

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

AUDIT REPORT
OF
PORTAGE TOWNSHIP SCHOOLS
PORTER COUNTY, INDIANA
July 1, 2007 to June 30, 2009



FILED
02/25/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sharon Qualkenbush	07-01-07 to 06-30-10
Superintendent of Schools	Michael Berta	07-01-07 to 06-30-10
President of the School Board	Terry Hufford	01-01-07 to 12-31-09



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

TO: THE OFFICIALS OF THE PORTAGE TOWNSHIP SCHOOLS, 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 Portage Township Schools (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 January 27, 2010, 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.

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

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

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 Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

January 27, 2010



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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 PORTAGE TOWNSHIP SCHOOLS, PORTER COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Portage Township Schools (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 January 27, 2010. 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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, 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

January 27, 2010

PORTAGE TOWNSHIP SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 27,182,833	\$ -	\$ 318,972	\$ (26,863,861)
Support services	26,630,219	1,496,735	2,138,426	(22,995,058)
Noninstructional services	3,661,263	-	-	(3,661,263)
Facilities acquisition and construction	3,323,539	-	-	(3,323,539)
Debt service	24,589,202	-	-	(24,589,202)
Nonprogrammed charges	<u>7,473,404</u>	<u>-</u>	<u>-</u>	<u>(7,473,404)</u>
Total governmental activities	<u>\$ 92,860,460</u>	<u>\$ 1,496,735</u>	<u>\$ 2,457,398</u>	<u>(88,906,327)</u>
General receipts:				
Property taxes				28,660,730
Other local sources				5,309,030
State aid				33,568,080
Bonds and loans				9,818,222
Grants and contributions not restricted to specific programs				4,392,916
Sale of property				637,637
Investment earnings				636,251
Other				<u>125,145</u>
Total general receipts				<u>83,148,011</u>
Change in net assets				(5,758,316)
Net assets - beginning				<u>22,684,706</u>
Net assets - ending				<u>\$ 16,926,390</u>
<u>Assets</u>				
Cash and investments				\$ 11,517,922
Restricted assets:				
Cash and investments				<u>5,408,468</u>
Total assets				<u>\$ 16,926,390</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 35,780
Other purposes				5,372,688
Unrestricted				<u>11,517,922</u>
Total net assets				<u>\$ 16,926,390</u>

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

PORTAGE TOWNSHIP SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 32,010,236	\$ -	\$ 305,816	\$ (31,704,420)
Support services	22,727,197	1,633,294	1,868,081	(19,225,822)
Noninstructional services	3,642,796	-	-	(3,642,796)
Facilities acquisition and construction	3,385,569	-	-	(3,385,569)
Debt service	20,132,118	-	-	(20,132,118)
Nonprogrammed charges	4,447,821	-	-	(4,447,821)
Total governmental activities	\$ 86,345,737	\$ 1,633,294	\$ 2,173,897	(82,538,546)
General receipts:				
Property taxes				33,162,809
Other local sources				7,026,785
State aid				37,463,102
Bonds and loans				3,337,119
Grants and contributions not restricted to specific programs				6,015,683
Sale of property				483,117
Investment earnings				298,380
Other				53,079
Total general receipts				87,840,074
Change in net assets				5,301,528
Net assets - beginning				16,926,390
Net assets - ending				\$ 22,227,918
<u>Assets</u>				
Cash and investments				\$ 15,807,514
Restricted assets:				
Cash and investments				6,420,404
Total assets				\$ 22,227,918
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,283,198
Other purposes				5,137,206
Unrestricted				15,807,514
Total net assets				\$ 22,227,918

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

PORTAGE TOWNSHIP SCHOOLS
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	Rainy Day	Debt Service	Other	Totals
Receipts:					
Local sources	\$ 14,361,767	\$ -	\$ 7,195,449	\$ 14,421,846	\$ 35,979,062
Intermediate sources	232	-	-	-	232
State sources	34,294,317	-	-	2,456,741	36,751,058
Federal sources	47,402	-	-	3,619,935	3,667,337
Temporary loans	8,545,754	-	-	1,272,468	9,818,222
Interfund loans	-	8,154,500	5,302,000	3,517,600	16,974,100
Other	120,942	-	-	3,711	124,653
Total receipts	57,370,414	8,154,500	12,497,449	25,292,301	103,314,664
Disbursements:					
Current:					
Instruction	29,312,231	-	-	1,634,821	30,947,052
Support services	15,382,613	-	-	11,247,606	26,630,219
Noninstructional services	446,521	-	-	3,214,742	3,661,263
Facilities acquisition and construction	-	-	-	3,323,539	3,323,539
Debt services	10,655,784	-	8,251,393	5,682,025	24,589,202
Nonprogrammed charges	3,927,573	-	-	258,532	4,186,105
Interfund loans	-	8,819,600	4,635,000	3,519,500	16,974,100
Total disbursements	59,724,722	8,819,600	12,886,393	28,880,765	110,311,480
Excess (deficiency) of receipts over disbursements	(2,354,308)	(665,100)	(388,944)	(3,588,464)	(6,996,816)
Other financing sources (uses):					
Sale of capital assets	15,922	-	-	621,715	637,637
Transfers in	-	515,000	-	114,809	629,809
Transfers out	-	-	-	(629,809)	(629,809)
Total other financing sources (uses)	15,922	515,000	-	106,715	637,637
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,338,386)	(150,100)	(388,944)	(3,481,749)	(6,359,179)
Cash and investments - beginning	7,526,133	3,769,221	424,703	6,192,824	17,912,881
Cash and investments - ending	<u>\$ 5,187,747</u>	<u>\$ 3,619,121</u>	<u>\$ 35,759</u>	<u>\$ 2,711,075</u>	11,553,702
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:					
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					
					<u>5,372,688</u>
Net assets of governmental activities					<u>\$ 16,926,390</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 5,187,747	\$ 3,619,121	\$ -	\$ 2,711,054	\$ 11,517,922
Restricted assets:					
Cash and investments	-	-	35,759	21	35,780
Total cash and investment assets - ending	<u>\$ 5,187,747</u>	<u>\$ 3,619,121</u>	<u>\$ 35,759</u>	<u>\$ 2,711,075</u>	<u>\$ 11,553,702</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ 35,759	\$ 21	\$ 35,780
Unrestricted	5,187,747	3,619,121	-	2,711,054	11,517,922
Total cash and investment fund balance - ending	<u>\$ 5,187,747</u>	<u>\$ 3,619,121</u>	<u>\$ 35,759</u>	<u>\$ 2,711,075</u>	<u>\$ 11,553,702</u>

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

PORTAGE TOWNSHIP SCHOOLS
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	Rainy Day	Fiscal Stabilization	Debt Service	Other	Totals
Receipts:						
Local sources	\$ 18,422,114	\$ -	\$ -	\$ 8,487,650	\$ 15,157,708	\$ 42,067,472
State sources	36,998,482	-	-	-	870,417	37,868,899
Federal sources	58,790	-	4,123,938	-	3,601,054	7,783,782
Temporary loans	-	-	-	3,337,119	-	3,337,119
Interfund loans	-	4,344,600	-	900,000	2,240,000	7,484,600
Other	40,237	-	-	-	12,842	53,079
Total receipts	55,519,623	4,344,600	4,123,938	12,724,769	21,882,021	98,594,951
Disbursements:						
Current:						
Instruction	30,577,750	-	-	-	1,432,486	32,010,236
Support services	14,452,473	-	-	-	8,274,724	22,727,197
Noninstructional services	511,478	-	-	-	3,131,318	3,642,796
Facilities acquisition and construction	29,987	-	-	-	3,355,582	3,385,569
Debt services	8,552,569	-	-	8,681,027	2,898,522	20,132,118
Nonprogrammed charges	3,938,542	-	-	-	220,000	4,158,542
Interfund loans	-	3,140,000	-	2,692,000	1,652,600	7,484,600
Total disbursements	58,062,799	3,140,000	-	11,373,027	20,965,232	93,541,058
Excess (deficiency) of receipts over disbursements	(2,543,176)	1,204,600	4,123,938	1,351,742	916,789	5,053,893
Other financing sources (uses):						
Sale of capital assets	382	-	-	-	482,735	483,117
Transfers in	-	-	-	-	223,905	223,905
Transfers out	-	-	-	(112,605)	(111,300)	(223,905)
Total other financing sources (uses)	382	-	-	(112,605)	595,340	483,117
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,542,794)	1,204,600	4,123,938	1,239,137	1,512,129	5,537,010
Cash and investments - beginning	5,187,747	3,619,121	-	35,759	2,711,075	11,553,702
Cash and investments - ending	\$ 2,644,953	\$ 4,823,721	\$ 4,123,938	\$ 1,274,896	\$ 4,223,204	17,090,712
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:						
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.						5,137,206
Net assets of governmental activities						\$ 22,227,918
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,644,953	\$ 4,823,721	\$ 4,123,938	\$ -	\$ 4,214,902	\$ 15,807,514
Restricted assets:						
Cash and investments	-	-	-	1,274,896	8,302	1,283,198
Total cash and investment assets - ending	\$ 2,644,953	\$ 4,823,721	\$ 4,123,938	\$ 1,274,896	\$ 4,223,204	\$ 17,090,712
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 1,274,896	\$ 8,302	\$ 1,283,198
Unrestricted	2,644,953	4,823,721	4,123,938	-	4,214,902	15,807,514
Total cash and investment fund balance - ending	\$ 2,644,953	\$ 4,823,721	\$ 4,123,938	\$ 1,274,896	\$ 4,223,204	\$ 17,090,712

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

PORTAGE TOWNSHIP SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2008

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 7,597,029
Miscellaneous	<u>123,943</u>
Total operating receipts	<u>7,720,972</u>
Operating disbursements:	
Insurance claims and expense	7,088,726
Other	<u>31,383</u>
Total operating disbursements	<u>7,120,109</u>
Change in net assets	600,863
Cash and investment fund balance - beginning	<u>4,771,825</u>
Cash and investment fund balance - ending	<u>\$ 5,372,688</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 5,372,688</u>
Total cash and investment assets - ending	<u>\$ 5,372,688</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 5,372,688</u>
Total cash and investment fund balance - ending	<u>\$ 5,372,688</u>

