-	-	-	-	-	-
Total receipts	9,323	8,600	126,016	-	-	2,108	3,689
Disbursements:							
Current:							
Instruction	10,234	22,205	89,714	-	-	-	-
Support services	-	638	3,386	-	4,129	-	3,893
Noninstructional services	-	1,150	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	10,234	23,993	93,100	-	4,129	-	3,893
Excess (deficiency) of receipts over disbursements	(911)	(15,393)	32,916	-	(4,129)	2,108	(204)
Other financing sources (uses):							
Transfers in	-	-	-	2,108	-	-	204
Transfers out	-	-	-	-	-	(2,108)	-
Total other financing sources (uses)	-	-	-	2,108	-	(2,108)	204
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(911)	(15,393)	32,916	2,108	(4,129)	-	-
Cash and investments - beginning	1,224	15,393	-	-	4,129	-	-
Cash and investments - ending	<u>\$ 313</u>	<u>\$ -</u>	<u>\$ 32,916</u>	<u>\$ 2,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Total cash and investment assets - ending	<u>\$ 313</u>	<u>\$ -</u>	<u>\$ 32,916</u>	<u>\$ 2,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Total cash and investment fund balance - ending	<u>\$ 313</u>	<u>\$ -</u>	<u>\$ 32,916</u>	<u>\$ 2,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PORTER TOWNSHIP SCHOOL CORPORATION
 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
 (Continued)

	Drug Free 07/08	Drug Free 05/06	Title II, Part A Improving Teacher Quality	Retirement/ Severance Bond	Transportation Bus Replacement	CS-MS Wastewater Plant	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ 105,527	\$ 58,254	\$ -	\$ 341,586
Intermediate sources	-	-	-	-	-	-	1,200
State sources	-	-	-	-	-	-	212,829
Federal sources	3,630	-	42,264	-	-	-	196,874
Temporary loans	-	-	-	3,657	44,348	31,430	79,435
Total receipts	3,630	-	42,264	109,184	102,602	31,430	831,924
Disbursements:							
Current:							
Instruction	-	-	42,264	-	-	-	245,472
Support services	-	1,444	-	-	-	-	316,619
Noninstructional services	-	-	-	-	-	-	1,150
Facilities acquisition and construction	-	-	-	-	-	31,430	31,430
Debt services	-	-	-	127,171	181,634	-	308,805
Nonprogrammed charges	-	-	-	-	-	-	3,642
Total disbursements	-	1,444	42,264	127,171	181,634	31,430	907,118
Excess (deficiency) of receipts over disbursements	3,630	(1,444)	-	(17,987)	(79,032)	-	(75,194)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	6,658
Transfers out	-	(1,486)	-	-	-	-	(7,940)
Total other financing sources (uses)	-	(1,486)	-	-	-	-	(1,282)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,630	(2,930)	-	(17,987)	(79,032)	-	(76,476)
Cash and investments - beginning	-	2,930	-	11,556	195,785	-	367,584
Cash and investments - ending	<u>\$ 3,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,431)</u>	<u>\$ 116,753</u>	<u>\$ -</u>	<u>\$ 291,108</u>
Cash and Investment Assets - Ending							
Total cash and investment assets - ending	<u>\$ 3,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,431)</u>	<u>\$ 116,753</u>	<u>\$ -</u>	<u>\$ 291,108</u>
Cash and Investment Fund Balance - Ending							
Total cash and investment fund balance - ending	<u>\$ 3,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,431)</u>	<u>\$ 116,753</u>	<u>\$ -</u>	<u>\$ 291,108</u>

PORTER TOWNSHIP SCHOOL CORPORATION
 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

