

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SCHOOL TOWN OF HIGHLAND
LAKE COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED
02/02/2012

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|---|--|
| Treasurer | Lynn Kwilasz Cynthia Adams | 07-01-09 to 06-13-11 07-01-11 to 06-30-12 |
| Superintendent of Schools | Michael Boskovich | 07-01-09 to 06-30-12 |
| President of the School Board | Luanne Jurczak Carol Green-Fraley Lawrence Vassar | 07-01-09 to 06-30-10 07-01-10 to 06-30-11 07-01-11 to 06-30-12 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE SCHOOL TOWN OF HIGHLAND, LAKE COUNTY, INDIANA

We have audited the accompanying financial statement of the School Town of Highland (School Corporation), for the years ended June 30, 2010 and 2011. The financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

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

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

In accordance with Government Auditing Standards, we have also issued a report dated November 10, 2011, 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 integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, 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 financial statement and, accordingly, we express no opinion on them.

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. 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, School Board, others within the entity, 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

November 10, 2011



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

TO: THE OFFICIALS OF THE SCHOOL TOWN OF HIGHLAND, LAKE COUNTY, INDIANA

We have audited the financial statement of the School Town of Highland (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated November 10, 2011. 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 opinion on the financial statement, 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-01, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
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 statement is 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 Official Response and 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, School Board, others within the entity, 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

November 10, 2011

FINANCIAL STATEMENT

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

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

| | Cash and Investments 07-01-09 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-10 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-11 |
|---|-------------------------------------|---------------|---------------|--------------------------------------|-------------------------------------|---------------|---------------|--------------------------------------|-------------------------------------|
| General | \$ 1,216,898 | \$ 19,573,931 | \$ 20,050,672 | \$ 31,134 | \$ 771,291 | \$ 19,519,940 | \$ 19,463,539 | \$ 90,970 | \$ 918,662 |
| Debt Service | 262,291 | 2,520,715 | 2,493,534 | (452,110) | (162,638) | 1,973,121 | 1,070,559 | (15,160) | 724,764 |
| Retirement/Severance Bond Debt Service | (95,354) | 103,495 | 97,638 | 89,497 | - | - | - | - | - |
| Exempt Debt | - | 4,576,011 | 3,480,775 | 449,706 | 1,544,942 | 3,983,728 | 4,640,713 | - | 887,957 |
| Exempt Retirement/Severance Bond Debt Service | - | 168,001 | 96,188 | (89,497) | (17,684) | 266,103 | 188,025 | - | 60,394 |
| Capital Projects | 2,259,441 | 4,886,483 | 5,781,021 | - | 1,364,903 | 3,506,816 | 4,104,069 | - | 767,650 |
| School Transportation | 542,203 | 1,725,479 | 1,799,670 | - | 468,012 | 1,479,701 | 1,461,686 | - | 486,027 |
| School Bus Replacement | 16,463 | - | - | - | 16,463 | 246,463 | - | - | 262,926 |
| Special Education Preschool | 105,259 | 50,875 | 125,000 | (31,134) | - | - | - | - | - |
| Post-Retirement/Severance Future Benefits | - | 521,100 | 22,031 | - | 499,069 | 300,865 | 533,592 | - | 266,342 |
| Construction | 4,749,171 | 36,642 | 1,745,222 | - | 3,040,591 | 3,954 | 2,255,611 | - | 788,934 |
| G.O. Construct | - | 4,912 | 1,096,109 | 4,982,500 | 3,891,303 | 4,608 | 3,627,450 | - | 268,461 |
| School Lunch | 948,661 | 1,300,299 | 1,131,306 | - | 1,117,654 | 1,432,829 | 1,191,660 | (29,551) | 1,329,272 |
| Textbook Rental | 169,644 | 317,953 | 346,010 | 2,404 | 143,991 | 350,445 | 116,837 | 15,160 | 392,759 |
| Self-Insurance | 4,756,186 | 3,932,158 | 4,581,847 | - | 4,106,497 | 3,671,788 | 4,463,063 | - | 3,315,222 |
| Levy Excess | - | - | - | - | - | 44,067 | - | (44,067) | - |
| Pathfinder | - | - | - | - | - | 199,997 | 201,249 | - | (1,252) |
| Child Care Program | 28,117 | 120,022 | 144,690 | - | 3,449 | 116,526 | 123,517 | - | (3,542) |
| Alternative Education | - | - | - | - | - | 5,823 | - | - | 5,823 |
| SAFE School Haven 09/10 | - | 12,000 | 12,000 | - | - | - | - | - | - |
| SAFE School Haven 10/11 | - | - | - | - | - | 12,000 | 12,000 | - | - |
| Employee Recognition | 1,338 | - | 1,250 | - | 88 | - | 88 | - | - |
| Project Case | 3,463 | - | - | - | 3,463 | - | - | - | 3,463 |
| Resist | 403 | - | - | - | 403 | - | - | - | 403 |
| Lowes Grants | - | 8,775 | - | - | 8,775 | - | 6,676 | - | 2,099 |
| Johnston Home Depot | - | - | - | - | - | 8,000 | 931 | - | 7,069 |
| High Ability 09/10 | - | - | - | - | - | 39,251 | 33,831 | - | 5,420 |
| High Ability 07/08 | 5,107 | - | 5,107 | - | - | - | - | - | - |
| High Ability 08/09 | - | 39,849 | 36,975 | - | 2,874 | - | 2,874 | - | - |
| Special High Ability | - | 24,979 | 10,331 | - | 14,648 | - | 14,648 | - | - |
| Com School Fund | - | 26,003 | 222,144 | - | (196,141) | 296,098 | 99,957 | - | - |
| Drug Free Communities | - | 3,000 | - | - | 3,000 | - | 2,897 | - | 103 |
| Special Drug Free 09/10 | 3,000 | - | 3,000 | - | - | - | - | - | - |
| Non-English Speaking Programs P.L. 273-1999 | - | 22,841 | 22,841 | - | - | - | - | - | - |
| Language Minority 10/11 | - | - | - | - | - | 17,116 | 13,122 | - | 3,994 |

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

SCHOOL TOWN OF HIGHLAND
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011
(Continued)