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

PORTAGE TOWNSHIP SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2009

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 8,928,457
Miscellaneous	<u>53,797</u>
Total operating receipts	<u>8,982,254</u>
Operating disbursements:	
Insurance claims and expense	9,144,592
Other	<u>73,144</u>
Total operating disbursements	<u>9,217,736</u>
Change in net assets	(235,482)
Cash and investment fund balance - beginning	<u>5,372,688</u>
Cash and investment fund balance - ending	<u>\$ 5,137,206</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 5,137,206</u>
Total cash and investment assets - ending	<u>\$ 5,137,206</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 5,137,206</u>
Total cash and investment fund balance - ending	<u>\$ 5,137,206</u>

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Fund
Additions:			
Contributions:			
Other	\$ -	\$ 268,735	
Investment earnings:			
Interest	80,301	-	
Total additions	80,301	268,735	
Deductions:			
Benefits	352,099	-	
Administrative and general	-	200,937	
Total deductions	352,099	200,937	
Excess (deficiency) of total additions over total deductions	(271,798)	67,798	
Cash and investment fund balance - beginning	3,099,339	98,907	
Cash and investment fund balance - ending	\$ 2,827,541	\$ 166,705	\$ 119,334
Net assets:			
Cash and investments	\$ 2,827,541	\$ 166,705	
Total net assets - cash and investment basis held in trust	\$ 2,827,541	\$ 166,705	

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Fund
Additions:			
Contributions:			
Other	\$ -	\$ 146,366	
Investment earnings:			
Interest	22,525	-	
Total additions	22,525	146,366	
Deductions:			
Benefits	346,427	-	
Administrative and general	-	136,182	
Total deductions	346,427	136,182	
Excess (deficiency) of total additions over total deductions	(323,902)	10,184	
Cash and investment fund balance - beginning	2,827,541	166,705	
Cash and investment fund balance - ending	\$ 2,503,639	\$ 176,889	\$ 129,752
Net assets:			
Cash and investments	\$ 2,503,639	\$ 176,889	
Total net assets - cash and investment basis held in trust	\$ 2,503,639	\$ 176,889	

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

PORTAGE TOWNSHIP SCHOOLS
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: Portage Township Schools

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

Joint Venture

The School Corporation, in conjunction with Duneland, Porter Township, Valparaiso Community, Union Township, East Porter County, and MSD Boone Township School Corporations, has created the Porter County Education Interlocal (Interlocal). The superintendent from each participating school corporation is a board member and responsible for approving the budget for the Interlocal, as well as, hiring personnel to run the operations and maintain the financial records of the Interlocal. The Interlocal was created to provide vocational, alternative, adult, and special education programs. Each participating school corporation is obligated by contract to remit its share of the costs of operations annually. The Interlocal's continued existence depends on continued funding by the participating school corporations, as well as grants. The School Corporation paid \$5,951,723, and \$5,764,162 for its share of costs of operations for the school years ended June 30, 2008, and June 30, 2009, respectively. The School Corporation is obligated for the debts of the Interlocal for \$560,249 for school year ended June 30, 2009. Complete financial statements for the Porter County Education Interlocal can be obtained from its office at 750 Ransom Road, Valparaiso, IN 46385.

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 Study Council is governed by a board composed of a member from each participating school corporation. The School Corporation pays \$1,000 annually to belong to the Study Council. Complete financial statements for the Study Council can be obtained from the Merrillville Community School Corporation, 6701 Delaware Street, Merrillville, IN 46410.

The School Corporation is a participant in the Northwest Indiana Educational Services Center (Center), a joint services program established May 30, 1985, for the participating school corporations to cooperate and share programs such as curriculum development, instructional materials, needs assessment, computer utilization and in-service education. The Center operates under the authority of the Northwest Indiana Public School Study Council. The School Corporation provides

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, IN 46322.

Related Organizations

The School Corporation's officials are also responsible for appointing the members of the boards of other organizations, but the School Corporation's accountability for these organizations does not extend beyond making the appointments. The School Corporation appoints the board members of the Portage Township Multi-School Building Corporation. This Building Corporation was organized for the purpose of issuing bonds to finance various construction or reconstructing projects for the benefit of the School Corporation. These buildings and/or improvements are simultaneously leased to the School Corporation, at rental rates which will provide the funding to the building corporations in amounts sufficient to repay the bonds.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, 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 rainy day fund is used to account for funds in accordance with Indiana Code 36-1-8-5.1 and a locally adopted resolution.

The fiscal stabilization fund is used to account for American recovery and reinvestment act funds. These are federal funds distributed to the schools through the state to replace the state tuition support.

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.

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for risks associated with medical benefits to employees.

The pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the School Corporation in a trustee capacity.

The private-purpose trust funds report a trust arrangement under which principal and income benefit the needs as addressed by each individual donor.

The agency fund accounts for assets held by the School Corporation as an agent for various federal, state, private, and public organizations.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary 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.

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.

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Fund Financial Statements

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

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, 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.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

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 reported as reimbursements.
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 except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. 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

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.

PORTAGE TOWNSHIP SCHOOLS
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 January 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 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.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2009, the bank balance held at First National Bank and Harris Bank in the amounts of \$2,460,211 and \$2,827,541, respectively, was uncollateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-School Corporation's name. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2008</u>	<u>2009</u>
Debt Service	Other governmental funds	\$ -	\$ 112,605
Other governmental funds	Rainy Day	515,000	-
	Other governmental funds	<u>114,809</u>	<u>111,300</u>
Totals		<u>\$ 629,809</u>	<u>\$ 223,905</u>

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

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Short-Term Liabilities

1. Tax Anticipation Warrants

The School Corporation issues tax anticipation warrants for cash flow purposes in advance of property tax collections and/or state tuition support distributions, depositing the proceeds in the appropriate fund.

2. Other Short-Term Loans

The School Corporation uses short term loans between funds for current operating needs due to a delay in tax settlement distributions.

Short-term liability activity for the years ended June 30, 2008 and 2009, was as follows:

<u>Fiscal Year 2007-2008</u>	<u>Beginning Balance</u>	<u>Issued/ Draw</u>	<u>Redeemed Repayments</u>	<u>Ending Balance</u>
Tax anticipation warrants	\$ 16,227,547	\$ 9,818,222	\$ 16,227,547	\$ 9,818,222
Short-term loans between funds	<u>2,079,500</u>	<u>8,819,600</u>	<u>8,154,500</u>	<u>2,744,600</u>
Totals	<u>\$ 18,307,047</u>	<u>\$ 18,637,822</u>	<u>\$ 24,382,047</u>	<u>\$ 12,562,822</u>
 <u>Fiscal Year 2008-2009</u>				
Tax anticipation warrants	\$ 9,818,222	\$ 3,337,119	\$ 10,818,222	\$ 2,337,119
Short-term loans between funds	<u>2,744,600</u>	<u>3,140,000</u>	<u>4,344,600</u>	<u>1,540,000</u>
Totals	<u>\$ 12,562,822</u>	<u>\$ 6,477,119</u>	<u>\$ 15,162,822</u>	<u>\$ 3,877,119</u>

D. Restatements and Reclassifications

For the year ended June 30, 2007, 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.

<u>Opinion Unit</u>	<u>Balance as Reported June 30, 2007</u>	<u>Fund Reclassification</u>	<u>Balance as Restated June 30, 2007</u>
Governmental activities:			
Statement of Activities and Net Assets - Cash and Investment Basis	<u>\$ 22,688,414</u>	<u>\$ (3,708)</u>	<u>\$ 22,684,706</u>
Aggregate remaining fund information:			
Statement of Assets and Fund Balances And Receipts, Disbursements And Changes in Fund Balances - Cash and Investment Basis Governmental Funds	<u>\$ 17,916,589</u>	<u>\$ (3,708)</u>	<u>\$ 17,912,881</u>
Statement of Additions, Deduction, and Changes in Cash and Investment Balances - Fiduciary Funds	<u>\$ 95,199</u>	<u>\$ 3,708</u>	<u>\$ 98,907</u>

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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; 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.

Medical Benefits to Employees, Retirees, and Dependents

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents (excluding postemployment benefits). The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$100,000 for noncertified and \$125,000 for certified personnel per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon historical trends in actual claims incurred and paid, which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Holding Corporation

The School Corporation has entered into a capital lease with Portage Township Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year totaled \$5,094,437.

C. Subsequent Events

School Bus Purchases

On August 24, 2009, the School Board awarded a bid to Midwest Transit Equipment for the purchase of four (4) 72-passenger buses for \$305,096. The buses were received on November 30, 2009, with an invoice purchase price of \$305,016.

Tax Anticipation Warrants

On September 3, 2009, the School Corporation received tax anticipation warrants in the following amounts for the following funds:

School Pension Debt Service	\$ 1,038,756
Capital Projects	2,317,929
Transportation Bus Replacement	327,624

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Common School Loan

On August 7, 2009, the School Corporation received notice for repayment of a common school loan advance in the amount of \$180,175 to be used for the purchase of data processing instructional equipment. The loan is to be repaid beginning January 1, 2010 and continuing until July 1, 2014, at an interest rate of 1%.

Federal Financial Assistance – ARRA

The School Corporation was awarded American Recovery and Reinvestment Act (ARRA) funds for Title I in the amount of \$871,479, in August through November of 2009, the School Corporation received \$348,639 of the awarded amount leaving a balance yet to be received of \$522,840.

The School Corporation was awarded American Recovery and Reinvestment Act (ARRA) funds for Special Education in the amount of \$727,442.50, as of December 3, 2009, the School Corporation has not received any of the funds.

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 have resulted in delays in billing taxes in 2008 and 2009. A provisional tax bill for the 2007 pay 2008 was mailed June 11, 2008, due on July 18, 2008. The reconciliation tax bill for the 2007 pay 2008 was mailed on February 23, 2009, with a due date of April 13, 2009. Final distribution of 2008 taxes collected was made on September 30, 2009.

Both the spring and fall installments for the 2008 pay 2009 taxes were billed in November 2009, due on December 4, 2009. It is not yet known when the County will be distributing the taxes received as of December 4, 2009.

State Assistance

Due to budget shortfalls state wide, the State is reducing the funding school corporations will receive beginning January 1, 2010. Officials of the School Corporation estimate the funding will be reduced by approximately \$2,278,656 for the calendar year 2010. To compensate for this shortfall the School Corporation will continue reducing positions through attrition as individuals resign or retire as the School Corporation has been doing over the past two and one-half years. The School Corporation is also investigating potential savings which may be achieved through the State's Health Insurance Program, early retirement incentives, and termination of the Adult Education Program.