	Special Education Pre-School	Textbook Rental	Education Plate	Safe Schools	Scholarship/ Donations	Wellness Grant
Receipts:						
Local sources	\$ 9,623	\$ 149,467	\$ -	\$ -	\$ 7,642	\$ 14,300
Intermediate sources	-	-	1,744	-	-	-
State sources	38,520	17,522	-	-	-	-
Federal sources	-	-	-	-	250	-
Temporary loans	-	-	-	-	-	-
Total receipts	48,143	166,989	1,744	-	7,892	14,300
Disbursements:						
Current:						
Instruction	42,625	-	-	816	-	-
Support services	-	115,257	135	-	-	1,485
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	3,500	-
Total disbursements	42,625	115,257	135	816	3,500	1,485
Excess (deficiency) of receipts over disbursements	5,518	51,732	1,609	(816)	4,392	12,815
Other financing sources (uses):						
Transfers in	-	-	-	816	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	816	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,518	51,732	1,609	-	4,392	12,815
Cash and investments - beginning	11,696	101,861	6,664	-	-	-
Cash and investments - ending	17,214	153,593	8,273	-	4,392	12,815
Cash and Investment Assets - Ending						
Cash and investments	\$ 17,214	\$ 153,593	\$ 8,273	\$ -	\$ 4,392	\$ 12,815
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	17,214	153,593	8,273	-	4,392	12,815
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	17,214	153,593	8,273	-	4,392	12,815
Total cash and investment fund balance - ending	17,214	153,593	8,273	-	4,392	12,815

PORTER TOWNSHIP SCHOOL CORPORATION
 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
 (Continued)

	Extra-Curricular Activity	B.G. - Winfield Pop Warner	Counseling Donations	High Ability Students 08/09	Education Technology	English As Second Language
Receipts:						
Local sources	\$ 11,090	\$ -	\$ 5,678	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	32,364	95,444	3,419
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Total receipts	<u>11,090</u>	<u>-</u>	<u>5,678</u>	<u>32,364</u>	<u>95,444</u>	<u>3,419</u>
Disbursements:						
Current:						
Instruction	-	-	-	32,364	-	2,218
Support services	9,312	-	6,773	-	95,444	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>9,312</u>	<u>-</u>	<u>6,773</u>	<u>32,364</u>	<u>95,444</u>	<u>2,218</u>
Excess (deficiency) of receipts over disbursements	<u>1,778</u>	<u>-</u>	<u>(1,095)</u>	<u>-</u>	<u>-</u>	<u>1,201</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<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>1,778</u>	<u>-</u>	<u>(1,095)</u>	<u>-</u>	<u>-</u>	<u>1,201</u>
Cash and investments - beginning	<u>-</u>	<u>329</u>	<u>8,729</u>	<u>-</u>	<u>-</u>	<u>1,333</u>
Cash and investments - ending	<u>\$ 1,778</u>	<u>\$ 329</u>	<u>\$ 7,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,534</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,778	\$ 329	\$ 7,634	\$ -	\$ -	\$ 2,534
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,778</u>	<u>\$ 329</u>	<u>\$ 7,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,534</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>1,778</u>	<u>329</u>	<u>7,634</u>	<u>-</u>	<u>-</u>	<u>2,534</u>
Total cash and investment fund balance - ending	<u>\$ 1,778</u>	<u>\$ 329</u>	<u>\$ 7,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,534</u>

PORTER TOWNSHIP SCHOOL CORPORATION
 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
 (Continued)