6

| | Cash and Investments 07-01-09 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-10 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-11 |
|---|-------------------------------------|----------------------|----------------------|--------------------------------------|-------------------------------------|----------------------|----------------------|--------------------------------------|-------------------------------------|
| Language Minority 09/10 | 1,720 | - | 1,720 | - | - | - | - | - | - |
| School Technology | 251 | - | - | - | 251 | 8,056 | 6,293 | - | 2,014 |
| Workforce Development - Perkins Grant | - | 5,000 | 5,000 | - | - | - | - | - | - |
| Vocational Education | - | 2,000 | 2,000 | - | - | - | - | - | - |
| Workforce Development 10/11 | - | - | - | - | - | 5,283 | 5,283 | - | - |
| Workforce Development 08/09 | (2,269) | 2,269 | - | - | - | - | - | - | - |
| Workforce Development 09/10 | - | 8,186 | 9,305 | - | (1,119) | 6,814 | 5,695 | - | - |
| Title I FY10/11 | - | - | - | - | - | 275,848 | 294,910 | - | (19,062) |
| Title I FY08/09 | 65,387 | 35,352 | 55,564 | (45,175) | - | - | - | - | - |
| Title I FY09/10 | - | 292,611 | 361,190 | 45,175 | (23,404) | 34,540 | 11,136 | - | - |
| Title V Reallocation | - | 1,925 | 1,925 | - | - | - | - | - | - |
| Drug Free Schools 08/09 | 918 | 7,613 | 7,456 | - | 1,075 | 3,551 | 4,626 | - | - |
| Drug Free Schools 09/10 | 3,323 | 3,000 | 918 | - | 5,405 | - | 5,405 | - | - |
| Improving Teaching Quality Title II, Part A 2009-2011 | 7,807 | 68,519 | 70,897 | - | 5,429 | 23,023 | 29,494 | - | (1,042) |
| Improving Teaching Quality Title II, Part A 2010-2012 | - | - | - | - | - | 41,564 | 52,546 | - | (10,982) |
| Improving Teaching Quality Title II, Part A 2008-2010 | 7,424 | 15,301 | 22,725 | - | - | - | - | - | - |
| Title III, ESL 10/11 | - | - | - | - | - | 15,506 | 18,802 | - | (3,296) |
| Title III, ESL 08/09 | 3,180 | - | 3,180 | - | - | - | - | - | - |
| Title III, ESL 09/10 | - | 21,059 | 20,813 | - | 246 | - | 246 | - | - |
| Fiscal Stabilization - Education | 1,601,341 | 701,420 | 2,302,761 | - | - | - | - | - | - |
| Stimulus Title I - Grants to LEAs | 30,301 | 59,370 | 110,734 | - | (21,063) | 35,160 | 14,346 | - | (249) |
| Stimulus Special Education - Part B | - | 215,938 | 272,949 | - | (57,011) | 270,503 | 218,532 | - | (5,040) |
| Clearing Account | 55,467 | 5,335,872 | 5,378,095 | - | 13,244 | 4,833,360 | 4,855,208 | - | (8,604) |
| Totals | \$ 16,747,141 | \$ 46,750,958 | \$ 51,932,593 | \$ 4,982,500 | \$ 16,548,006 | \$ 43,032,447 | \$ 49,151,116 | \$ 17,352 | \$ 10,446,689 |

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

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

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

B. Basis of Accounting

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

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

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

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

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

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

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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

F. Other financing sources and uses

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

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
(Continued)

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

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

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

G. Fund Accounting

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

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

SCHOOL TOWN OF HIGHLAND
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

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

| | General | Debt Service | Retirement/ Servrance Bond Debt Service | Exempt Debt | Exempt Retirement/ Servrance Bond Debt Service | Capital Projects | School Transportation | School Bus Replacement | Special Education Preschool |
|---|-------------------|---------------------|---|---------------------|---|---------------------|--------------------------|------------------------------|-----------------------------------|
| Cash and investments - beginning | \$ 1,216,898 | \$ 262,291 | \$ (95,354) | \$ - | \$ - | \$ 2,259,441 | \$ 542,203 | \$ 16,463 | \$ 105,259 |
| Receipts: | | | | | | | | | |
| Local sources | 726,235 | 2,520,715 | 103,495 | 3,217,930 | 168,001 | 3,147,323 | 1,323,886 | - | - |
| Intermediate sources | 341,668 | - | - | - | - | - | - | - | - |
| State sources | 18,506,028 | - | - | - | - | - | - | - | 50,875 |
| Federal sources | - | - | - | - | - | - | - | - | - |
| Temporary loans | - | - | - | 1,358,081 | - | 1,739,160 | 401,593 | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Total receipts | <u>19,573,931</u> | <u>2,520,715</u> | <u>103,495</u> | <u>4,576,011</u> | <u>168,001</u> | <u>4,886,483</u> | <u>1,725,479</u> | <u>-</u> | <u>50,875</u> |
| Disbursements: | | | | | | | | | |
| Current: | | | | | | | | | |
| Instruction | 10,511,235 | - | - | - | - | - | - | - | - |
| Support services | 7,296,078 | - | - | - | - | 1,163,138 | 999,670 | - | - |
| Noninstructional services | 407,712 | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | 1,593,883 | - | - | 125,000 |
| Debt services | 1,100,000 | 2,493,534 | 97,638 | 3,480,775 | 96,188 | 3,024,000 | 800,000 | - | - |
| Nonprogrammed charges | 735,647 | - | - | - | - | - | - | - | - |
| Interfund loans | - | - | - | - | - | - | - | - | - |
| Total disbursements | <u>20,050,672</u> | <u>2,493,534</u> | <u>97,638</u> | <u>3,480,775</u> | <u>96,188</u> | <u>5,781,021</u> | <u>1,799,670</u> | <u>-</u> | <u>125,000</u> |
| Excess (deficiency) of receipts over disbursements | <u>(476,741)</u> | <u>27,181</u> | <u>5,857</u> | <u>1,095,236</u> | <u>71,813</u> | <u>(894,538)</u> | <u>(74,191)</u> | <u>-</u> | <u>(74,125)</u> |
| Other financing sources (uses): | | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - | - |
| Transfers in | 31,134 | - | 89,497 | 449,706 | - | - | - | - | - |
| Transfers out | - | (452,110) | - | - | (89,497) | - | - | - | (31,134) |
| Total other financing sources (uses) | <u>31,134</u> | <u>(452,110)</u> | <u>89,497</u> | <u>449,706</u> | <u>(89,497)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(31,134)</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(445,607)</u> | <u>(424,929)</u> | <u>95,354</u> | <u>1,544,942</u> | <u>(17,684)</u> | <u>(894,538)</u> | <u>(74,191)</u> | <u>-</u> | <u>(105,259)</u> |
| Cash and investments - ending | <u>\$ 771,291</u> | <u>\$ (162,638)</u> | <u>\$ -</u> | <u>\$ 1,544,942</u> | <u>\$ (17,684)</u> | <u>\$ 1,364,903</u> | <u>\$ 468,012</u> | <u>\$ 16,463</u> | <u>\$ -</u> |

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

| | Post- Retirement/ Severance Future Benefits | Construction | G.O. Construct | School Lunch | Textbook Rental | Self- Insurance | Child Care Program | SAFE School Haven 09/10 | Employee Recognition |
|---|---|--------------|-------------------|-----------------|--------------------|--------------------|--------------------------|-------------------------------|-------------------------|
| Cash and investments - beginning | \$ - | \$ 4,749,171 | \$ - | \$ 948,661 | \$ 169,644 | \$ 4,756,186 | \$ 28,117 | \$ - | \$ 1,338 |
| Receipts: | | | | | | | | | |
| Local sources | - | 36,642 | 4,912 | 830,415 | 221,314 | 3,932,158 | 120,022 | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - |
| State sources | - | - | - | 20,913 | 96,639 | - | - | - | - |
| Federal sources | - | - | - | 448,971 | - | - | - | 12,000 | - |
| Temporary loans | - | - | - | - | - | - | - | - | - |
| Other | 521,100 | - | - | - | - | - | - | - | - |
| Total receipts | 521,100 | 36,642 | 4,912 | 1,300,299 | 317,953 | 3,932,158 | 120,022 | 12,000 | - |
| Disbursements: | | | | | | | | | |
| Current: | | | | | | | | | |
| Instruction | - | - | - | - | - | - | - | 12,000 | - |
| Support services | 22,031 | - | 192 | 2,318 | 346,010 | 546,102 | - | - | 1,250 |
| Noninstructional services | - | - | - | 1,128,988 | - | - | 144,690 | - | - |
| Facilities acquisition and construction | - | 1,745,222 | 1,095,917 | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | 4,035,745 | - | - | - |
| Interfund loans | - | - | - | - | - | - | - | - | - |
| Total disbursements | 22,031 | 1,745,222 | 1,096,109 | 1,131,306 | 346,010 | 4,581,847 | 144,690 | 12,000 | 1,250 |
| Excess (deficiency) of receipts over disbursements | 499,069 | (1,708,580) | (1,091,197) | 168,993 | (28,057) | (649,689) | (24,668) | - | (1,250) |
| Other financing sources (uses): | | | | | | | | | |
| Proceeds of long-term debt | - | - | 4,982,500 | - | - | - | - | - | - |
| Transfers in | - | - | - | 439,788 | 2,404 | 1,639,713 | - | - | - |
| Transfers out | - | - | - | (439,788) | - | (1,639,713) | - | - | - |
| Total other financing sources (uses) | - | - | 4,982,500 | - | 2,404 | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 499,069 | (1,708,580) | 3,891,303 | 168,993 | (25,653) | (649,689) | (24,668) | - | (1,250) |
| Cash and investments - ending | \$ 499,069 | \$ 3,040,591 | \$ 3,891,303 | \$ 1,117,654 | \$ 143,991 | \$ 4,106,497 | \$ 3,449 | \$ - | \$ 88 |