D. Contingent Liabilities

The School Corporation has been named as a party in a few lawsuits for which the outcome cannot yet be determined. The cases have been referred to the School Corporation's liability insurance carrier and are being defended by counsel chosen by that carrier.

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Other Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 10 years of service for certified employees, and 20 years of service for noncertified employees.

Noncertified Employees

Employees who are eligible to remain on the corporation group health insurance policy at retirement and who are at least 55 years of age at the time of their retirement shall have an amount equal to 80% of the cost of a single membership premium paid by the School Corporation each month. All premium costs above the School Corporation's share shall be the full responsibility of the retiree.

VEBA

Administrators and Teachers

The Board agreed to establish and maintain a VEBA (Voluntary Employee Benefit Assistance) plan pursuant to 501(c)(9) of the Internal Revenue Code.

The Educational Services Company had been selected to determine the present value of the unfunded retiree group health and dental insurance benefit in effect prior September 1, 2005. The present value of the retiree group health and dental insurance benefit was then contributed by the School Corporation into a VEBA account on behalf of each administrator and teacher. The VEBA plan contains the following terms and conditions:

- (1) The amount calculated for each administrator and teacher will be invested in a separate account. Each administrator and teacher may determine the manner in which his/her account shall be invested among the investment options made available by the selected vendor for the VEBA plan.
- (2) Present value contributions to a VEBA account on behalf of an administrator or teacher will vest with that administrator or teacher once the administrator or teacher has satisfied the following requirements:
 - (a) The administrator or teacher must be at least fifty-five (55) years of age and meet the minimum requirements for retirement established by the Indiana Teachers Retirement Fund.
 - (b) The administrator or teacher must have been a full-time administrator, certified employee, or combination thereof, of the Portage Township Schools for at least ten (10) consecutive years.
- (3) If at the time the employment relationship is severed with the Portage Township Schools an administrator or teacher does not meet the vesting requirements pursuant to Section (2) above, the VEBA account shall be forfeited. Forfeited amounts shall be reallocated at the end of each plan year only among the then remaining separate VEBA accounts.

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Teachers (Hired After July 1, 2006)

The Board agreed to establish and maintain a VEBA (Voluntary Employee Benefit Assistance) plan pursuant to 501(c)(9) of the Internal Revenue Code. The Board shall make a one-time deposit of \$900.00 into an individual VEBA account on behalf of each teacher hired on or after July 1, 2006.

- (1) The amount deposited on behalf of each teacher will be invested in a separate account. Each teacher may determine the manner in which his/her account shall be invested among the investment options made available by the selected investment vendor for the VEBA plan.
- (2) The contribution into a VEBA account on behalf of a teacher will vest with that teacher once the teacher has satisfied the following requirements:
 - (a) The teacher must be at least fifty-five (55) years of age and meet the minimum requirements for retirement established by the Indiana Teachers Retirement Fund.
 - (b) The teacher must have been a full-time employee of the Portage Township Schools for at least ten (10) years.
- (3) If at the time the employment relationship is severed with the Portage Township Schools a teacher does not meet the vesting requirements pursuant to Section 2 above, the VEBA account shall be forfeited. Forfeited amounts shall revert back to the school corporation. These forfeited amounts will then be used by the school corporation to fund future contributions to VEBA accounts.
- (4) Following the satisfaction of the requirement in 2 above, the assets of the VEBA account become the property of the teacher.

401(a) Account

Administrators and Teachers

The Board agreed to establish and maintain a 401(a) account for administrators and teachers.

The Educational Services Company had been selected to determine the present value of the unfunded benefit in effect prior to September 1, 2005. The present value of this benefit was contributed by the School Corporation into a 401(a) account, less any amount contributed on behalf of the administrator or teacher by the School Corporation prior to May 23, 2006, in the name of the administrator or teacher. The 401(a) plan contains the following terms and conditions:

- (1) The amount calculated for each administrator and teacher will be invested in a separate account. Each administrator and teacher may determine the manner in which his/her account shall be invested among the investment options made available by the selected investment vendor for the 401(a) plan.
- (2) Present value contributions to a 401(a) account on behalf of an administrator or teacher will vest with that administrator once the administrator or teacher has satisfied the following requirements:

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

- (a) The administrator or teacher must be at least fifty-five (55) years of age and meet the minimum requirements for retirement established by the Indiana Teachers Retirement Fund.
 - (b) The administrator or teacher must have been a full-time administrator, certified employee, or combination thereof, of the Portage Township Schools for at least ten (10) consecutive years.
- (3) Amounts contributed to the Administrator's or Teacher's 401(a) account prior to May 23, 2006, will be the property of the administrator once he/she has had ten (10) consecutive years of employment as a certified employee, administrator, or combination thereof, of the Portage Township Schools, regardless of age.
- (4) If at the time the employment relationship is severed with the Portage Township Schools an administrator or teacher does not meet the vesting requirements pursuant to Section (2) above, the 401(a) account shall be forfeited. Forfeited amounts shall be reallocated at the end of each plan year only among the then remaining separate 401(a) accounts.

403(b) Account – Retirement Savings Plan

Administrators

- (a) Each administrator shall have the option of investing in a 403(b) plan up to the maximum allowable under Federal law. Effective July 1, 2006, the employer shall match the administrator's contributions on a dollar-for-dollar basis one percent (1%) of the administrator's base salary.
- (b) The administrator's matching contribution shall be invested in a 401(a) account in the employee's name. Employer contributions will be deposited into the 401(a) account on a monthly basis. The contribution to the 401(a) account on behalf of the administrator will vest with that employee after the employee completes ten (10) consecutive years of service with the Portage Township Schools as an administrator, certified employee, or combination thereof.
- (c) Once an administrator becomes vested in the 401(a) account, all assets of the account become the property of the administrator, and in the event of death, the administrator's designated beneficiary, or estate, if no beneficiary exists on the administrator's 401(a) account. An administrator shall not be permitted to made withdrawals from his/her 401(a) account prior to severing his/her employment with the Portage Township Schools.

Funding Policy

In 2006, there was a one-time buyout for the health and dental insurance benefits for administrators and teachers and contributions were made to the VEBA accounts and the 401(a) accounts. Contributions into the VEBA accounts were \$648,065 and \$4,211,149 for administrators and teachers, respectively, and contributions into the 401(a) accounts were \$934,751 and \$1,991,812 for administrators and teachers, respectively. No future contributions are made to the VEBA and 401(a) accounts by the School Corporation, other than as indicated for teachers hired after July 1, 2006.

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENTS
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F. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

PERF members are required to contribute 3% of their annual covered salary. The School Corporation is required to contribute at an actuarially determined rate; the current rate is 7% of annual covered payroll. The contribution requirements of plan members and the School Corporation are established and may be amended by the PERF Board of Trustees.

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Annual Pension Cost

For 2008, the School Corporation's annual pension cost of \$534,817 for PERF exceeded the School Corporation's required and actual contributions.

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 532,292
Interest on net pension obligation	(18,092)
Adjustment to annual required contribution	20,617
Annual pension cost	534,817
Contributions made	526,703
Increase (decrease) in net pension obligation	8,114
Net pension obligation, beginning of year	(249,546)
Net pension obligation, end of year	\$ (241,432)

	PERF
Contribution rates:	
School Corporation	7%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age Normal Cost
Amortization method	Level Dollar, Closed Amortization Period percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-07
Asset valuation method	75% of expected actuarial value plus 25% of market value

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

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 460,227	99%	\$ (329,043)
	06-30-07	568,610	86%	(249,546)
	06-30-08	534,817	98%	(241,432)

Funded status and Funding Progress for the Above Plan

The funded status of each plan as of July 1, 2008, the most recent actuarial valuation date is as follows:

Retirement Plan	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
PERF	<u>\$10,438,423</u>	<u>\$11,252,683</u>	<u>\$814,260</u>	93%	<u>\$7,882,590</u>	10%

The schedule of funding progress, presented as RSI for the above plans following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority 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:

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, 2008, and 2007, were \$861,721, \$810,001, and \$709,948, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

PORTAGE TOWNSHIP SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 8,977,762	\$ 10,139,506	\$ (1,161,744)	89%	\$ 7,742,180	(15%)
07-01-07	9,930,313	10,595,816	(665,503)	94%	7,588,277	(9%)
07-01-08	10,438,423	11,252,683	(814,260)	93%	7,882,590	(10%)

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Transportation Operating	Special Education Preschool	Food Service	Textbook Rental	Adult Alternative Education	Safe Haven Grant	Gifted and Talented 2006/07
Receipts:							
Local sources	\$ 3,641,631	\$ 33,318	\$ 1,421,078	\$ 492,939	\$ -	\$ -	\$ -
State sources	-	211,770	35,546	261,892	2,393	-	62,730
Federal sources	-	-	1,840,988	-	-	-	-
Temporary loans	761,059	-	-	-	-	-	-
Interfund loans	50,000	-	-	-	-	-	-
Other	3,667	-	-	44	-	-	-
Total receipts	4,456,357	245,088	3,297,612	754,875	2,393	-	62,730
Disbursements:							
Current:							
Instruction	-	-	-	-	2,393	-	62,528
Support services	3,933,650	-	1,059	1,210,981	-	-	-
Noninstructional services	-	-	3,133,839	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	1,485,000	-	-	-	-	-	-
Nonprogrammed charges	-	258,532	-	-	-	-	-
Interfund loans	300,000	-	-	-	-	-	-
Total disbursements	5,718,650	258,532	3,134,898	1,210,981	2,393	-	62,528
Excess (deficiency) of receipts over disbursements	(1,262,293)	(13,444)	162,714	(456,106)	-	-	202
Other financing sources (uses):							
Sale of capital assets	619,358	-	-	357	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	619,358	-	-	357	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(642,935)	(13,444)	162,714	(455,749)	-	-	202
Cash and investments - beginning	1,502,181	140,338	396,160	588,122	-	17,526	1,261
Cash and investments - ending	\$ 859,246	\$ 126,894	\$ 558,874	\$ 132,373	\$ -	\$ 17,526	\$ 1,463
Cash and Investment Assets - Ending							
Cash and investments	\$ 859,246	\$ 126,894	\$ 558,874	\$ 132,373	\$ -	\$ 17,526	\$ 1,463
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 859,246	\$ 126,894	\$ 558,874	\$ 132,373	\$ -	\$ 17,526	\$ 1,463
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	859,246	126,894	558,874	132,373	-	17,526	1,463
Total cash and investment fund balance - ending	\$ 859,246	\$ 126,894	\$ 558,874	\$ 132,373	\$ -	\$ 17,526	\$ 1,463

