

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

FINANCIAL STATEMENT EXAMINATION REPORT
OF

NORTHWEST INDIANA EDUCATIONAL
SERVICE CENTER
LAKE COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

02/17/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis.....	7
Notes to Financial Statement.....	8-11
Supplementary Information: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis.....	14-19
Schedule of Capital Assets.....	21
Examination Result and Comment: Receipt Issuance	22
Exit Conference.....	23
Official Response	24

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michael Boskovich	07-01-09 to 06-30-12
Executive Director	Dr. Charles J. Costa	07-01-09 to 12-16-11
Chairman of the Board of Directors	Hilda Damianick Dr. Larry Veracco Lisa Rosinko	07-01-09 to 06-30-09 07-01-10 to 06-30-11 07-01-11 to 06-30-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NORTHWEST INDIANA EDUCATIONAL
SERVICE CENTER, LAKE COUNTY, INDIANA

We have examined the financial statement of the Northwest Indiana Educational Service Center (Service Center), for the period of July 1, 2009 to June 30, 2011. The Service Center's management is responsible for the financial statement. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

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

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

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

The Service Center's response to the Examination Result and Comment identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Service Center's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Service Center's management and Board of Directors 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 21, 2011

(This page intentionally left blank.)

FINANCIAL STATEMENT

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

φ

(This page intentionally left blank.)

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

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
BP A Plus For Energy 2009/2010	\$ 456	\$ -	\$ 426	\$ (30)	\$ -	\$ -	\$ -	\$ -	\$ -
BP A Plus For Energy 2008/2009	-	-	-	-	-	-	-	-	-
School Technology	7,090	-	1,491	-	5,599	-	-	-	5,599
Miscellaneous Programs	2,779	-	-	-	2,779	-	-	-	2,779
Title VII Bilingual (Includes Lau Program)	29,927	97,408	98,089	-	29,246	102,057	98,089	-	33,214
Facility & Coordinator	-	21,792	-	-	21,792	-	18,792	(3,000)	-
Tuition Assistance Grant	-	32,379	29,125	(3,254)	-	-	-	-	-
High Ability Grant	71,554	-	43,976	(4,129)	23,449	750	24,199	-	-
Service & Repair	3,414	-	-	-	3,414	-	-	-	3,414
Pre-AP Series	-	-	-	-	-	32,680	-	-	32,680
Step Ahead 4-B, Part II, Family Preservation and Support	1,833	158	1,816	-	175	-	175	-	-
S.E.S. Supplemental Ed Services 2009/2010	-	194,446	123,526	58,843	129,763	12,726	11,069	(131,420)	-
S.E.S. Supplemental Ed Services 2010/2011	-	-	-	-	-	138,487	99,265	72,577	111,799
Mentor Training	21,112	-	-	(21,112)	-	-	-	-	-
Workshop	246,525	272,641	148,571	(136,801)	233,794	118,819	129,867	(129,844)	92,902
General 2009/2010	289,177	659,528	683,344	109,437	374,798	482,490	661,691	233,397	428,994
General 2010/2011	-	41,669	-	-	41,669	-	-	(41,669)	-
General 2008/2009	-	-	(41)	-	41	-	-	(41)	-
Class Size Reduction	2,420	-	-	-	2,420	1,060	-	-	3,480
Group Purchase	6,708	32,801	30,537	-	8,972	65,285	63,898	-	10,359
VA Content Provider	1,225	-	-	(1,225)	-	-	-	-	-
Title III, Language Instruction 2009/2010	-	44,070	43,189	(881)	-	-	-	-	-
Title III, Language Instruction 2010/2011	-	-	-	-	-	36,215	36,215	-	-
Technology Literacy Challenge, Title III	848	-	-	(848)	-	-	-	-	-
Payroll Clearing Account	-	135,605	135,605	-	-	119,049	118,943	-	106
Totals	\$ 685,068	\$ 1,532,497	\$ 1,339,654	\$ -	\$ 877,911	\$ 1,109,618	\$ 1,262,203	\$ -	\$ 725,326