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

| | Project Case | Resist | Lowes Grants | Johnston Home Depot | High Ability 09/10 | High Ability 07/08 | High Ability 08/09 | Special High Ability | Com School Fund |
|---|-----------------|--------|-----------------|---------------------------|-----------------------|-----------------------|-----------------------|-------------------------|--------------------|
| Cash and investments - beginning | \$ 3,463 | \$ 403 | \$ - | \$ - | \$ - | \$ 5,107 | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | 8,775 | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | 39,849 | 24,979 | 26,003 |
| Federal sources | - | - | - | - | - | - | - | - | - |
| Temporary loans | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Total receipts | - | - | 8,775 | - | - | - | 39,849 | 24,979 | 26,003 |
| Disbursements: | | | | | | | | | |
| Current: | | | | | | | | | |
| Instruction | - | - | - | - | - | 5,107 | 36,975 | - | - |
| Support services | - | - | - | - | - | - | - | 10,331 | 222,144 |
| Noninstructional services | - | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - |
| Interfund loans | - | - | - | - | - | - | - | - | - |
| Total disbursements | - | - | - | - | - | 5,107 | 36,975 | 10,331 | 222,144 |
| Excess (deficiency) of receipts over disbursements | - | - | 8,775 | - | - | (5,107) | 2,874 | 14,648 | (196,141) |
| Other financing sources (uses): | | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | - | 8,775 | - | - | (5,107) | 2,874 | 14,648 | (196,141) |
| Cash and investments - ending | \$ 3,463 | \$ 403 | \$ 8,775 | \$ - | \$ - | \$ - | \$ 2,874 | \$ 14,648 | \$ (196,141) |

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

| | Drug Free Communities | Special Drug Free 09/10 | Non-English Speaking Programs P.L. 273-1999 | Language Minority 10/11 | Language Minority 09/10 | School Technology | Workforce Development - Perkins Grant | Vocational Education | Workforce Development 10/11 |
|---|-----------------------------|-------------------------------|--|----------------------------|----------------------------|----------------------|---|-------------------------|-----------------------------------|
| Cash and investments - beginning | \$ - | \$ 3,000 | \$ - | \$ - | \$ 1,720 | \$ 251 | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | | | |
| Local sources | - | - | - | - | - | - | 5,000 | 2,000 | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - |
| State sources | 3,000 | - | 22,841 | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - | - |
| Temporary loans | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Total receipts | 3,000 | - | 22,841 | - | - | - | 5,000 | 2,000 | - |
| Disbursements: | | | | | | | | | |
| Current: | | | | | | | | | |
| Instruction | - | 3,000 | 22,841 | - | 1,720 | - | 5,000 | 2,000 | - |
| Support services | - | - | - | - | - | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - |
| Interfund loans | - | - | - | - | - | - | - | - | - |
| Total disbursements | - | 3,000 | 22,841 | - | 1,720 | - | 5,000 | 2,000 | - |
| Excess (deficiency) of receipts over disbursements | 3,000 | (3,000) | - | - | (1,720) | - | - | - | - |
| Other financing sources (uses): | | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 3,000 | (3,000) | - | - | (1,720) | - | - | - | - |
| Cash and investments - ending | \$ 3,000 | \$ - | \$ - | \$ - | \$ - | \$ 251 | \$ - | \$ - | \$ - |

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

| | Workforce Development 08/09 | Workforce Development 09/10 | Title I FY 10/11 | Title I FY 08/09 | Title I FY 09/10 | Title V Reallocation | Drug Free Schools 08/09 | Drug Free Schools 09/10 | Improving Teaching Quality Title II, Part A 2009-2011 |
|---|-----------------------------------|-----------------------------------|---------------------|---------------------|---------------------|-------------------------|-------------------------------|-------------------------------|---|
| Cash and investments - beginning | \$ (2,269) | \$ - | \$ - | \$ 65,387 | \$ - | \$ - | \$ 918 | \$ 3,323 | \$ 7,807 |
| Receipts: | | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - |
| State sources | 2,269 | 8,186 | - | - | - | - | - | - | - |
| Federal sources | - | - | - | 35,352 | 292,611 | 1,925 | 7,613 | 3,000 | 68,519 |
| Temporary loans | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Total receipts | <u>2,269</u> | <u>8,186</u> | <u>-</u> | <u>35,352</u> | <u>292,611</u> | <u>1,925</u> | <u>7,613</u> | <u>3,000</u> | <u>68,519</u> |
| Disbursements: | | | | | | | | | |
| Current: | | | | | | | | | |
| Instruction | - | - | - | 45,229 | 312,820 | 1,925 | - | - | 57,765 |
| Support services | - | 9,305 | - | 8,618 | 42,166 | - | 7,456 | 918 | 13,132 |
| Noninstructional services | - | - | - | 1,717 | 6,204 | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - |
| Interfund loans | - | - | - | - | - | - | - | - | - |
| Total disbursements | <u>-</u> | <u>9,305</u> | <u>-</u> | <u>55,564</u> | <u>361,190</u> | <u>1,925</u> | <u>7,456</u> | <u>918</u> | <u>70,897</u> |
| Excess (deficiency) of receipts over disbursements | <u>2,269</u> | <u>(1,119)</u> | <u>-</u> | <u>(20,212)</u> | <u>(68,579)</u> | <u>-</u> | <u>157</u> | <u>2,082</u> | <u>(2,378)</u> |
| Other financing sources (uses): | | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | 45,175 | - | - | - | - |
| Transfers out | - | - | - | (45,175) | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(45,175)</u> | <u>45,175</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>2,269</u> | <u>(1,119)</u> | <u>-</u> | <u>(65,387)</u> | <u>(23,404)</u> | <u>-</u> | <u>157</u> | <u>2,082</u> | <u>(2,378)</u> |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ (1,119)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (23,404)</u> | <u>\$ -</u> | <u>\$ 1,075</u> | <u>\$ 5,405</u> | <u>\$ 5,429</u> |