PORTAGE TOWNSHIP SCHOOLS
 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)

	Computer Consortium	Workforce Enhancement	Drug Free Community	Non-English Speaking	School Technology	Technology Grant One	Performance Based Award
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 352,894	\$ -	\$ -
State sources	1,745,009	-	1,510	34,224	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	1,745,009	-	1,510	34,224	352,894	-	-
Disbursements:							
Current:							
Instruction	-	23,334	1,508	33,411	-	-	258
Support services	1,734,221	-	-	4,363	344,838	138,014	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	400	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	1,734,221	23,734	1,508	37,774	344,838	138,014	258
Excess (deficiency) of receipts over disbursements	10,788	(23,734)	2	(3,550)	8,056	(138,014)	(258)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,788	(23,734)	2	(3,550)	8,056	(138,014)	(258)
Cash and investments - beginning	(10,788)	23,734	-	5,137	26,804	138,014	258
Cash and investments - ending	\$ -	\$ -	\$ 2	\$ 1,587	\$ 34,860	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ 2	\$ 1,587	\$ 34,860	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 2	\$ 1,587	\$ 34,860	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	2	1,587	34,860	-	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 2	\$ 1,587	\$ 34,860	\$ -	\$ -

PORTAGE TOWNSHIP SCHOOLS
 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)

	Professional Development Grant	Academy of Finance 2002 ML	Adult Education Workforce Development	School Improvement Saylor	Distinguished School Saylor	Title I 2006/07	Title I 2007/08
Receipts:							
Local sources	\$ 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	91,140	-	-	-	-	-	-
Federal sources	-	-	19,000	-	-	-	980,692
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	91,171	-	19,000	-	-	-	980,692
Disbursements:							
Current:							
Instruction	145,201	126	167	2,105	155	171,760	852,417
Support services	25	-	2,974	15,807	722	20,646	79,876
Noninstructional services	-	-	-	-	-	11,027	39,257
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	145,226	126	3,141	17,912	877	203,433	971,550
Excess (deficiency) of receipts over disbursements	(54,055)	(126)	15,859	(17,912)	(877)	(203,433)	9,142
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	114,809
Transfers out	-	-	-	-	-	(114,809)	-
Total other financing sources (uses)	-	-	-	-	-	(114,809)	114,809
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(54,055)	(126)	15,859	(17,912)	(877)	(318,242)	123,951
Cash and investments - beginning	130,957	137	7,736	17,912	877	318,242	-
Cash and investments - ending	<u>\$ 76,902</u>	<u>\$ 11</u>	<u>\$ 23,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,951</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 76,902	\$ 11	\$ 23,595	\$ -	\$ -	\$ -	\$ 123,951
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 76,902</u>	<u>\$ 11</u>	<u>\$ 23,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,951</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	76,902	11	23,595	-	-	-	123,951
Total cash and investment fund balance - ending	<u>\$ 76,902</u>	<u>\$ 11</u>	<u>\$ 23,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,951</u>

PORTAGE TOWNSHIP SCHOOLS
 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)

	Title I School Improvement	Title V 05-128	Title V 06-6550	Title V Part A 2007/09	Adult Education Title II Comprehensive 2006/07	Adult Education Title II Outreach 2006/07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	50,000	-	6,949	334	-	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	50,000	-	6,949	334	-	-
Disbursements:						
Current:						
Instruction	15,523	-	-	-	25,964	240
Support services	14,309	15,213	13,474	-	7,214	-
Noninstructional services	-	-	-	-	327	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	29,832	15,213	13,474	-	33,505	240
Excess (deficiency) of receipts over disbursements	20,168	(15,213)	(6,525)	334	(33,505)	(240)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	20,168	(15,213)	(6,525)	334	(33,505)	(240)
Cash and investments - beginning	-	15,213	6,593	-	33,505	240
Cash and investments - ending	\$ 20,168	\$ -	\$ 68	\$ 334	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 20,168	\$ -	\$ 68	\$ 334	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 20,168	\$ -	\$ 68	\$ 334	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	20,168	-	68	334	-	-
Total cash and investment fund balance - ending	\$ 20,168	\$ -	\$ 68	\$ 334	\$ -	\$ -

PORTAGE TOWNSHIP SCHOOLS
 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)

	Adult Education Outreach 2007/08	Adult Education Comprehensive 2007/08	Title IV 05-161	Title IV Part A 2006/07	Strawbridge Science	Adult Education English Literacy 2006/07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	28,000	322,205	-	27,028	-	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	28,000	322,205	-	27,028	-	-
Disbursements:						
Current:						
Instruction	14,720	220,173	227	224	-	4,717
Support services	300	76,433	18,482	14,418	193	-
Noninstructional services	5,101	18,880	-	-	-	1,410
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	20,121	315,486	18,709	14,642	193	6,127
Excess (deficiency) of receipts over disbursements	7,879	6,719	(18,709)	12,386	(193)	(6,127)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,879	6,719	(18,709)	12,386	(193)	(6,127)
Cash and investments - beginning	-	-	18,709	-	193	6,127
Cash and investments - ending	<u>\$ 7,879</u>	<u>\$ 6,719</u>	<u>\$ -</u>	<u>\$ 12,386</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 7,879	\$ 6,719	\$ -	\$ 12,386	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 7,879</u>	<u>\$ 6,719</u>	<u>\$ -</u>	<u>\$ 12,386</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	7,879	6,719	-	12,386	-	-
Total cash and investment fund balance - ending	<u>\$ 7,879</u>	<u>\$ 6,719</u>	<u>\$ -</u>	<u>\$ 12,386</u>	<u>\$ -</u>	<u>\$ -</u>

PORTAGE TOWNSHIP SCHOOLS
 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)

	Adult Education English Literacy 2005/06	Tech Prep TP6-91	Vocational Education High Schools TY00	Vocational Education High Schools That Work	Title II Improving Teacher Quality	Title II D Education Technology
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	10,527	-	-	-	-
Federal sources	33,000	-	-	-	291,699	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	33,000	10,527	-	-	291,699	-
Disbursements:						
Current:						
Instruction	18,132	-	-	-	7,132	(76)
Support services	4,754	1,879	54	570	355,331	8,267
Noninstructional services	4,901	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	27,787	1,879	54	570	362,463	8,191
Excess (deficiency) of receipts over disbursements	5,213	8,648	(54)	(570)	(70,764)	(8,191)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,213	8,648	(54)	(570)	(70,764)	(8,191)
Cash and investments - beginning	-	(8,648)	54	570	138,012	8,191
Cash and investments - ending	\$ 5,213	\$ -	\$ -	\$ -	\$ 67,248	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 5,213	\$ -	\$ -	\$ -	\$ 67,248	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 5,213	\$ -	\$ -	\$ -	\$ 67,248	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	5,213	-	-	-	67,248	-
Total cash and investment fund balance - ending	\$ 5,213	\$ -	\$ -	\$ -	\$ 67,248	\$ -

PORTAGE TOWNSHIP SCHOOLS
 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)

	Title III English Language	School Pension Debt Service	Capital Projects	School Bus Replacement	Construction	Totals
Receipts:						
Local sources	\$ -	\$ 1,390,751	\$ 6,400,100	\$ 313,637	\$ 375,467	\$ 14,421,846
State sources	-	-	-	-	-	2,456,741
Federal sources	20,040	-	-	-	-	3,619,935
Temporary loans	-	-	511,409	-	-	1,272,468
Interfund loans	-	1,217,600	2,000,000	250,000	-	3,517,600
Other	-	-	-	-	-	3,711
Total receipts	20,040	2,608,351	8,911,509	563,637	375,467	25,292,301
Disbursements:						
Current:						
Instruction	32,482	-	-	-	-	1,634,821
Support services	1,270	-	2,730,293	497,976	-	11,247,606
Noninstructional services	-	-	-	-	-	3,214,742
Facilities acquisition and construction	-	-	2,952,632	-	370,507	3,323,539
Debt services	-	2,141,762	1,955,000	100,263	-	5,682,025
Nonprogrammed charges	-	-	-	-	-	258,532
Interfund loans	-	519,500	2,700,000	-	-	3,519,500
Total disbursements	33,752	2,661,262	10,337,925	598,239	370,507	28,880,765
Excess (deficiency) of receipts over disbursements	(13,712)	(52,911)	(1,426,416)	(34,602)	4,960	(3,588,464)
Other financing sources (uses):						
Sale of capital assets	-	-	2,000	-	-	621,715
Transfers in	-	-	-	-	-	114,809
Transfers out	-	-	(515,000)	-	-	(629,809)
Total other financing sources (uses)	-	-	(513,000)	-	-	106,715
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(13,712)	(52,911)	(1,939,416)	(34,602)	4,960	(3,481,749)
Cash and investments - beginning	13,712	52,932	2,477,374	125,439	-	6,192,824
Cash and investments - ending	\$ -	\$ 21	\$ 537,958	\$ 90,837	\$ 4,960	\$ 2,711,075
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 537,958	\$ 90,837	\$ 4,960	\$ 2,711,054
Restricted assets:						
Cash and investments	-	21	-	-	-	21
Total cash and investment assets - ending	\$ -	\$ 21	\$ 537,958	\$ 90,837	\$ 4,960	\$ 2,711,075
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ 21	\$ -	\$ -	\$ -	\$ 21
Unrestricted	-	-	537,958	90,837	4,960	2,711,054
Total cash and investment fund balance - ending	\$ -	\$ 21	\$ 537,958	\$ 90,837	\$ 4,960	\$ 2,711,075