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

NORTHWEST INDIANA EDUCATION SERVICE CENTER
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

On May 13, 1985, 16 school corporations mutually promised to establish and maintain an educational service center in order to allow the participating school corporations to cooperate and share certain programs and services which they collectively may implement. Such programs and services might include, but are not limited to, curriculum development, pupil personnel service, in-service education, instructional materials, multi-media service education, purchasing and financial management, needs assessment, computer utilization, natural gas consortium, and research development. The Northwest Indiana Educational Service Center (Service Center) operates under a separate management board which is comprised of the superintendents of each member public school corporation or their designee. Currently, the Service Center has 24 participating public school corporations, 12 charter schools, 8 private schools, and 8 associate members. (4 local universities, Ivy Tech, the L.C. Electricians/NECA Joint Apprenticeship Program, a pre-school, and the Lake County Library System)

The School Town of Highland currently serves as the administering school corporation for the Service Center. The administering school corporation acts as a fiscal agent by administering the fiscal responsibility and maintains the accounting records.

The accompanying financial statement presents the financial information for the Service Center (primary government).

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

Local sources which include revenue from membership fees from participating school corporations and colleges, revenue from professional development workshops, revenue for SES tutoring services from participating school corporations, and other revenue from local sources.

NORTHWEST INDIANA EDUCATION SERVICE CENTER
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources which include distributions from the federal government to be used by the Service Center 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 Service Center.

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

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

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, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, and general administration.

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

F. Other financing sources and uses

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

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

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

G. Fund Accounting

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

NORTHWEST INDIANA EDUCATION SERVICE CENTER
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The Service Center board of directors approves an operating budget for the following calendar year. Copies of the budget are sent to the Indiana Department of Education.

Note 3. Deposits and Investments

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

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

Note 4. Risk Management

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

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

Note 5. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Service Center 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.

NORTHWEST INDIANA EDUCATION SERVICE CENTER
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

The Service Center contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The Service Center 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.

(This page intentionally left blank.)

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

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

	BP A Plus For Energy 2009/2010	BP A Plus For Energy 2008/2009	School Technology	Miscellaneous Programs	Title VII Bilingual (Includes Lau Program)	Facility & Coordinator	Tuition Assistance Grant	High Ability Grant	Service & Repair
Cash and investments - beginning	\$ 456	\$ -	\$ 7,090	\$ 2,779	\$ 29,927	\$ -	\$ -	\$ 71,554	\$ 3,414
Receipts:									
Local sources	-	-	-	-	97,408	-	-	-	-
State sources	-	-	-	-	-	21,792	32,379	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	97,408	21,792	32,379	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	98,089	-	29,125	43,976	-
Support services	426	-	1,491	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total disbursements	426	-	1,491	-	98,089	-	29,125	43,976	-
Excess (deficiency) of receipts over disbursements	(426)	-	(1,491)	-	(681)	21,792	3,254	(43,976)	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(30)	-	-	-	-	-	(3,254)	(4,129)	-
Total other financing sources (uses)	(30)	-	-	-	-	-	(3,254)	(4,129)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(456)	-	(1,491)	-	(681)	21,792	-	(48,105)	-
Cash and investments - ending	\$ -	\$ -	\$ 5,599	\$ 2,779	\$ 29,246	\$ 21,792	\$ -	\$ 23,449	\$ 3,414

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

	Pre-AP Series	Step Ahead 4-B, Part II, Family Preservation and Support	S.E.S. Supplemental Ed Services 2009/2010	S.E.S. Supplemental Ed Services 2010/2011	Mentor Training	Workshop	General 2009/2010	General 2010/2011	General 2008/2009
Cash and investments - beginning	\$ -	\$ 1,833	\$ -	\$ -	\$ 21,112	\$ 246,525	\$ 289,177	\$ -	\$ -
Receipts:									
Local sources	-	-	194,446	-	-	272,641	433,092	41,669	-
State sources	-	-	-	-	-	-	221,667	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	158	-	-	-	-	4,769	-	-
Total receipts	-	158	194,446	-	-	272,641	659,528	41,669	-
Disbursements:									
Current:									
Instruction	-	-	123,148	-	-	-	599,511	-	(41)
Support services	-	1,816	378	-	-	148,571	63,611	-	-
Facilities acquisition and construction	-	-	-	-	-	-	18,674	-	-
Debt services	-	-	-	-	-	-	1,548	-	-
Other	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,816	123,526	-	-	148,571	683,344	-	(41)
Excess (deficiency) of receipts over disbursements	-	(1,658)	70,920	-	-	124,070	(23,816)	41,669	41
Other financing sources (uses):									
Transfers in	-	-	58,843	-	-	22,690	109,437	-	-
Transfers out	-	-	-	-	(21,112)	(159,491)	-	-	-
Total other financing sources (uses)	-	-	58,843	-	(21,112)	(136,801)	109,437	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,658)	129,763	-	(21,112)	(12,731)	85,621	41,669	41
Cash and investments - ending	\$ -	\$ 175	\$ 129,763	\$ -	\$ -	\$ 233,794	\$ 374,798	\$ 41,669	\$ 41