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

| | Improving Teaching Quality Title II, Part A 2008-2010 | Title III, ESL 08/09 | Title III, ESL 09/10 | Fiscal Stabilization - Education | Stimulus Title I - Grants to LEAs | Stimulus Special Education - Part B | Clearing Account | Totals |
|---|---|-------------------------|-------------------------|--|--|--|---------------------|---------------|
| Cash and investments - beginning | \$ 7,424 | \$ 3,180 | \$ - | \$ 1,601,341 | \$ 30,301 | \$ - | \$ 55,467 | \$ 16,747,141 |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | 16,360,048 |
| Intermediate sources | - | - | - | - | - | - | - | 350,443 |
| State sources | - | - | - | - | - | - | - | 18,801,582 |
| Federal sources | 15,301 | - | 21,059 | 701,420 | 59,370 | 215,938 | - | 1,883,079 |
| Temporary loans | - | - | - | - | - | - | - | 3,498,834 |
| Other | - | - | - | - | - | - | 5,335,872 | 5,856,972 |
| Total receipts | 15,301 | - | 21,059 | 701,420 | 59,370 | 215,938 | 5,335,872 | 46,750,958 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 14,938 | 3,180 | 20,813 | 1,446,714 | 110,734 | 272,949 | - | 12,886,945 |
| Support services | 7,787 | - | - | 471,659 | - | - | - | 11,170,305 |
| Noninstructional services | - | - | - | 46,283 | - | - | - | 1,735,594 |
| Facilities acquisition and construction | - | - | - | - | - | - | - | 4,560,022 |
| Debt services | - | - | - | - | - | - | - | 11,092,135 |
| Nonprogrammed charges | - | - | - | 338,105 | - | - | - | 5,109,497 |
| Interfund loans | - | - | - | - | - | - | 5,378,095 | 5,378,095 |
| Total disbursements | 22,725 | 3,180 | 20,813 | 2,302,761 | 110,734 | 272,949 | 5,378,095 | 51,932,593 |
| Excess (deficiency) of receipts over disbursements | (7,424) | (3,180) | 246 | (1,601,341) | (51,364) | (57,011) | (42,223) | (5,181,635) |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | 4,982,500 |
| Transfers in | - | - | - | - | - | - | - | 2,697,417 |
| Transfers out | - | - | - | - | - | - | - | (2,697,417) |
| Total other financing sources (uses) | - | - | - | - | - | - | - | 4,982,500 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (7,424) | (3,180) | 246 | (1,601,341) | (51,364) | (57,011) | (42,223) | (199,135) |
| Cash and investments - ending | \$ - | \$ - | \$ 246 | \$ - | \$ (21,063) | \$ (57,011) | \$ 13,244 | \$ 16,548,006 |

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

| | General | Debt Service | Exempt Debt | Exempt Retirement/ Severance Bond Debt Service | Capital Projects | School Transportation | School Bus Replacement | Post-Retirement/ Severance Future Benefits | Construction |
|---|------------|--------------|--------------|--|------------------|-----------------------|------------------------|--|--------------|
| Cash and investments - beginning | \$ 771,291 | \$ (162,638) | \$ 1,544,942 | \$ (17,684) | \$ 1,364,903 | \$ 468,012 | \$ 16,463 | \$ 499,069 | \$ 3,040,591 |
| Receipts: | | | | | | | | | |
| Local sources | 574,542 | 1,370,497 | 2,825,466 | 166,741 | 1,858,460 | 854,313 | 47,171 | - | 3,954 |
| Intermediate sources | 211,045 | - | - | - | - | - | - | - | - |
| State sources | 18,734,353 | - | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - | - |
| Temporary loans | - | 602,624 | 1,158,262 | 99,362 | 1,648,356 | 625,388 | 199,292 | - | - |
| Other | - | - | - | - | - | - | - | 300,865 | - |
| Total receipts | 19,519,940 | 1,973,121 | 3,983,728 | 266,103 | 3,506,816 | 1,479,701 | 246,463 | 300,865 | 3,954 |
| Disbursements: | | | | | | | | | |
| Current: | | | | | | | | | |
| Instruction | 11,241,400 | - | - | - | - | - | - | - | - |
| Support services | 6,866,935 | - | - | - | 1,160,880 | 1,060,093 | - | 533,592 | 553 |
| Noninstructional services | 385,744 | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | 1,204,029 | - | - | - | 2,090,058 |
| Debt services | - | 1,070,559 | 4,640,713 | 188,025 | 1,739,160 | 401,593 | - | - | 165,000 |
| Nonprogrammed charges | 969,460 | - | - | - | - | - | - | - | - |
| Interfund loans | - | - | - | - | - | - | - | - | - |
| Total disbursements | 19,463,539 | 1,070,559 | 4,640,713 | 188,025 | 4,104,069 | 1,461,686 | - | 533,592 | 2,255,611 |
| Excess (deficiency) of receipts over disbursements | 56,401 | 902,562 | (656,985) | 78,078 | (597,253) | 18,015 | 246,463 | (232,727) | (2,251,657) |
| Other financing sources (uses): | | | | | | | | | |
| Sale of capital assets | 17,352 | - | - | - | - | - | - | - | - |
| Transfers in | 73,618 | - | - | - | - | - | - | - | - |
| Transfers out | - | (15,160) | - | - | - | - | - | - | - |
| Total other financing sources (uses) | 90,970 | (15,160) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 147,371 | 887,402 | (656,985) | 78,078 | (597,253) | 18,015 | 246,463 | (232,727) | (2,251,657) |
| Cash and investments - ending | \$ 918,662 | \$ 724,764 | \$ 887,957 | \$ 60,394 | \$ 767,650 | \$ 486,027 | \$ 262,926 | \$ 266,342 | \$ 788,934 |

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

| | G.O. Construct | School Lunch | Textbook Rental | Self- Insurance | Levy Excess | Pathfinder | Child Care Program | Alternative Education | SAFE School Haven 10/11 |
|---|--------------------|---------------------|--------------------|---------------------|-----------------|-------------------|--------------------------|--------------------------|-------------------------------|
| Cash and investments - beginning | \$ 3,891,303 | \$ 1,117,654 | \$ 143,991 | \$ 4,106,497 | \$ - | \$ - | \$ 3,449 | \$ - | \$ - |
| Receipts: | | | | | | | | | |
| Local sources | 4,608 | 887,548 | 272,622 | 3,671,788 | 44,067 | 99,997 | 116,526 | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - |
| State sources | - | 20,726 | 77,823 | - | - | 100,000 | - | 5,823 | - |
| Federal sources | - | 524,555 | - | - | - | - | - | - | 12,000 |
| Temporary loans | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Total receipts | <u>4,608</u> | <u>1,432,829</u> | <u>350,445</u> | <u>3,671,788</u> | <u>44,067</u> | <u>199,997</u> | <u>116,526</u> | <u>5,823</u> | <u>12,000</u> |
| Disbursements: | | | | | | | | | |
| Current: | | | | | | | | | |
| Instruction | - | - | - | - | - | 187,201 | - | - | 12,000 |
| Support services | 1,415 | 3,737 | 116,837 | 350,869 | - | 6,000 | - | - | - |
| Noninstructional services | - | 1,150,715 | - | - | - | - | 123,517 | - | - |
| Facilities acquisition and construction | 3,626,035 | 37,208 | - | - | - | 8,048 | - | - | - |
| Debt services | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | 4,112,194 | - | - | - | - | - |
| Interfund loans | - | - | - | - | - | - | - | - | - |
| Total disbursements | <u>3,627,450</u> | <u>1,191,660</u> | <u>116,837</u> | <u>4,463,063</u> | <u>-</u> | <u>201,249</u> | <u>123,517</u> | <u>-</u> | <u>12,000</u> |
| Excess (deficiency) of receipts over disbursements | <u>(3,622,842)</u> | <u>241,169</u> | <u>233,608</u> | <u>(791,275)</u> | <u>44,067</u> | <u>(1,252)</u> | <u>(6,991)</u> | <u>5,823</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | - |
| Transfers in | - | 369,373 | 15,160 | - | - | - | - | - | - |
| Transfers out | - | (398,924) | - | - | (44,067) | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(29,551)</u> | <u>15,160</u> | <u>-</u> | <u>(44,067)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(3,622,842)</u> | <u>211,618</u> | <u>248,768</u> | <u>(791,275)</u> | <u>-</u> | <u>(1,252)</u> | <u>(6,991)</u> | <u>5,823</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 268,461</u> | <u>\$ 1,329,272</u> | <u>\$ 392,759</u> | <u>\$ 3,315,222</u> | <u>\$ -</u> | <u>\$ (1,252)</u> | <u>\$ (3,542)</u> | <u>\$ 5,823</u> | <u>\$ -</u> |