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Transportation Operating	Special Education Preschool	Food Service	Textbook Rental	Adult Alternative Education	Safe Haven Grant
Receipts:						
Local sources	\$ 4,267,257	\$ 37,871	\$ 1,600,787	\$ 460,856	\$ -	\$ -
State sources	-	203,465	34,040	245,610	2,933	14,058
Federal sources	-	-	1,588,430	-	-	-
Interfund loans	-	-	-	-	-	-
Other	12,842	-	-	-	-	-
Total receipts	4,280,099	241,336	3,223,257	706,466	2,933	14,058
Disbursements:						
Current:						
Instruction	-	-	-	-	-	28,305
Support services	3,832,197	-	2,679	650,789	-	-
Noninstructional services	-	-	3,066,552	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	761,059	-	-	-	-	-
Nonprogrammed charges	-	220,000	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	4,593,256	220,000	3,069,231	650,789	-	28,305
Excess (deficiency) of receipts over disbursements	(313,157)	21,336	154,026	55,677	2,933	(14,247)
Other financing sources (uses):						
Sale of capital assets	470,110	-	-	-	-	-
Transfers in	-	-	-	112,605	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	470,110	-	-	112,605	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	156,953	21,336	154,026	168,282	2,933	(14,247)
Cash and investments - beginning	859,246	126,894	558,874	132,373	-	17,526
Cash and investments - ending	<u>\$ 1,016,199</u>	<u>\$ 148,230</u>	<u>\$ 712,900</u>	<u>\$ 300,655</u>	<u>\$ 2,933</u>	<u>\$ 3,279</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,016,199	\$ 148,230	\$ 712,900	\$ 300,655	\$ 2,933	\$ 3,279
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,016,199</u>	<u>\$ 148,230</u>	<u>\$ 712,900</u>	<u>\$ 300,655</u>	<u>\$ 2,933</u>	<u>\$ 3,279</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,016,199	148,230	712,900	300,655	2,933	3,279
Total cash and investment fund balance - ending	<u>\$ 1,016,199</u>	<u>\$ 148,230</u>	<u>\$ 712,900</u>	<u>\$ 300,655</u>	<u>\$ 2,933</u>	<u>\$ 3,279</u>

PORTAGE TOWNSHIP SCHOOLS
 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)

	Gifted and Talented 2006/07	High Ability Grant	Computer Consortium	Drug Free Community	Non-English Speaking	School Technology
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 222,988
State sources	-	62,730	177,122	5,403	33,879	-
Federal sources	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>-</u>	<u>62,730</u>	<u>177,122</u>	<u>5,403</u>	<u>33,879</u>	<u>222,988</u>
Disbursements:						
Current:						
Instruction	1,463	44,372	-	4,910	35,466	-
Support services	-	-	177,122	-	-	247,845
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>1,463</u>	<u>44,372</u>	<u>177,122</u>	<u>4,910</u>	<u>35,466</u>	<u>247,845</u>
Excess (deficiency) of receipts over disbursements	<u>(1,463)</u>	<u>18,358</u>	<u>-</u>	<u>493</u>	<u>(1,587)</u>	<u>(24,857)</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>(1,463)</u>	<u>18,358</u>	<u>-</u>	<u>493</u>	<u>(1,587)</u>	<u>(24,857)</u>
Cash and investments - beginning	<u>1,463</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>1,587</u>	<u>34,860</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 18,358</u>	<u>\$ -</u>	<u>\$ 495</u>	<u>\$ -</u>	<u>\$ 10,003</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 18,358	\$ -	\$ 495	\$ -	\$ 10,003
Restricted assets:						
Cash and investments	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 18,358</u>	<u>\$ -</u>	<u>\$ 495</u>	<u>\$ -</u>	<u>\$ 10,003</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	18,358	-	495	-	10,003
	<u>-</u>	<u>18,358</u>	<u>-</u>	<u>495</u>	<u>-</u>	<u>10,003</u>
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 18,358</u>	<u>\$ -</u>	<u>\$ 495</u>	<u>\$ -</u>	<u>\$ 10,003</u>

PORTAGE TOWNSHIP SCHOOLS
 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)

	Professional Development Grant	Academy of Finance 2002 ML	Recycling Learning Grant	Adult Education Workforce Development	Title I 2008/09	Title I 2007/08
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	90,427	-	750	-	-	-
Federal sources	-	-	-	-	1,004,397	250,000
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	90,427	-	750	-	1,004,397	250,000
Disbursements:						
Current:						
Instruction	84,019	-	750	-	804,966	231,575
Support services	-	-	-	15,678	80,045	23,701
Noninstructional services	-	-	-	-	16,593	7,375
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	84,019	-	750	15,678	901,604	262,651
Excess (deficiency) of receipts over disbursements	6,408	-	-	(15,678)	102,793	(12,651)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	111,300	-
Transfers out	-	-	-	-	-	(111,300)
Total other financing sources (uses)	-	-	-	-	111,300	(111,300)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,408	-	-	(15,678)	214,093	(123,951)
Cash and investments - beginning	76,902	11	-	23,595	-	123,951
Cash and investments - ending	\$ 83,310	\$ 11	\$ -	\$ 7,917	\$ 214,093	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 83,310	\$ 11	\$ -	\$ 7,917	\$ 214,093	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 83,310	\$ 11	\$ -	\$ 7,917	\$ 214,093	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	83,310	11	-	7,917	214,093	-
Total cash and investment fund balance - ending	\$ 83,310	\$ 11	\$ -	\$ 7,917	\$ 214,093	\$ -

PORTAGE TOWNSHIP SCHOOLS
 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)

	Title I School Improvement	Title V 06-6550	Title V Part A 2007/09	Adult Education Outreach 2007/08	Adult Education Comprehensive 2007/08	Adult Education Outreach 2008/09
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	18,747	-	3,133	28,000
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	18,747	-	3,133	28,000
Disbursements:						
Current:						
Instruction	-	-	-	5,424	9,852	13,034
Support services	20,168	68	13,187	-	-	1,399
Noninstructional services	-	-	-	2,455	-	10,349
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	20,168	68	13,187	7,879	9,852	24,782
Excess (deficiency) of receipts over disbursements	(20,168)	(68)	5,560	(7,879)	(6,719)	3,218
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20,168)	(68)	5,560	(7,879)	(6,719)	3,218
Cash and investments - beginning	20,168	68	334	7,879	6,719	-
Cash and investments - ending	\$ -	\$ -	\$ 5,894	\$ -	\$ -	\$ 3,218
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 5,894	\$ -	\$ -	\$ 3,218
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 5,894	\$ -	\$ -	\$ 3,218
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	5,894	-	-	3,218
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 5,894	\$ -	\$ -	\$ 3,218

PORTAGE TOWNSHIP SCHOOLS
 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)

	Adult Education Comprehensive 2008/09	Title IV Part A 2006/07	Title IV Safe and Drug Free Schools 2007/08	Adult Education English Literacy 2005/06	Adult Education English Literacy 2008/09	Title II Improving Teacher Quality
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	314,920	-	26,867	-	33,000	301,910
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	314,920	-	26,867	-	33,000	301,910
Disbursements:						
Current:						
Instruction	107,062	-	-	4,855	24,783	-
Support services	156,402	12,386	20,643	-	1,792	317,930
Noninstructional services	23,290	-	-	358	4,346	-
Facilities acquisition and construction	12,607	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	299,361	12,386	20,643	5,213	30,921	317,930
Excess (deficiency) of receipts over disbursements	15,559	(12,386)	6,224	(5,213)	2,079	(16,020)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	15,559	(12,386)	6,224	(5,213)	2,079	(16,020)
Cash and investments - beginning	-	12,386	-	5,213	-	67,248
Cash and investments - ending	\$ 15,559	\$ -	\$ 6,224	\$ -	\$ 2,079	\$ 51,228
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 15,559	\$ -	\$ 6,224	\$ -	\$ 2,079	\$ 51,228
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 15,559	\$ -	\$ 6,224	\$ -	\$ 2,079	\$ 51,228
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	15,559	-	6,224	-	2,079	51,228
Total cash and investment fund balance - ending	\$ 15,559	\$ -	\$ 6,224	\$ -	\$ 2,079	\$ 51,228

PORTAGE TOWNSHIP SCHOOLS
 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)

	Title III English Language	School Pension Debt Service	Capital Projects	School Bus Replacement	Construction	Totals
Receipts:						
Local sources	\$ -	\$ 1,446,409	\$ 6,649,962	\$ 411,151	\$ 60,427	\$ 15,157,708
State sources	-	-	-	-	-	870,417
Federal sources	31,650	-	-	-	-	3,601,054
Interfund loans	-	1,340,000	700,000	200,000	-	2,240,000
Other	-	-	-	-	-	12,842
Total receipts	31,650	2,786,409	7,349,962	611,151	60,427	21,882,021
Disbursements:						
Current:						
Instruction	31,650	-	-	-	-	1,432,486
Support services	-	-	2,700,693	-	-	8,274,724
Noninstructional services	-	-	-	-	-	3,131,318
Facilities acquisition and construction	-	-	3,318,442	-	24,533	3,355,582
Debt services	-	1,425,528	511,409	200,526	-	2,898,522
Nonprogrammed charges	-	-	-	-	-	220,000
Interfund loans	-	1,352,600	-	300,000	-	1,652,600
Total disbursements	31,650	2,778,128	6,530,544	500,526	24,533	20,965,232
Excess (deficiency) of receipts over disbursements	-	8,281	819,418	110,625	35,894	916,789
Other financing sources (uses):						
Sale of capital assets	-	-	12,625	-	-	482,735
Transfers in	-	-	-	-	-	223,905
Transfers out	-	-	-	-	-	(111,300)
Total other financing sources (uses)	-	-	12,625	-	-	595,340
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	8,281	832,043	110,625	35,894	1,512,129
Cash and investments - beginning	-	21	537,958	90,837	4,960	2,711,075
Cash and investments - ending	\$ -	\$ 8,302	\$ 1,370,001	\$ 201,462	\$ 40,854	\$ 4,223,204
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 1,370,001	\$ 201,462	\$ 40,854	\$ 4,214,902
Restricted assets:						
Cash and investments	-	8,302	-	-	-	8,302
Total cash and investment assets - ending	\$ -	\$ 8,302	\$ 1,370,001	\$ 201,462	\$ 40,854	\$ 4,223,204
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ 8,302	\$ -	\$ -	\$ -	\$ 8,302
Unrestricted	-	-	1,370,001	201,462	40,854	4,214,902
Total cash and investment fund balance - ending	\$ -	\$ 8,302	\$ 1,370,001	\$ 201,462	\$ 40,854	\$ 4,223,204