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

	Class Size Reduction	Group Purchase	VA Content Provider	Title III, Language Instruction 2009/2010	Title III, Language Instruction 2010/2011	Technology Literacy Challenge, Title III	Payroll Clearing Account	Totals
Cash and investments - beginning	\$ 2,420	\$ 6,708	\$ 1,225	\$ -	\$ -	\$ 848	\$ -	\$ 685,068
Receipts:								
Local sources	-	31,781	-	-	-	-	-	1,071,037
State sources	-	-	-	-	-	-	-	275,838
Federal sources	-	-	-	44,070	-	-	-	44,070
Other	-	1,020	-	-	-	-	135,605	141,552
Total receipts	-	32,801	-	44,070	-	-	135,605	1,532,497
Disbursements:								
Current:								
Instruction	-	-	-	43,189	-	-	-	936,997
Support services	-	30,537	-	-	-	-	-	246,830
Facilities acquisition and construction	-	-	-	-	-	-	-	18,674
Debt services	-	-	-	-	-	-	-	1,548
Other	-	-	-	-	-	-	135,605	135,605
Total disbursements	-	30,537	-	43,189	-	-	135,605	1,339,654
Excess (deficiency) of receipts over disbursements	-	2,264	-	881	-	-	-	192,843
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	190,970
Transfers out	-	-	(1,225)	(881)	-	(848)	-	(190,970)
Total other financing sources (uses)	-	-	(1,225)	(881)	-	(848)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,264	(1,225)	-	-	(848)	-	192,843
Cash and investments - ending	\$ 2,420	\$ 8,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 877,911

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

	BP A Plus For Energy 2009/2010	BP A Plus For Energy 2008/2009	School Technology	Miscellaneous Programs	Title VII Bilingual (Includes Lau Program)	Facility & Coordinator	Tuition Asistance Grant	High Ability Grant	Service & Repair
Cash and investments - beginning	\$ -	\$ -	\$ 5,599	\$ 2,779	\$ 29,246	\$ 21,792	\$ -	\$ 23,449	\$ 3,414
Receipts:									
Local sources	-	-	-	-	102,057	-	-	750	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	102,057	-	-	750	-
Disbursements:									
Current:									
Instruction	-	-	-	-	98,089	16,187	-	11,611	-
Support services	-	-	-	-	-	2,605	-	12,588	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	98,089	18,792	-	24,199	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	3,968	(18,792)	-	(23,449)	-
Other financing sources (uses):									
Transfers in	-	49	5,599	2,779	32,957	-	-	21,239	-
Transfers out	-	(49)	(5,599)	(2,779)	(32,957)	(3,000)	-	(21,239)	-
Total other financing sources (uses)	-	-	-	-	-	(3,000)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	3,968	(21,792)	-	(23,449)	-
Cash and investments - ending	\$ -	\$ -	\$ 5,599	\$ 2,779	\$ 33,214	\$ -	\$ -	\$ -	\$ 3,414