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

| | Employee Recognition | Project Case | Resist | Lowes Grants | Johnston Home Depot | High Ability 09/10 | High Ability 08/09 | Special High Ability | Com School Fund |
|---|-------------------------|-----------------|--------|-----------------|---------------------------|-----------------------|-----------------------|-------------------------|--------------------|
| Cash and investments - beginning | \$ 88 | \$ 3,463 | \$ 403 | \$ 8,775 | \$ - | \$ - | \$ 2,874 | \$ 14,648 | \$ (196,141) |
| Receipts: | | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | 8,000 | - | - | - | - |
| State sources | - | - | - | - | - | 39,251 | - | - | 296,098 |
| Federal sources | - | - | - | - | - | - | - | - | - |
| Temporary loans | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Total receipts | - | - | - | - | 8,000 | 39,251 | - | - | 296,098 |
| Disbursements: | | | | | | | | | |
| Current: | | | | | | | | | |
| Instruction | - | - | - | 6,676 | 931 | 33,831 | 2,874 | - | - |
| Support services | 88 | - | - | - | - | - | - | 14,648 | 99,957 |
| Noninstructional services | - | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - |
| Interfund loans | - | - | - | - | - | - | - | - | - |
| Total disbursements | 88 | - | - | 6,676 | 931 | 33,831 | 2,874 | 14,648 | 99,957 |
| Excess (deficiency) of receipts over disbursements | (88) | - | - | (6,676) | 7,069 | 5,420 | (2,874) | (14,648) | 196,141 |
| 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 | (88) | - | - | (6,676) | 7,069 | 5,420 | (2,874) | (14,648) | 196,141 |
| Cash and investments - ending | \$ - | \$ 3,463 | \$ 403 | \$ 2,099 | \$ 7,069 | \$ 5,420 | \$ - | \$ - | \$ - |

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

| | Drug Free Communities | Language Minority 10/11 | School Technology | Workforce Development 10/11 | Workforce Development 09/10 | Title I FY 10/11 | Title I FY 09/10 | Drug Free Schools 08/09 | Drug Free Schools 09/10 |
|---|-----------------------|-------------------------|-------------------|-----------------------------|-----------------------------|------------------|------------------|-------------------------|-------------------------|
| Cash and investments - beginning | \$ 3,000 | \$ - | \$ 251 | \$ - | \$ (1,119) | \$ - | \$ (23,404) | \$ 1,075 | \$ 5,405 |
| Receipts: | | | | | | | | | |
| Local sources | - | - | - | 5,283 | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - |
| State sources | - | - | 8,056 | - | 6,814 | - | - | - | - |
| Federal sources | - | 17,116 | - | - | - | 275,848 | 34,540 | 3,551 | - |
| Temporary loans | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Total receipts | - | 17,116 | 8,056 | 5,283 | 6,814 | 275,848 | 34,540 | 3,551 | - |
| Disbursements: | | | | | | | | | |
| Current: | | | | | | | | | |
| Instruction | 2,897 | 13,122 | - | 5,283 | - | 289,701 | 10,326 | - | - |
| Support services | - | - | 6,293 | - | 5,695 | 4,405 | 6 | 4,626 | 5,405 |
| Noninstructional services | - | - | - | - | - | 804 | 804 | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - |
| Interfund loans | - | - | - | - | - | - | - | - | - |
| Total disbursements | 2,897 | 13,122 | 6,293 | 5,283 | 5,695 | 294,910 | 11,136 | 4,626 | 5,405 |
| Excess (deficiency) of receipts over disbursements | (2,897) | 3,994 | 1,763 | - | 1,119 | (19,062) | 23,404 | (1,075) | (5,405) |
| 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 | (2,897) | 3,994 | 1,763 | - | 1,119 | (19,062) | 23,404 | (1,075) | (5,405) |
| Cash and investments - ending | \$ 103 | \$ 3,994 | \$ 2,014 | \$ - | \$ - | \$ (19,062) | \$ - | \$ - | \$ - |

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

| | Improving Teaching Quality Title II, Part A 2009-2011 | Improving Teaching Quality Title II, Part A 2010-2012 | Title III, ESL 10/11 | Title III, ESL 09/10 | Stimulus Title I - Grants to LEAs | Stimulus Special Education - Part B | Clearing Account | Totals |
|---|---|---|-------------------------|-------------------------|--|--|---------------------|----------------------|
| Cash and investments - beginning | \$ 5,429 | \$ - | \$ - | \$ 246 | \$ (21,063) | \$ (57,011) | \$ 13,244 | \$ 16,548,006 |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | 12,803,583 |
| Intermediate sources | - | - | - | - | - | - | - | 219,045 |
| State sources | - | - | - | - | - | - | - | 19,288,944 |
| Federal sources | 23,023 | 41,564 | 15,506 | - | 35,160 | 270,503 | - | 1,253,366 |
| Temporary loans | - | - | - | - | - | - | - | 4,333,284 |
| Other | - | - | - | - | - | - | 4,833,360 | 5,134,225 |
| Total receipts | <u>23,023</u> | <u>41,564</u> | <u>15,506</u> | <u>-</u> | <u>35,160</u> | <u>270,503</u> | <u>4,833,360</u> | <u>43,032,447</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 24,784 | 41,830 | 18,802 | 246 | 14,097 | 133,365 | - | 12,039,366 |
| Support services | 4,710 | 10,716 | - | - | 249 | - | - | 10,257,709 |
| Noninstructional services | - | - | - | - | - | - | - | 1,661,584 |
| Facilities acquisition and construction | - | - | - | - | - | - | - | 6,965,378 |
| Debt services | - | - | - | - | - | - | - | 8,205,050 |
| Nonprogrammed charges | - | - | - | - | - | 85,167 | - | 5,166,821 |
| Interfund loans | - | - | - | - | - | - | 4,855,208 | 4,855,208 |
| Total disbursements | <u>29,494</u> | <u>52,546</u> | <u>18,802</u> | <u>246</u> | <u>14,346</u> | <u>218,532</u> | <u>4,855,208</u> | <u>49,151,116</u> |
| Excess (deficiency) of receipts over disbursements | <u>(6,471)</u> | <u>(10,982)</u> | <u>(3,296)</u> | <u>(246)</u> | <u>20,814</u> | <u>51,971</u> | <u>(21,848)</u> | <u>(6,118,669)</u> |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | 17,352 |
| Transfers in | - | - | - | - | - | - | - | 458,151 |
| Transfers out | - | - | - | - | - | - | - | (458,151) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,352</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(6,471)</u> | <u>(10,982)</u> | <u>(3,296)</u> | <u>(246)</u> | <u>20,814</u> | <u>51,971</u> | <u>(21,848)</u> | <u>(6,101,317)</u> |
| Cash and investments - ending | <u>\$ (1,042)</u> | <u>\$ (10,982)</u> | <u>\$ (3,296)</u> | <u>\$ -</u> | <u>\$ (249)</u> | <u>\$ (5,040)</u> | <u>\$ (8,604)</u> | <u>\$ 10,446,689</u> |

SCHOOL TOWN OF HIGHLAND
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

| | Ending Balance |
|--|-------------------|
| Other: | |
| Capital assets, not being depreciated: | |
| Land | \$ 742,990 |
| Buildings and improvements | 66,688,984 |
| Machinery and equipment | 7,737,298 |
| Total capital assets not being depreciated | \$ 75,169,272 |