PORTAGE TOWNSHIP SCHOOLS
 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	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Investment earnings:			
Interest	\$ 80,301	\$ -	\$ 80,301
Deductions:			
Benefits	352,099	-	352,099
Excess (deficiency) of total additions over total deductions	(271,798)	-	(271,798)
Cash and investment fund balance - beginning	2,853,463	245,876	3,099,339
Cash and investment fund balance - ending	\$ 2,581,665	\$ 245,876	\$ 2,827,541
Net assets:			
Cash and investments	\$ 2,581,665	\$ 245,876	\$ 2,827,541
Total net assets - cash and investment basis held in trust	\$ 2,581,665	\$ 245,876	\$ 2,827,541

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

	<u>Retirement/ Severance Bond</u>	<u>Post-Retirement/ Severance Future Benefit</u>	<u>Totals</u>
Additions:			
Investment earnings:			
Interest	\$ 22,525	\$ -	\$ 22,525
	<u> </u>	<u> </u>	<u> </u>
Deductions:			
Benefits	346,427	-	346,427
	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of total additions over total deductions	(323,902)	-	(323,902)
Cash and investment fund balance - beginning	<u>2,581,665</u>	<u>245,876</u>	<u>2,827,541</u>
Cash and investment fund balance - ending	<u>\$ 2,257,763</u>	<u>\$ 245,876</u>	<u>\$ 2,503,639</u>
Net assets:			
Cash and investments	<u>\$ 2,257,763</u>	<u>\$ 245,876</u>	<u>\$ 2,503,639</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,257,763</u>	<u>\$ 245,876</u>	<u>\$ 2,503,639</u>

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008

	Kostel Donation	Little Bear	Adult Education Discovery	CWI Donation Adult Education	Learning Center	Lake County Adult Education	Family Literacy
Additions:							
Contributions:							
Other	\$ 500	\$ 400	\$ 100,000	\$ 10,000	\$ 48,028	\$ 11,000	\$ -
Deductions:							
Administrative and general	1,728	400	100,000	9,551	54,935	-	6,757
Excess (deficiency) of total additions over total deductions	(1,228)	-	-	449	(6,907)	11,000	(6,757)
Cash and investment fund balance - beginning	3,708	-	-	-	12,075	-	15,982
Cash and investments - June 30	<u>\$ 2,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 449</u>	<u>\$ 5,168</u>	<u>\$ 11,000</u>	<u>\$ 9,225</u>
Net assets:							
Cash and investments	\$ 2,480	\$ -	\$ -	\$ 449	\$ 5,168	\$ 11,000	\$ 9,225
Total net assets - cash and investment basis held in trust	<u>\$ 2,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 449</u>	<u>\$ 5,168</u>	<u>\$ 11,000</u>	<u>\$ 9,225</u>

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Porter County Adult Grant 2008/09	Wellness Program	Capable	Home Economics	Culinary Scholarship	Donations and Trust	Totals
Additions:							
Contributions:							
Other	\$ 67,000	\$ 136	\$ 12,018	\$ -	\$ 299	\$ 19,354	\$ 268,735
Deductions:							
Administrative and general	743	-	4,486	-	500	21,837	200,937
Excess (deficiency) of total additions over total deductions	66,257	136	7,532	-	(201)	(2,483)	67,798
Cash and investment fund balance - beginning	-	905	21,824	1,031	259	43,123	98,907
Cash and investments - June 30	<u>\$ 66,257</u>	<u>\$ 1,041</u>	<u>\$ 29,356</u>	<u>\$ 1,031</u>	<u>\$ 58</u>	<u>\$ 40,640</u>	<u>\$ 166,705</u>
Net assets:							
Cash and investments	\$ 66,257	\$ 1,041	\$ 29,356	\$ 1,031	\$ 58	\$ 40,640	\$ 166,705
Total net assets - cash and investment basis held in trust	<u>\$ 66,257</u>	<u>\$ 1,041</u>	<u>\$ 29,356</u>	<u>\$ 1,031</u>	<u>\$ 58</u>	<u>\$ 40,640</u>	<u>\$ 166,705</u>

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	Kostel Donation	Little Bear	CWI Donation Adult Education	Learning Center	Lake County Adult Education	Family Literacy
Additions:						
Contributions:						
Other	\$ -	\$ 400	\$ -	\$ 50,296	\$ 16,240	\$ -
Deductions:						
Administrative and general	845	-	449	51,729	27,240	4,138
Excess (deficiency) of total additions over total deductions	(845)	400	(449)	(1,433)	(11,000)	(4,138)
Cash and investment fund balance - beginning	2,480	-	449	5,168	11,000	9,225
Cash and investments - June 30	<u>\$ 1,635</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 3,735</u>	<u>\$ -</u>	<u>\$ 5,087</u>
Net assets:						
Cash and investments	\$ 1,635	\$ 400	\$ -	\$ 3,735	\$ -	\$ 5,087
Total net assets - cash and investment basis held in trust	<u>\$ 1,635</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 3,735</u>	<u>\$ -</u>	<u>\$ 5,087</u>

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Porter County Adult Grant 2008/09	Legacy Foundation	Wellness Program	Capable	Home Economics
Additions:					
Contributions:					
Other	\$ -	\$ 22,000	\$ 15	\$ 14,667	\$ -
Deductions:					
Administrative and general	2,735	183	-	19,725	-
Excess (deficiency) of total additions over total deductions	(2,735)	21,817	15	(5,058)	-
Cash and investment fund balance - beginning	66,257	-	1,041	29,356	1,031
Cash and investments - June 30	<u>\$ 63,522</u>	<u>\$ 21,817</u>	<u>\$ 1,056</u>	<u>\$ 24,298</u>	<u>\$ 1,031</u>
Net assets:					
Cash and investments	\$ 63,522	\$ 21,817	\$ 1,056	\$ 24,298	\$ 1,031
Total net assets - cash and investment basis held in trust	<u>\$ 63,522</u>	<u>\$ 21,817</u>	<u>\$ 1,056</u>	<u>\$ 24,298</u>	<u>\$ 1,031</u>

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Culinary Scholarship	Portage Township Education Foundation	Donations and Trust	Acelormitaal Professional Development Grant	Totals
Additions:					
Contributions:					
Other	\$ 449	\$ 7,143	\$ 23,156	\$ 12,000	\$ 146,366
Deductions:					
Administrative and general	500	-	21,818	6,820	136,182
Excess (deficiency) of total additions over total deductions	(51)	7,143	1,338	5,180	10,184
Cash and investment fund balance - beginning	58	-	40,640	-	166,705
Cash and investments - June 30	<u>\$ 7</u>	<u>\$ 7,143</u>	<u>\$ 41,978</u>	<u>\$ 5,180</u>	<u>\$ 176,889</u>
Net assets:					
Cash and investments	\$ 7	\$ 7,143	\$ 41,978	\$ 5,180	\$ 176,889
Total net assets - cash and investment basis held in trust	<u>\$ 7</u>	<u>\$ 7,143</u>	<u>\$ 41,978</u>	<u>\$ 5,180</u>	<u>\$ 176,889</u>

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For the Year Ended June 30, 2008

	Clearing
Additions:	
Agency fund additions	\$ 12,254,537
Deductions:	
Agency fund deductions	12,235,902
Excess (deficiency) of total additions over total deductions	18,635
Cash and investment fund balance - beginning	100,699
Cash and investment fund balance - ending	\$ 119,334

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For the Year Ended June 30, 2009

	Clearing
Additions:	
Agency fund additions	\$ 12,023,570
Deductions:	
Agency fund deductions	12,013,152
Excess (deficiency) of total additions over total deductions	10,418
Cash and investment fund balance - beginning	119,334
Cash and investment fund balance - ending	\$ 129,752

PORTAGE TOWNSHIP SCHOOLS
 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.

Governmental activities:

Capital assets, not being depreciated:

Land	\$ 38,636,500
Construction in progress	509,192
Buildings	113,936,216
Improvements other than buildings	3,749,579
Machinery and equipment	<u>20,732,390</u>

Total governmental activities, capital assets
not being depreciated

\$ 177,563,877

PORTAGE TOWNSHIP SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended June 30, 2009

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Building Corporation Leases	\$ 66,977,928	\$ 5,085,762
Facilities Lease*	172,027	43,007
Vehicle Leases	799,562	200,526
Copier Leases	832,238	419,762
Notes and loans payable:		
Common School Fund Loans	4,060,538	1,578,820
Pension Interlocal Loan	560,249	244,218
Bonds payable:		
General obligation bonds:		
Pension Bonds Series 2002	4,710,000	701,088
Pension Bonds Series 2006	7,765,000	725,904
Total governmental activities debt	<u>\$ 85,877,542</u>	<u>\$ 8,999,088</u>

*The lease agreement did not include a separation of principal and interest, so the amount presented above as Ending Principal balance includes interest.

PORTAGE TOWNSHIP SCHOOLS
OTHER REPORT

The audit report presented herein was prepared in addition to another official report prepared for the individual School Corporation office listed below:

Fegely Middle School

PORTAGE TOWNSHIP SCHOOLS
AUDIT RESULTS AND COMMENTS

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

Enrollment figures on Form 30A, Report of Average Daily Membership (ADM) for State Support did not agree to lists of students enrolled provided by the Information Technology Director for the school years ending June 30, 2008 and 2009.

The School Corporation in both school years, maintained the student lists electronically; thus, the principals at each school did not sign or date the lists of students enrolled as required. Additionally, for the school year ended June 30, 2009, the student lists were generated using a software program called "Power School." The student lists generated from the software did not list the students by school although the Information Technology Director indicated that in subsequent school years the reports are being generated by school.

The enrollment count dates for 2007 and 2008 were September 14, 2007, and September 12, 2008, respectively. 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 30A</u>	<u>Actual Enrollment Figures</u>	<u>Difference</u>
2007-2008	Kindergarten	311.5	312.00	(0.50)
2007-2008	1 Through 12	7,927	7,949	(22.00)
2008-2009	Kindergarten	277	277	-
2008-2009	1 Through 12	8,221	8,227	(6.00)

Additionally, the academic honors diploma counts for the Class of 2007 reported in the fall of 2007 did not agree with the supporting documentation. The differences between the count reported on the Form 30A, Report of Average Daily Membership (ADM) for State Support, and the verified figures are shown below:

<u>Class of</u>	<u>Reported Fall of</u>	<u>Count as Reported on Form 30A</u>	<u>Actual Honors Diplomas</u>	<u>Difference</u>
2007	2007	186	187	(1)

A similar comment appeared in the prior report.