	School Technology	A+ for Energy BP Grant	Project Care Trustee Grant	Title I 07-08	Title I 08-09	Title V, Part A Testing
Receipts:						
Local sources	\$ 18,629	\$ -	\$ 3,250	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	6,500	118,952	11,400	2,043
Temporary loans	-	-	-	-	-	-
Total receipts	<u>18,629</u>	<u>-</u>	<u>9,750</u>	<u>118,952</u>	<u>11,400</u>	<u>2,043</u>
Disbursements:						
Current:						
Instruction	-	3,329	10,063	93,323	44,316	-
Support services	3,600	-	-	5,807	-	2,108
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>3,600</u>	<u>3,329</u>	<u>10,063</u>	<u>99,130</u>	<u>44,316</u>	<u>2,108</u>
Excess (deficiency) of receipts over disbursements	<u>15,029</u>	<u>(3,329)</u>	<u>(313)</u>	<u>19,822</u>	<u>(32,916)</u>	<u>(65)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	32,916	-
Transfers out	-	-	-	(32,916)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,916)</u>	<u>32,916</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>15,029</u>	<u>(3,329)</u>	<u>(313)</u>	<u>(13,094)</u>	<u>-</u>	<u>(65)</u>
Cash and investments - beginning	<u>7,668</u>	<u>3,539</u>	<u>313</u>	<u>32,916</u>	<u>-</u>	<u>2,108</u>
Cash and investments - ending	<u>\$ 22,697</u>	<u>\$ 210</u>	<u>\$ -</u>	<u>\$ 19,822</u>	<u>\$ -</u>	<u>\$ 2,043</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 22,697	\$ 210	\$ -	\$ 19,822	\$ -	\$ 2,043
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 22,697</u>	<u>\$ 210</u>	<u>\$ -</u>	<u>\$ 19,822</u>	<u>\$ -</u>	<u>\$ 2,043</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>22,697</u>	<u>210</u>	<u>-</u>	<u>19,822</u>	<u>-</u>	<u>2,043</u>
Total cash and investment fund balance - ending	<u>\$ 22,697</u>	<u>\$ 210</u>	<u>\$ -</u>	<u>\$ 19,822</u>	<u>\$ -</u>	<u>\$ 2,043</u>

PORTER TOWNSHIP SCHOOL CORPORATION
 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
 (Continued)

	Drug Free 07/08	Title II, Part A Improving Teacher Quality	Retirement/ Severance Bond	Transportation Bus Replacement	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 122,087	\$ 52,371	\$ 394,137
Intermediate sources	-	-	-	-	1,744
State sources	-	-	-	-	187,269
Federal sources	-	43,972	-	-	183,117
Temporary loans	-	-	20,001	6,461	26,462
Total receipts	-	43,972	142,088	58,832	792,729
Disbursements:					
Current:					
Instruction	-	-	-	-	229,054
Support services	3,630	22,752	-	-	266,303
Debt services	-	-	143,445	25,592	169,037
Nonprogrammed charges	-	-	-	-	3,500
Total disbursements	3,630	22,752	143,445	25,592	667,894
Excess (deficiency) of receipts over disbursements	(3,630)	21,220	(1,357)	33,240	124,835
Other financing sources (uses):					
Transfers in	-	-	-	-	33,732
Transfers out	-	-	-	-	(32,916)
Total other financing sources (uses)	-	-	-	-	816
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,630)	21,220	(1,357)	33,240	125,651
Cash and investments - beginning	3,630	-	(6,431)	116,753	291,108
Cash and investments - ending	\$ -	\$ 21,220	\$ (7,788)	\$ 149,993	\$ 416,759
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ 21,220	\$ (7,788)	\$ 149,993	\$ 416,759
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 21,220	\$ (7,788)	\$ 149,993	\$ 416,759
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	21,220	(7,788)	149,993	416,759
Total cash and investment fund balance - ending	\$ -	\$ 21,220	\$ (7,788)	\$ 149,993	\$ 416,759

PORTER TOWNSHIP SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2008

	Retirement/ Severance Bond	Voluntary Employee's Beneficiary Association	Totals
Additions:			
Contributions:			
Employer	\$ -	\$ 29,657	\$ 29,657
Investment earnings:			
Net decrease in fair value of investments	-	(42,970)	(42,970)
Interest	8,386	-	8,386
Dividends	-	21,090	21,090
Total investment earnings	8,386	(21,880)	(13,494)
Total additions	8,386	7,777	16,163
Deductions:			
Benefits	15,275	60,271	75,546
Administrative and general	-	3,654	3,654
Total deductions	15,275	63,925	79,200
Excess (deficiency) of total additions over total deductions	(6,889)	(56,148)	(63,037)
Cash and investment fund balance - beginning	238,613	1,290,434	1,529,047
Cash and investment fund balance - ending	\$ 231,724	\$ 1,234,286	\$ 1,466,010
Net assets:			
Cash and investments	\$ 231,724	\$ 1,234,286	\$ 1,466,010