SCHOOL TOWN OF HIGHLAND
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year | Fund/ Department |
|--|--------------------------------|---|--------------------------|
| Capital leases: | | | |
| Highland High and Middle School Buildings | \$ 22,550,000 | \$ 2,602,000 | Exempt Debt |
| Highland Multi-School Building - roofing 2008 | 8,885,000 | 705,000 | Construction/Exempt Debt |
| Master equipment lease | 679,514 | 243,638 | Capital Projects |
| Common school loans: | | | |
| #A0299 Merkley/Warren Elementaries | 37,500 | 38,438 | Exempt Debt |
| #A1180 Data processing instructional equipment | 31,084 | 31,239 | Exempt Debt |
| #A1453 Data processing instructional equipment | 322,100 | 68,557 | Debt Service |
| Bonds payable: | | | |
| General obligation bonds: | | | |
| 2002 pension bonds | 1,430,000 | 192,044 | Exempt Debt |
| 2009 capital improvements | 3,610,000 | 1,102,613 | Debt Service |
| Total debt | <u>\$ 37,545,198</u> | <u>\$ 4,983,529</u> | |

SCHOOL TOWN OF HIGHLAND
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS
AND REPORTING FOR SCHOOL LUNCH FUND**

The School Lunch Fund collections and disbursements are in a separate bank account maintained by the Food Service Director. The Food Service Director maintains a manual ledger to account for the receipts and disbursements and the monthly cash balance. The monthly cash balance is used to reconcile to the bank statement. The School Corporation also maintains a School Lunch Fund in the Corporation's computerized ledger. The school lunch receipts and disbursements for the separate bank account are posted to the computerized ledger and identified as Bank 02. The School Corporation, through the School Corporation's main checking account, processes the school lunch payroll and related benefits. Thus, once a month the Food Service Director must reimburse the School Corporation's main checking account for payroll and related benefits from the school lunch bank account.

We determined that the School Corporation computerized ledger balance was greater than the manual ledger by \$89,426.63 as of June 30, 2011. We noted the following discrepancies:

1. The October 2010 and May 2011 student lunch collections were double posted in the computerized ledger to the amount of \$87,230.65. Furthermore, the manual ledger posted \$77.50 more in miscellaneous receipts than what was posted to the computerized ledger.
2. A review of both ledgers noted that nonsufficient fund (NSF) checks returned by the bank are recorded as disbursements in the manual ledger; however, they are not recorded in the computerized ledger. Since July 2008, the School Lunch Fund had \$1,223.40 of NSF checks not recorded in the computerized ledger.
3. The remaining difference of \$1,050.08 was the balance that was in School Corporation's main checking account at the time the School Corporation made an adjusting entry on July 1, 2008, to bring the manual and computerized ledger into balance.

In addition, we determined that as of June 30, 2011, the school lunch bank account owed \$74,880.25 to the School Corporation's main checking account for payroll and related benefits. The school lunch bank account did reimburse \$22,146.73 and \$6,178.54 on July 5, 2011, and August 2, 2011, respectively. However, not until we inquired of school officials was it determined that the May 2011 payroll and related benefits were not reimbursed. On October 18, 2011, \$42,023.19 for the May 2011 gross payroll was reimbursed from the school lunch bank account to the School Corporation's main checking account. The remaining balance of \$4,531.79 was determined to be the second quarter 2010 Public Employee Retirement Fund employer portion not yet reimbursed.

The School Corporation monthly reconciles the manual school lunch ledger to the school lunch bank account and reconciles the main checking account and several other bank accounts to the School Corporation's computerized ledger; however, a monthly reconciliation of the school lunch bank account to the School Corporation's computerized Bank 02 balance is not performed. If performed, school officials would have been able to timely identify the discrepancies noted.

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 objections, 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.

SCHOOL TOWN OF HIGHLAND
AUDIT RESULTS AND COMMENTS
(Continued)

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OFFICIAL BONDS

The blanket bonds for the Food Service Director, Athletic Director, and all Extra-Curricular Treasurers were not filed in the Office of the County Recorder as required.

The treasurer of each extra-curricular account shall provide a faithful performance of duty bond for one year, the term of the office. The amount of the bond shall be fixed and approved by the school superintendent and principal approximating the total amount of anticipated funds which will come into the hands of the treasurer at any one time during the regular school year, IC 20-41-1-6. The State Board of Accounts is of the audit position bonds should be filed and recorded in the office of the county recorder and a new bond shall be issued and filed each year. If either school lunch funds or textbook rental funds are handled through an extra-curricular account, the governing body of the school corporation shall approve the amount of the bond of the treasurer, IC 20-41-2-6. The bond may be either an individual bond for each extra-curricular treasurer or a single blanket position bond for all extra-curricular treasurers, IC 20-41-1-6.

Whenever deemed necessary to bond any other employee of a school corporation, the governing body may bond or cause to be bonded such employee or employees by either individual or blanket bonds conditioned upon faithful performance of duties, and in amounts and with surety approved by the school board. We recommend bond coverage for any employee handling funds. A blanket bond should not include any officer, deputy or employee for whom an individual bond is required by statute. Individual bonds are required for the school corporation treasurer and the deputy treasurer. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

ATHLETICS' SPORTS PROGRAMS (Applies to Highland High School)

The Athletic Department has a fall and winter sports athletic program with pictures of the teams, sport schedules, and advertisements. The advertisements are solicited from the community to help support the Athletic Department. Letters are sent during the summer soliciting the purchase of advertising space in the program. The letter includes the advertising rate of \$100 to \$300 depending on the size of the advertisement. In addition, the Athletic Department sent letters soliciting \$25 donations from community members that could be listed in the program as an Athletic Department Patron. Per the letters, in order to be in both the fall and winter sports programs, the deadline was July 30, 2010, for the 2010-2011 programs.

The following deficiencies were noted over the collections for the sports programs:

1. The Athletic Department did not issue receipts for all collections. Collections totaling \$225 and \$4,200 for 2009-2010 and 2010-2011, respectively, did not have receipts issued at the time of collection.
2. For 2010-2011, the Athletic Department did not remit collections timely to the Extra-Curricular Treasurer for posting and depositing. On September 30, 2010, \$4,200 of checks dated from July and August 2010 were remitted for deposit.

SCHOOL TOWN OF HIGHLAND
AUDIT RESULTS AND COMMENTS
(Continued)

3. Per the sports program letter, the return deadline was July 30, 2010. Program books were printed with advertisements without collections being timely collected. For the 2010-2011 sports program, \$2,325 or 36 percent of the collections were not collected until October 2010, December 2010, and January 2011. As of October 24, 2011, \$1,075 of advertising fees has yet to be collected in spite of reminder letters being sent to advertisers.
4. Several advertisements and listed patrons were noted in both school year programs without collection of an advertising fee. Based on discussion with school officials, the advertisements were probably provided on a complimentary basis. However, supporting documentation that the advertisement was provided on a complimentary basis was not provided.

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)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

DEPENDENT CARE DEPOSITS (Applies to Johnston Elementary)

Before and after school child or dependent care is provided by the School Corporation at the elementary schools. Prescribed extra-curricular receipts are issued to parents by the Dependent Care Director. The Dependent Care Director prepares the deposit slip and deposits collections directly to the bank. The Dependent Care Director also prepares a report listing the student name, amount paid, and type of payment and attaches the report to a copy of the deposit slip. The total of the report agrees to the amount deposited. The Extra-Curricular Treasurer issues a receipt and posts the dependent care collections. The following deficiencies over controls of the dependent care depositing process were noted:

1. Collections are not timely deposited to the bank. Collections were deposited anywhere from 8 to 60 days after the receipt is written by the Dependent Care Director.
2. Dependent care receipt numbers are not listed on the reports, nor are they provided in support of each deposit. Verification that all dependent care receipts were deposited was difficult.
3. The dependent care receipts posted to the extra-curricular ledger were determined to be \$1,896 greater than the total of all dependent care receipts issued for 2010-2011. It was determined that all dependent care collections may not have been receipted.