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)

VOCATIONAL EDUCATION – AUTOMOTIVE REPAIR CONTROLS (Applies to Portage High School)

The Vocational Education class at the High School offers car repairs to citizens of the community. The car repairs and/or maintenance work is performed by the students free of charge under the supervision of the vocational education teacher with the customer to only bear the cost of parts. When

PORTAGE TOWNSHIP SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

someone brings their car in for repairs or maintenance a prenumbered triplicate Work Order Form is to be completed. The form allows for the entry of information about the customer, the work that is to be performed, and the cost of the parts that is to be paid by the customer. When the work is complete, the customer is to pay the amount on the Work Order Form, and the date and form of payment is to be noted on the Work Order Form. The customer is to receive the original as a receipt, the second and third part of the form is maintained by the teacher of the Vocational Education class. According to the teacher, the copies are filed by customer name in the Vocational Education department.

Collections from the services are remitted to the Extra-Curricular Treasurer along with a photocopy of the Work Order Form, and a Summary of Collections Form (SA-8). The Extra-Curricular Treasurer then writes an official receipt and deposits the money.

Our review of the program noted the following internal control deficiencies and deficiencies in the procedures described above:

1. Official prenumbered receipts are not issued by the Vocational Education teacher when a customer remits payment.
2. Work Orders are not issued in sequential order.
3. Work Order numbers were repeated.
4. Work Orders did not always include all information required such as the date (month and day were sometimes included but not the year), work performed, costs, and/or customer names.
5. Supplier invoices were attached to work orders which listed parts and related costs, but no other information was indicated on the work order, such as prices charged to customers, or an indication that the vehicle serviced belonged to the School Corporation for which the cost would not be charged.
6. Multiple work orders were prepared for oil changes and other work involving the replacement of parts; however, the costs associated with those work orders was not included. Furthermore, for these 2009 work orders, receipts were not found to support collection of costs for these work orders.
7. A listing was made of all work order numbers which should have been used during the audit period, or still available for use (based upon the work order numbers presented to the Extra-Curricular Treasurer with collections). A request was made to view these used or unused work orders; however, many of these work orders could not be located for audit.
8. One work order from 2009 indicated \$5.00 had been paid in cash; however, the money collected was not found remitted to the Extra-Curricular Treasurer.
9. Work orders issued prior to 2009 could not be traced to a receipt issued by the Extra-Curricular Treasurer.
10. Work Orders are held "Open" for extended periods of time. According to the Program Director, work orders are held open to allow the customers time to decide if they want to have all of the work performed at once, or a little at a time, so the costs can be split over

PORTAGE TOWNSHIP SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

a period of time. Therefore, we could not determine when the customer paid for the services performed. An assumption is made that the customer paid sometime between the period the work order was dated and the date the Treasurer received the collections from the Vocational Education instructor. Examples include:

Work Order Number	Date of Work Order	Date of Treasurer Receipt	Amount
419	05-12-09	07-27-09	\$ 63.08
430	05-15-09	07-08-09	112.91
326	01-29-09	06-15-09	460.53

11. Work orders indicate dollar amounts for costs of parts, and some are totaled; however, there is not an indication as to whether or not payments were received.

Due to the above deficiencies, the accountability for the collections of the Automotive Repair Vocational Education Program could not be verified.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

RECEIPT ISSUANCE (Applies to the High School)

Sponsors of various activities collect funds directly from students. School Officials have informally recommended that sponsors issue receipts; however, prescribed receipts are not purchased for the sponsors to use, nor are there any type of controls in place to ensure receipts are issued by the sponsors.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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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 PORTAGE TOWNSHIP SCHOOLS, PORTER COUNTY, INDIANA

Compliance

We have audited the compliance of the Portage Township Schools (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 noncompliance 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.

As described in item 2009-3 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding cash management that are applicable to its Title I Grants to Local Educational Agencies, Adult Education – Basic Grants to States, and Improving Teacher Quality State Grants. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the years ended June 30, 2008 and 2009. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2009-1 and 2009-2.

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 internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a School Corporation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in items 2009-1, and 2009-3 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider items 2009-1 and 2009-3, to be material weaknesses.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

January 27, 2010

PORTAGE TOWNSHIP SCHOOLS
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		\$ 356,578	\$ 442,588
National School Lunch Program	10.555		1,317,384	1,501,505
Summer Food Service Program for Children	10.559		<u>70,821</u>	<u>55,895</u>
Total for cluster			<u>1,744,783</u>	<u>1,999,988</u>
After School Snack	10.unknown		-	5,346
Total for federal grantor agency			<u>1,744,783</u>	<u>2,005,334</u>
<u>U.S. DEPARTMENT OF LABOR</u>				
Pass-Through Center of Workforce Innovations, Inc.				
Incentive Grants - WIA Section 503	17.267			
21st Century Workplace Skills Initiative		CWI 06-03	<u>3,141</u>	<u>15,678</u>
Total for federal grantor agency			<u>3,141</u>	<u>15,678</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
07-6550		S010A060014	-	202,634
08-6550		S010A070014	971,550	262,651
09-6550		S010A080014	-	901,603
School Improvement			7,400	-
School Improvement			29,832	314
Distinguished School Award			<u>155</u>	<u>-</u>
Total for cluster			<u>1,008,937</u>	<u>1,367,202</u>
State Fiscal Stabilization Fund Cluster	84.394			
ARRA - State Fiscal Stabilization Fund (SFSF)				
- Education State Grants			-	<u>772,740</u>
Adult Education - Basic Grants to States	84.002			
Adult Education Outreach FY 2007-8132		V002A060014	240	-
Adult Education Outreach FY 2008-8132		V002A070014	20,121	7,880
Adult Education Outreach FY 2009-8132		V002A080014	-	24,782
Comprehensive Adult Education Program FY 2007-8029		V002A060014	33,505	-
Comprehensive Adult Education Program FY 2008-8029		V002A070014	315,485	9,852
Comprehensive Adult Education Program FY 2009-8029		V002A080014	-	299,361
English Literacy/Civics Program FY 2007-8407		V002A060014	6,127	-
English Literacy/Civics Program FY 2008-8407		V002A070014	27,787	5,213
English Literacy/Civics Program FY 2009-8407		V002A080014	<u>-</u>	<u>30,921</u>
Total for program			<u>403,265</u>	<u>378,009</u>
Safe and Drug Free Schools and Communities - State Grants	84.186			
Title IV - Safe and Drug Free Schools 06-6550			18,709	-
Title IV - Safe and Drug Free Schools 07-6550		Q186A60015	14,641	12,384
Title IV - Safe and Drug Free Schools 08-6550		Q186A70015	<u>-</u>	<u>20,643</u>
Total for program			<u>33,350</u>	<u>33,027</u>

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

PORTAGE TOWNSHIP SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2008 and 2009
(Continued)

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 EDUCATION (continued)</u>				
Pass-Through Indiana Department of Workforce Development Tech-Prep Education Tech Prep	84.243	TP 6-91	1,879	-
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298			
Title V, Innovative Programs 05-158		S298A050014	15,213	-
Title V, Innovative Programs 06-6550		S298A060014	13,474	68
Title V, Innovative Programs 07-6550		S298A070014	-	13,187
Total for program			28,687	13,255
Education Technology State Grants	84.318			
Title II, Part D - Enhancing Education Through Technology 05-6550		S318X050014	8,008	-
English Language Acquisition Grants	84.365			
Title III, Language Instruction for Limited English Proficient		FY 2006-07	13,712	-
		FY 2007-08	20,040	-
		FY 2008-09	-	31,650
Total for program			33,752	31,650
Improving Teacher Quality State Grants	84.367			
Title II, Part A Improving Teacher Quality Grants				
05-294		S367A050013	102,385	-
06-6550		S367A060013	255,225	64,248
07-6550		S367A070013	-	253,682
Total for program			357,610	317,930
Total for federal grantor agency			1,875,488	2,913,813
Total federal awards expended			<u>\$ 3,623,412</u>	<u>\$ 4,934,825</u>

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

PORTAGE TOWNSHIP SCHOOLS
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 Portage Township Schools (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.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2008</u>	<u>2009</u>
School Breakfast Program	10.553	\$ 22,156	\$ 33,618
National School Lunch Program	10.555	81,634	115,523

III. Subsequent Event

Federal Financial Assistance – ARRA

The School Corporation was awarded American Recovery and Reinvestment Act (ARRA) funds for Title I in the amount of \$871,479, in August through November of 2009, the School Corporation received \$348,639 of the awarded amount leaving a balance yet to be received of \$522,840.

The School Corporation was awarded American Recovery and Reinvestment Act (ARRA) funds for Special Education in the amount of \$727,442.50, as of December 3, 2009, the School Corporation has not received any of the funds.

PORTAGE TOWNSHIP SCHOOLS
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?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	no

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

Qualified, except for State Fiscal Stabilization Fund Cluster

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Title I, Part A Cluster
	State Fiscal Stabilization Fund Cluster
84.002	Adult Education – Basic Grants to States
84.367	Improving Teacher Quality State Grants

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.

PORTAGE TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2009-1, ALLOWABLE COSTS - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

Federal Agency: U.S. Department of Education
Pass Through: Indiana Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Program: 09-6550

Portage Township School Corporation uses Title I funds to pay salaries, wages and fringe benefits for teachers and assistants who provide students with Title I services. The grant director provides the School Corporation's Payroll Department with a listing of staff to be paid from Title I funds to account for the payroll related expenditures. The list indicates whether the payroll expenditures should be fully funded from Title I grant funds, or just partially. When a teacher's pay is partially funded through Title I grant funds, the teacher should be providing a "Time and Attendance" report. The time and attendance reports are to be signed by the employee, principal, and Title I director. These reports are to be completed monthly, and are used to document the allowable Title I expenditure. In accordance with guidelines provided through OMB Circular A-87, Cost Principals for State, Local, and Indian Tribal Governments.

A list of the staff to be funded from the grant for Title I Project 09-6550, was provided to the Payroll Department. We used the list provided and verified that the Payroll Department properly entered the information. However, three teachers names were added to the list, and two teachers were changed from being partially funded to fully funded from Title I funds for which we could not determine when the additions or changes were made, or if the former Title I Director provided authority. (The former Title I Director passed away on February 14, 2009.) Additionally, time and attendance reports were not provided for audit for any of these individuals to support the payments. Contracts and other documents were requested and reviewed to determine authority for the payroll expenditures to be charged to the Title I program, but without success. The payroll expenditures and related fringe benefits paid from Title I funds which are not documented and therefore result in questioned costs of \$41,100.18.