PORTER TOWNSHIP SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2009

	Retirement/ Severance Bond	Voluntary Employee's Beneficiary Association	Totals
Additions:			
Contributions:			
Employer	\$ -	\$ 31,583	\$ 31,583
Other	52,613	-	52,613
	52,613	31,583	84,196
Investment earnings:			
Net decrease in fair value of investments	-	(84,705)	(84,705)
Interest	1,899	-	1,899
Dividends	-	18,348	18,348
	1,899	(66,357)	(64,458)
Total additions	54,512	(34,774)	19,738
Deductions:			
Benefits	58,315	52,999	111,314
Administrative and general	-	4,152	4,152
	58,315	57,151	115,466
Excess (deficiency) of total additions over total deductions	(3,803)	(91,925)	(95,728)
Cash and investment fund balance - beginning	231,724	1,234,286	1,466,010
Cash and investment fund balance - ending	\$ 227,921	\$ 1,142,361	\$ 1,370,282
Net assets:			
Cash and investments	\$ 227,921	\$ 1,142,361	\$ 1,370,282

PORTER TOWNSHIP SCHOOL CORPORATION
 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	\$ 435,500
Land improvements	1,522,637
Buildings	20,487,572
Improvements other than buildings	4,318,427
Machinery and equipment	<u>1,341,869</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 28,106,005</u>

PORTER TOWNSHIP SCHOOL CORPORATION
 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:		
Capital leases:		
1991 Porter Twp High School Building Corp	\$ 28,977	\$ 101,500
2009 Porter Twp High School Bldg Corp Refinance	14,702,112	1,528,500
Bonds payable:		
General obligation bonds:		
1999 Boone Grove Middle School Improvements	615,000	130,046
Pension Service Debt	1,345,000	132,445
Revenue bonds:		
Common School Loans	3,367,828	493,195
Veterans' Memorial Loans	771,008	61,582
Total governmental activities debt	<u>\$ 20,829,925</u>	<u>\$ 2,447,268</u>

PORTER TOWNSHIP SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates enrollment figures on Form Number 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school years ending June 30, 2008 and 2009. The difference between the count reported on the ADM and the verified figures are shown below:

<u>School Year</u>	<u>Grade</u>	<u>Count as Reported on Form Number 30A</u>	<u>Actual Enrollment Figures</u>	<u>Under Reported</u>
2007-2008	1 Through 12	1,546	1,559	(13)
2008-2009	1 Through 12	1,528	1,530	(2)

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates honors diplomas per Form Number 30A filed with the State Department of Education were incorrect for the school year ending June 30, 2009. The difference between the count reported on the ADM and the verified figures are shown below:

<u>School Year</u>	<u>Honors Diplomas as Reported on Form Number 30A</u>	<u>Actual Honors Diplomas</u>	<u>Over Reported</u>
2008-2009	42	41	1

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

VOLUNTARY EMPLOYEE BENEFITS ASSOCIATION (VEBA) FUND

The School Corporation issued bonds in 2005 to provide a Voluntary Employee Benefits Association (VEBA) plan for teachers employed for the school year 2003/2004.

PORTER TOWNSHIP SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

The VEBA Fund is invested in a depository that is not listed as an approved State depository. Unrealized losses from market declines in held investments were \$42,970 and \$84,705 for 2008 and 2009 respectively.