Indiana Code 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay. . . ."

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)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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 SCHOOL TOWN OF HIGHLAND, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the School Town of Highland (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, 2010 and 2011. 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.

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011. 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 item 2011-02.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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)

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item 2011-02. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

November 10, 2011

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

| 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 06-30-10 | Total Federal Awards Expended 06-30-11 |
|---|---------------------------|--|---|---|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| Pass-Through Indiana Department of Education Child Nutrition Cluster | | | | |
| School Breakfast Program | 10.553 | | \$ 35,789 | \$ 52,640 |
| National School Lunch Program | 10.555 | | <u>505,670</u> | <u>552,420</u> |
| Total for federal grantor agency | | | <u>541,459</u> | <u>605,060</u> |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| Pass-Through Indiana Department of Education Title I, Part A Cluster | | | | |
| ARRA - Title I Grants to Local Educational Agencies, Recovery Act | 84.389 | 10-4720 | <u>110,734</u> | <u>14,346</u> |
| Title I Grants to Local Educational Agencies | 84.010 | 09-4720 10-4720 11-4720 | 51,607 361,191 - | - 11,136 <u>294,911</u> |
| Total for program | | | <u>412,798</u> | <u>306,047</u> |
| Total for cluster | | | <u>523,532</u> | <u>320,393</u> |
| Special Education Cluster | | | | |
| ARRA - Special Education - Grants to States (IDEA, Part B), Recovery Act | 84.391 | 33310-SN01-0004 | <u>272,949</u> | <u>218,532</u> |
| State Fiscal Stabilization Fund Cluster | | | | |
| ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act | 84.394 | 4720 | <u>1,657,469</u> | - |
| Career and Technical Education - Basic Grants to States | 84.048 | Project Lead the Way | 9,305 | 5,695 |
| Pass-Through School City of Hammond | | | | |
| Career and Technical Education - Basic Grants to States | 84.048 | Carl Perkins 10-11 | - | <u>5,283</u> |
| Total for program | | | <u>9,305</u> | <u>10,978</u> |
| Pass-Through Indiana Department of Education | | | | |
| Safe and Drug-Free Schools and Communities - State Grants | 84.186 | 4720-07 08-4720 09-4720 | 918 524 <u>6,538</u> | - 5,404 <u>4,626</u> |
| Total for program | | | <u>7,980</u> | <u>10,030</u> |
| State Grants for Innovative Programs | 84.298 | 07-4720 | <u>1,925</u> | - |
| English Language Acquisition Grants | 84.365 | 08/09 - 4720 09/10 - 4720 10/11 - 4720 | 3,180 20,814 - | - 246 <u>18,802</u> |
| Total for program | | | <u>23,994</u> | <u>19,048</u> |
| Pass-Through Indiana Department of Education | | | | |
| Improving Teacher Quality State Grants | 84.367 | 07-4720 08-4720 09-4720 10-4720 | 1,671 12,899 63,089 - | - - 29,493 <u>52,545</u> |
| Total for program | | | <u>77,659</u> | <u>82,038</u> |
| Total for federal grantor agency | | | <u>2,574,813</u> | <u>661,019</u> |
| Total federal awards expended | | | <u>\$ 3,116,272</u> | <u>\$ 1,266,079</u> |

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

SCHOOL TOWN OF HIGHLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School Town of Highland (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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 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.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

| Program Title | Federal CFDA Number | 2010 | 2011 |
|-------------------------------|---------------------------|-----------|-----------|
| National School Lunch Program | 10.555 | \$ 87,616 | \$ 78,136 |

Note 3. Educational Jobs Fund

In October 2011, the School Corporation was notified by the Indiana Department of Education of federally enacted legislation that will provide Indiana funding to be used for compensation, benefits and support services to retain existing employees, rehire former employees, or hire new employees to provide childhood, elementary, or secondary educational services. The School Corporation's Educational Jobs funding available for draw down between October 2011 and September 30, 2012, is \$611,596. As of November 9, 2011, the School Corporation had drawn down \$26,717.

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

| | |
|--|-------------|
| Type of auditor's report issued: | Unqualified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | no |
| Significant deficiency identified? | yes |
| Noncompliance material to financial statement noted? | no |

Federal Awards:

| | |
|--|-------------|
| Internal control over major programs: | |
| Material weaknesses identified? | no |
| Significant deficiency identified? | yes |
| Type of auditor's report issued on compliance for major programs: | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | yes |

Identification of Major Programs:

| <u>Name of Federal Program or Cluster</u> |
|---|
| Child Nutrition Cluster |
| Title I, Part A Cluster |
| Special Education Cluster |
| State Fiscal Stabilization Fund Cluster |

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

FINDING 2011-01 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING FOR SCHOOL LUNCH FUND

The School Lunch Fund collections and disbursements are in a separate bank account maintained by the Food Service Director. The Food Service Director maintains a manual ledger to account for the receipts and disbursements and the monthly cash balance. The monthly cash balance is used to reconcile to the bank statement. The School Corporation also maintains a School Lunch Fund in the Corporation's computerized ledger. The school lunch receipts and disbursements for the separate bank account are posted to the computerized ledger and identified as Bank 02. The School Corporation, through the School Corporation's main checking account, processes the school lunch payroll and related benefits. Thus, once a month the Food Service Director must reimburse the School Corporation's main checking account for payroll and related benefits from the school lunch bank account.

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

We determined that the School Corporation computerized ledger balance was greater than the manual ledger by \$89,426.63 as of June 30, 2011. We noted the following discrepancies:

1. The October 2010 and May 2011 student lunch collections were double posted in the computerized ledger to the amount of \$87,230.65. Furthermore, the manual ledger posted \$77.50 more in miscellaneous receipts than what was posted to the computerized ledger.
2. A review of both ledgers noted that nonsufficient fund (NSF) checks returned by the bank are recorded as disbursements in the manual ledger; however, they are not recorded in the computerized ledger. Since July 2008, the School Lunch Fund had \$1,223.40 of NSF checks not recorded in the computerized ledger.
3. The remaining difference of \$1,050.08 was the balance that was in School Corporation's main checking account at the time the School Corporation made an adjusting entry on July 1, 2008, to bring the manual and computerized ledger into balance.

In addition, we determined that as of June 30, 2011, the school lunch bank account owed \$74,880.25 to the School Corporation's main checking account for payroll and related benefits. The school lunch bank account did reimburse \$22,146.73 and \$6,178.54 on July 5, 2011, and August 2, 2011, respectively. However, not until we inquired of school officials was it determined that the May 2011 payroll and related benefits were not reimbursed. On October 18, 2011, \$42,023.19 for the May 2011 gross payroll was reimbursed from the school lunch bank account to the School Corporation's main checking account. The remaining balance of \$4,531.79 was determined to be the second quarter 2010 Public Employee Retirement Fund employer portion not yet reimbursed.

The School Corporation monthly reconciles the manual school lunch ledger to the school lunch bank account and reconciles the main checking account and several other bank accounts to the School Corporation's computerized ledger; however, a monthly reconciliation of the school lunch bank account to the School Corporation's computerized Bank 02 balance is not performed. If performed, school officials would have been able to timely identify the discrepancies noted.

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 objections, 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.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We recommended that officials perform monthly reconciliations of the School Corporation's computerized Bank 02 balance to the school lunch bank account.