EDGAR § 80.20 Standards for financial management systems states in part:

"(a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to: . . .

(2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

(b) The financial management systems of other grantees and subgrantees must meet the following standards: . . .

(3) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes. . . .

PORTAGE TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (5) Allowable cost. Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.
- (6) Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc."

We recommended that School Corporation Officials implement procedures to require the listings provided to payroll of eligible staff be signed and dated, with copies retained by payroll and the Title I Director. The Payroll Department implemented a procedure which introduced a new form in which payroll indicates the changes made, and by whom in payroll they were made. The form is provided to the Director of Finance for a signature, and after returned is placed in the employee's personnel file. Furthermore, time and attendance reports must be filled out by all partially funded Title I teaching staff. The reports should clearly indicate the hours devoted to Title I activities. Finally, School Corporation Officials should contact the Indiana Department of Education to determine how to resolve the questioned costs.

FINDING 2009-2, ALLOWABLE COSTS – IMPROVING TEACHER QUALITY STATE GRANTS

Federal Agency: U.S. Department of Education
Pass-Through: Indiana Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Award Number: 07-6550

Portage Township Schools use the Improving Teacher Quality State Grants funds to pay substitute teachers, who are substituting for teachers attending allowable professional development events. Controls established by the Portage Township Schools to ensure the costs are allowable under the program guidelines and properly charged include:

Teachers attending conferences for professional development, are required to indicate the leave on a Professional Development and Professional Meeting Request Form (Leave Request). The title of the event is indicated and the school principal is required to indicate the fund from which the substitute will be paid. The form is then forwarded to the School Administrator responsible for reviewing grant fund expenditures for his or her signature.

Records for a payroll period in November, 2008, indicated fifty-one substitute teachers were paid \$4,110 from the Improving Teacher Quality State Grants funds. Nine of the substitute teachers were paid \$600 from the grant funds which were either not supported a corresponding teacher leave request, or should not have been paid from the grant because the corresponding teacher leave request form indicated payment from another location or the seminar did not qualify as allowable. Specifically, teacher leave request forms were not on file for five teachers. Three of the teacher leave requests indicated the substitute should have been paid from Title I funds. Finally, records for the ninth substitute teacher indicated that the substitute was to be paid from the General Fund although one-half of the substitute teacher pay was for the teacher to attend an allowable event.

Portage Township Schools paid a claim on December 16, 2008, in the amount of \$3,515 for a grant proposal overview and grant writing workshop which was reviewed and approved for payment by the School Administrator responsible for the Improving Teacher Quality grant

PORTAGE TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

funds. The Administrator indicated that she determined eligibility because attendees would learn how to apply for grants to bring additional funding for their classrooms which would provide for additional learning tools. We could not determine how the expenditure assisted the School Corporation in complying with the eligible uses of funds as indicated by the U.S. Department of Education guidelines.

Education Department General Administrative Regulations (EDGAR) § 80.20 states in part:

"(b) The financial management systems of other grantees and subgrantees must meet the following standards: . . .

- (3) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.
- (5) Allowable cost. Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.
- (6) Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc."

We recommended that Portage Township Schools implement a system to ensure a properly completed and approved leave request supports the payment. We also recommended that claims paid from Improving Teacher Quality grant funds be used in accordance with the purpose of the program.

FINDING 2009-3, CASH MANAGEMENT

Federal Agency: U.S. Department of Education

Pass-Through: Indiana Department of Education

Federal Programs: Adult Education-State Grant Program; Title I Grants to Local Educational Agencies; Improving Teacher Quality State Grants

CFDA Numbers: 84.010; 84.002; 84.367

Award Numbers: Title I Grants to Local Educational Agencies Programs: 08-6550, 09-6550

Adult Education –Basic Grants to States:

Outreach: 07-8132, 08-8132, 09-8132

Comprehensive: 07-8029, 08-8029, 09-8029

English Literacy: 07-8407, 08-8407, 09-8407

Improving Teacher Quality State Grants: 05-294, 06-6550, 07-6550

Amounts received by the School Corporation for the grant awards shown above are drawn down in advance. School Corporation Officials are required to review needs and draw funds as needed in accordance with federal guidelines. The drawdown requests are included in the applications for grant funds. School Corporation Officials determine needs for the Adult Education - State Grants programs (Adult Education) and Improving Teacher Quality State Grants programs (Improving Teacher Quality) by dividing the award by the number of months the funds will cover, which is 12.

PORTAGE TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cash balances for the Adult Education awards at the end of a month, exceeded the following month's disbursements for 9 out of 24 months for Comprehensive, 17 out of 24 months for Outreach, and 17 out of 24 months for English Literacy. The cash balance in excess of the immediate needs ranged from \$6,719.09 to \$40,717.97 for Comprehensive, \$2,053.64 to \$12,540.10 for Outreach, and \$1,639.27 to \$9,535.23 for English Literacy. The grant disbursements were not at the anticipated levels, and School Corporation Officials did not revise the drawdown schedule, which resulted in the larger cash balances in excess of current needs.

Cash balances for the Improving Teacher Quality awards, at the end of a month, exceeded the following month's disbursements for 4 out of 5 months ranging from \$25,593.29 to \$56,470.54 for the 05-294 award, 14 out of 16 months ranging from \$5,745.47 to \$148,882.33 for the 06-6550 award, and 12 out of 13 months ranging from \$2,950.00 to \$52,473.16 for the 07-6550 award.

School Corporation Officials attempted to schedule the drawdowns based upon needs for the Title I Grants to Local Educational Agencies programs (Title I). For example, a larger drawdown was requested for the month of September when staff would be paid, and supplies would be purchased for the ensuing school year.

Cash balances for Title I exceeded the following month's expenditures for 7 out of 15 months by amounts ranging from \$123,951.09 to \$329,694.68 for the 08-6550 program, and for 6 out of 15 months by amounts ranging from \$186,979.14 to \$241,080.44 for the 09-6550 program.

EDGAR 80.20 states in part:

"(b) The financial management systems of other grantees and subgrantees must meet the following standards: . . .

- (7) Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. . . . Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

We recommended School Corporation Officials implement procedures which will consider cash balances on hand, when determining cash needs. Revisions should be made to cash requests as necessitated by cash balances and anticipated disbursements.

PORTAGE TOWNSHIP SCHOOLS

6240 U.S. Highway 6 Portage, Indiana 46368-5057
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William P. Fekete
Terry A. Hufford
Cheryl Oprisko
Glenda Owens

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Michael J. Berta, Jr., Ed.S
Superintendent of Schools
Dr. E. Ric Frataccia, Ed.D
Associate Superintendent
Thomas L. Taylor, Ed.S
Assistant Superintendent
Sharon Qualkenbush, CPA
Director of Finance
Dr. Debra Dudek, Ed.D
Director of Title and
Special Student Programs

Finding Number 2007-3

Original SBA Audit Report Number:	B31750
Fiscal Year	July 1, 2007 to June 30, 2009
Auditee Contact Person	Sharon Qualkenbush
Title of Contact Person	Director of Finance
Phone Number	219-762-6511
Status of Finding	

With the designation of a new grant director for the Title I program and Improving Teacher Quality State grant, additional training has been implemented regarding the importance of monitoring the anticipated expenditures and amending the anticipated distributions.

When balancing the Adult Education accounts at the end of the month, the cash balance is reviewed to determine if an adjustment in the next distribution is necessary. The Assistant Director of Finance has been working with the Assistant Director of Adult Education to provide training in this process.


Sharon Qualkenbush, Treasurer
Director of Finance

January 27, 2010
Date

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Finding Number 2007-4

Original SBA Audit Report Number:	B31750
Fiscal Year	July 1, 2007 to June 30, 2009
Auditee Contact Person	Sharon Qualkenbush
Title of Contact Person	Director of Finance
Phone Number	219-762-6511
Status of Finding	

Changes in personnel in the Business Office have resulted in better control regarding the timely filing of reports. A calendar listing the due dates of the Adult Education reports is maintained and reviewed to verify that the reports are filed in a timely manner.


Sharon Qualkenbush, Treasurer
Director of Finance

January 27, 2010
Date

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PORTAGE TOWNSHIP SCHOOLS Corrective Action Plan

Finding Number: 2009-1 Allowable Costs – Title I Grants
To Local Educational Agencies

Fiscal Year: July 1, 2007 through June 30, 2009
Auditee Contact Person: Sharon Qualkenbush
Title of Contact Person: Director of Finance/Treasurer

Status of Finding:

Grant directors in the Title I program have created a payroll change form in order to help monitor that employee payroll account numbers are entered accurately in the payroll system. Grant directors will review the payroll allocation report to verify the accuracy of the payroll allocations.


Sharon Qualkenbush, Treasurer
Director of Finance

January 27, 2010

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PORTAGE TOWNSHIP SCHOOLS Corrective Action Plan

Finding Number: 2009-2 Allowable Costs – Improving
Teacher Quality State Grant

Fiscal Year: July 1, 2007 through June 30, 2009

Auditee Contact Person: Sharon Qualkenbush

Title of Contact Person: Director of Finance/Treasurer

Status of Finding:

Directors and staff responsible for the Improving Teacher Quality grant will be monitoring teacher leave forms and payroll reports to verify that only authorized salaries are paid from grant funds. In addition the requirements of the grant will be reviewed with staff to assure that only authorized purchases are made with grant funds.


Sharon Qualkenbush, Treasurer
Director of Finance

January 27, 2010

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PORTAGE TOWNSHIP SCHOOLS Corrective Action Plan

Finding Number: 2009- 3 Cash Management
Fiscal Year: July 1, 2007 through June 30, 2009
Auditee Contact Person: Sharon Qualkenbush
Title of Contact Person: Director of Finance/Treasurer

Status of Finding:

Grant directors in Title I, Improving Teacher Quality and the Adult Education programs are responsible for estimating the projected expenditures for the ensuing month. Grant directors are to review expenditure projections and submit any revisions to the Business Office in a timely manner in order to request cash draw down revisions for subsequent months.


Sharon Qualkenbush, Treasurer
Director of Finance

January 27, 2010

PORTAGE TOWNSHIP SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on January 27, 2010, with Sharon Qualkenbush, Treasurer; Wendy Kulczyk, Assistant Treasurer; Michael Berta, Superintendent of Schools; and Terry Hufford, President of the School Board.