IC 20-48-1-2 states in part: ". . . a school corporation described in subsection (b) may issue bonds to implement solutions to contractual retirement or severance liability. The issuance of bonds for this purpose is subject to the following conditions: (1) The school corporation may issue bonds under this section only one (1) time. (2) A school corporation described in subsection (b)(1) or (b)(2)(A) must issue the bonds before July 1, 2006. A school corporation described in subsection (b)(2)(B) must file a petition with the department of local government finance under IC 6-1.1-19-8 requesting approval to incur bond indebtedness under this section before July 1, 2006. (3) The solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's unfunded contractual liability for retirement or severance payments as it existed on June 30, 2001."

IC 5-13-8-1 states: "Deposit of public funds; prerequisites Sec. 1. (a) A political subdivision may deposit public funds in a financial institution only if the financial institution: (1) is a depository eligible to receive state funds; and (2) has a principal office or branch that qualifies under section 9 of this chapter to receive public funds of the political subdivision. (b) The state board of finance shall make available information concerning financial institutions eligible to receive state funds as may be requested by a local board of finance. A local board of finance may rely on certificates described in IC 5-13-9.5-1(d) in determining to deposit public funds or reinvest public funds in the financial institution."

BANK ACCOUNT RECONCILIATIONS – HIGH SCHOOL EXTRA-CURRICULAR

The High School extra-curricular bank account reconciliation for the 2007-2008 and 2008-2009 school years, had discrepancies of \$327 and \$457, respectively. Also, at the end of the 2008-2009 school year, outstanding checks in excess of two years were deducted from fund balances instead of being receipted back into the appropriate funds.

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)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE PORTER TOWNSHIP SCHOOL
CORPORATION, PORTER COUNTY, INDIANA

Compliance

We have audited the compliance of the Porter Township School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, the School Board, and federal awarding agencies and pass-through entities 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 16, 2009

PORTER TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	SY 2007-2008	\$ 33,983	\$ -
		SY 2008-2009	-	34,103
National School Lunch Program	10.555	SY 2007-2008	151,818	-
		SY 2008-2009	-	155,991
			<u>185,801</u>	<u>190,094</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF)	84.394		-	321,198
Education State Grants			-	-
			<u>-</u>	<u>321,198</u>
Total for program			<u>-</u>	<u>321,198</u>
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
Title I, Part A Cluster				
Basic		SY 2006-2007	23,993	-
		SY 2007-2008	93,100	44,316
		SY 2008-2009	-	99,129
			<u>117,093</u>	<u>143,445</u>
Total for program			<u>117,093</u>	<u>143,445</u>
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants	84.186			
Title IV, Part A, Subpart 1 of ESEA		SY 2005-2006	2,930	-
		SY 2006-2007	3,689	-
		SY 2007-2008	-	3,630
			<u>6,619</u>	<u>3,630</u>
Total for program			<u>6,619</u>	<u>3,630</u>
Pass-Through Indiana Department of Education				
State Grants for Innovative Programs	84.298			
Title V of ESEA		SY 2005-2006	4,129	-
		SY 2006-2007	2,108	-
		SY 2007-2008	-	2,108
			<u>6,237</u>	<u>2,108</u>
Total for program			<u>6,237</u>	<u>2,108</u>
Pass-Through Indiana Department of Education				
Improving Teacher Quality State Grants	84.367			
Title II, Part A		SY 2007-2008	42,264	-
		SY 2008-2009	-	22,752
			<u>42,264</u>	<u>22,752</u>
Total for program			<u>42,264</u>	<u>22,752</u>
Total for federal grantor agency			<u>172,213</u>	<u>493,133</u>
Total federal awards expended			<u>\$ 358,014</u>	<u>\$ 683,227</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

PORTER TOWNSHIP SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Porter Township School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of School Corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	2008	2009
Child Nutrition Cluster	\$ 37,342	\$ 32,051

PORTER TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____

Child Nutrition Cluster
State Fiscal Stabilization Fund Cluster (ARRA)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

PORTER TOWNSHIP SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

PORTER TOWNSHIP SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 16, 2009, with Nicholas Brown, Superintendent of Schools; Nichole Kovacik, President of the School Board; Aline Busse, Business Manager; and Linda Bult, Deputy Treasurer.