SCHOOL TOWN OF HIGHLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2011-02 - CHILD NUTRITION CLUSTER - SPECIAL TESTS AND PROVISIONS - VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS

Federal Agency: U.S. Department of Agriculture
Federal Programs: School Breakfast Program and National School Lunch Program
CFDA Numbers: 10.553 and 10.555
Pass-Through Entity: Indiana Department of Education

By November 15th of each school year, the School Corporation must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals. The verification sample size is the lesser of 3 percent or 3,000 applications selected at random from the total number of approved applications on file as of October 1st of the school year. Based on the number of approved applications for the 2009-2010 and 2010-2011 school years, 11 applications were verified each year by the Food Service Secretary. The Food Service Secretary then completed the required reporting to the Indiana Department of Education. The Food Service Director did not review the verification process or documents provided to ensure the verification process was applied uniformly to all applications verified.

Based on the verification documents provided to the School Corporation for the 2009-2010 and 2010-2011 school years, three applications each school year should have had a modification to the eligibility determinations made initially. For 2009-2010, three free applications should have been changed to reduced and in 2010-2011, two free applications should have been changed to reduced and one free should have been changed to pay.

7 CFR § 245.6a (f)(7) *Eligibility changes states:*

"Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. The local educational agency must notify the household of any change. Households must be notified of any reduction in benefits in accordance with paragraph (j) of this section. Households with reduced benefits or that are no longer eligible for free or reduced price meals must be notified of their right to reapply at any time with documentation of income or participation in one of the eligible programs in paragraph (a)(1) of this section."

We recommended school officials review the verification process and ensure that all income verifications were properly determined and the appropriate modifications to the eligibility determination are made in accordance with the income guidelines.

SCHOOL TOWN OF HIGHLAND

9145 Kennedy Avenue, Highland, Indiana 46322
(219) 924-7400 FAX (219) 922-5637

Administration

Michael Boskovich, Superintendent
Gary Sutton, Director
Sherri Mitchell, Director
Cindy Adams, Director

Board of Trustees

Lawrence M. Vassar, President
Luanne Jurczak, Vice President
Carol Green- Fraley, Secretary
Robert Kuva, Member

Dave Turoci, Member

September 23, 2011

Indiana State Board of Accounts
302 W. Washington Street, Room E418
Indianapolis, Indiana 46204-2765

RE: Summary Schedule of Prior Audit Findings:

Dear Sir or Madam:

The School Town of Highland had a Cash Management Finding during the last audit of July 1, 2007 through June 30, 2009 indicating that the Title I Grant had an excessive cash balance at the month end during the 2008-2009 grant year. We were instructed to monitor the cash draw-downs and to minimize the ending cash balances on a monthly basis.

The district issued a corrective plan of action to the State Board of Accounts indicating that we would closely monitor and actively re-align the Title I cash draw-downs in order to meet the guidelines as defined by EDGAR 80.20.

Since this time the State of Indiana has changed their grant cash distribution policies and procedures. All grants including the federal Title I are funded on a reimbursement basis. Therefore expenditures are made prior to receiving the federal funds and no cash balances can be accumulated at months end. The district will be in compliance with EDGAR 80.20.

Thank you,



Cynthia Adams
Director of Finance & Operations/Treasurer

SCHOOL TOWN OF HIGHLAND

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Robert Kuva, Member
Dave Turoci, Member

FINDING 2011-02, CHILD NUTRITION CLUSTER – SPECIAL TESTS & PROVISIONS – VERIFICATION OF FREE & REDUCED PRICE APPLICATIONS

Audited Contact Person: Cynthia Adams
Title of Contact Person: Treasurer/Director of Finance & Operations
Phone Number: 219-924-7400 ext 7231

Briefly describe action to be taken to correct finding:

The prior Food Service secretary improperly used the “net wages” rather than the “gross wages” as the basis of income verification for the free and reduced application test sample. The new secretary has been trained to use the gross wages as directed by statute.

In order to prevent this situation from reoccurring, the Food Service Director will be responsible for reviewing each of the test samples that have been completed by the secretary to insure the accuracy of the data and the eligibility of the individual within the stated income guidelines and the proper classification of pay, free or reduced.

Signed: 
Cynthia Adams, Director of Finance & Operations

Date: November 9, 2011

SCHOOL TOWN OF HIGHLAND

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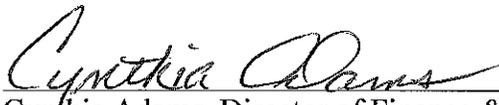
FINDING 2011-01, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING FOR SCHOOL LUNCH FUND

Audited Contact Person: Cynthia Adams
Title of Contact Person: Treasurer/Director of Finance & Operations
Phone Number: 219-924-7400 ext 7231

Briefly describe action to be taken to correct finding:

- The School Town of Highland will make an adjustment to fund 0800 in the RDS computerized system to correct the double posted receipts from October 2010 and May 2011 that total \$87,230.65.
- A receipt will be entered in the amount of \$77.50 to reflect the deposit made to Bank 2, but not entered in the RDS computerized records.
- The district will also make an entry in the RDS records to reflect the total amount of NSF checks in the amount of \$1,223.40.
- The adjusting entry made on July 1, 2008 to balance the manual and the computerized records was overstated by \$1,050.08. We will reverse the entry by the overstated amount.
- The corporation will also request reimbursement from Bank 2 for the \$4,531.79 in benefits that was not invoiced in July of 2010.

In order to prevent this situation from reoccurring, the deputy treasurer will be responsible for reconciling Bank 2 to the RDS computerized records to insure all transactions have been recorded properly in the financial accounting system. The corporation treasurer will oversee and review all bank statements.

Signed: 
Cynthia Adams, Director of Finance & Operations

Date: November 9, 2011

SCHOOL TOWN OF HIGHLAND
EXIT CONFERENCE

The contents of this report were discussed on November 16, 2011, with Michael Boskovich, Superintendent of Schools; Lawrence Vassar, President of the School Board; Cynthia Adams, Treasurer; and Louise Diederich, Deputy Treasurer. The Official Response has been made a part of this report and may be found on page 47.

SCHOOL TOWN OF HIGHLAND

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Sherri Mitchell, *Director*
Cindy Adams, *Director*

Board of Trustees

Lawrence Vassar, *President*
Luanne Jurczak, *Vice President*
Carol Green-Fraley, *Secretary*
Robert Kuva, *Member*
Dave Turoci, *Member*

| |
|--|
| <p style="text-align: center;">SCHOOL TOWN OF HIGHLAND OFFICIAL RESPONSE AUDIT PERIOD: July 1, 2009 – June 30, 2011</p> |
|--|

I. INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS & REPORTING FOR SCHOOL LUNCH FUND

The Food Service Department operates as a Quasi-Extra Curricular Fund separate from the corporation accounts. It is reported on Form 9 along with the corporation accounts. The Food Service Funds were accurate in the manual ledger, but not all transactions were reported correctly to the corporation's computerized accounting records. Corrections will be made as noted in the Federal Findings to accurately balance the computerized funds with the manual ledger. The Deputy Treasurer will now reconcile the Food Service bank statement to the computerized accounting system to verify all transactions have been reported properly.

II. OFFICIAL BONDS

All Official Bonds will be filed at the County Recorder's Office as required by I.C. 5-4-1-15.1.

III. ATHLETICS' SPORTS PROGRAMS (HIGHLAND HIGH SCHOOL)

1. The athletic department will immediately issue receipts at the time of collection.
2. Deposits will be remitted in a timely fashion at least weekly.
3. The deadline date referred to the date the ads must go to the printer, not the date the payment was due. Further clarification will be made in future advertisements. Collections will be pursued vigorously.
4. Complimentary advertisements will be recommended by the Athletic Director and approved by the Principal and fully documented as such.

IV. DEPENDENT CARE DEPOSITS (JOHNSTON ELEMENTARY SCHOOL)

1. Deposits will be remitted swiftly within a week.
2. Receipt numbers will be attached to each deposit for verification purposes.
3. The Dependent Care Manager will reconcile the hand written receipts to the deposits to ensure all collections have been properly documented.