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

	Pre-AP Series	Step Ahead 4-B, Part II, Family Preservation and Support	S.E.S. Supplemental Ed Services 2009/2010	S.E.S. Supplemental Ed Services 2010/2011	Mentor Training	Workshop	General 2009/2010	General 2010/2011	General 2008/2009
Cash and investments - beginning	\$ -	\$ 175	\$ 129,763	\$ -	\$ -	\$ 233,794	\$ 374,798	\$ 41,669	\$ 41
Receipts:									
Local sources	-	-	12,726	138,487	-	118,819	480,780	-	-
State sources	32,680	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	1,710	-	-
Total receipts	32,680	-	12,726	138,487	-	118,819	482,490	-	-
Disbursements:									
Current:									
Instruction	-	-	11,069	99,265	-	-	567,458	-	-
Support services	-	175	-	-	-	129,867	45,928	-	-
Facilities acquisition and construction	-	-	-	-	-	-	38,703	-	-
Debt services	-	-	-	-	-	-	1,851	-	-
Nonprogrammed charges	-	-	-	-	-	-	7,751	-	-
Other	-	-	-	-	-	-	-	-	-
Total disbursements	-	175	11,069	99,265	-	129,867	661,691	-	-
Excess (deficiency) of receipts over disbursements	32,680	(175)	1,657	39,222	-	(11,048)	(179,201)	-	-
Other financing sources (uses):									
Transfers in	-	11,561	-	131,420	-	4,400	233,397	-	-
Transfers out	-	(11,561)	(131,420)	(58,843)	-	(134,244)	-	(41,669)	(41)
Total other financing sources (uses)	-	-	(131,420)	72,577	-	(129,844)	233,397	(41,669)	(41)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	32,680	(175)	(129,763)	111,799	-	(140,892)	54,196	(41,669)	(41)
Cash and investments - ending	\$ 32,680	\$ -	\$ -	\$ 111,799	\$ -	\$ 92,902	\$ 428,994	\$ -	\$ -

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

	Class Size Reduction	Group Purchase	VA Content Provider	Title III, Language Instruction 2009/2010	Title III, Language Instruction 2010/2011	Technology Literacy Challenge, Title III	Payroll Clearing Account	Totals
Cash and investments - beginning	\$ 2,420	\$ 8,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 877,911
Receipts:								
Local sources	1,060	64,157	-	-	-	-	-	918,836
State sources	-	-	-	-	-	-	-	32,680
Federal sources	-	-	-	-	36,215	-	-	36,215
Other	-	1,128	-	-	-	-	119,049	121,887
Total receipts	1,060	65,285	-	-	36,215	-	119,049	1,109,618
Disbursements:								
Current:								
Instruction	-	-	-	-	36,215	-	-	839,894
Support services	-	58,385	-	-	-	-	-	249,548
Facilities acquisition and construction	-	-	-	-	-	-	-	38,703
Debt services	-	-	-	-	-	-	-	1,851
Nonprogrammed charges	-	5,513	-	-	-	-	-	13,264
Other	-	-	-	-	-	-	118,943	118,943
Total disbursements	-	63,898	-	-	36,215	-	118,943	1,262,203
Excess (deficiency) of receipts over disbursements	1,060	1,387	-	-	-	-	106	(152,585)
Other financing sources (uses):								
Transfers in	2,420	568	-	-	1,400	-	-	447,789
Transfers out	(2,420)	(568)	-	-	(1,400)	-	-	(447,789)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,060	1,387	-	-	-	-	106	(152,585)
Cash and investments - ending	\$ 3,480	\$ 10,359	\$ -	\$ -	\$ -	\$ -	\$ 106	\$ 725,326

(This page intentionally left blank.)

NORTHWEST INDIANA EDUCATIONAL SERVICE CENTER
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2011

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

	<u>Ending Balance</u>
Capital assets, not being depreciated:	
Machinery and equipment	\$ 341,002
Vehicles	<u>32,412</u>
Total capital assets not being depreciated	<u>\$ 373,414</u>

NORTHWEST INDIANA EDUCATIONAL SERVICE CENTER
EXAMINATION RESULT AND COMMENT

RECEIPT ISSUANCE

The Service Center offers workshops for member school corporations. Each corporation enrolling in the workshops are charged a fee. Payments for workshops are accumulated until all payments for the workshop are received. One receipt is issued and recorded in the records for the cumulative amount. An individual receipt is not issued for each school corporation or charter school paying for a workshop.

In addition, we noted that receipts are often written after the funds are deposited in the bank. Specifically, a significant portion of the receipts reviewed were deposited in the bank before the receipt was written and recorded.

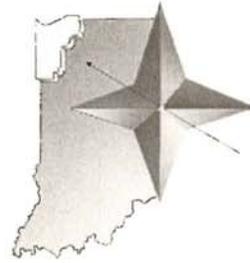
Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

NORTHWEST INDIANA EDUCATIONAL SERVICE CENTER
EXIT CONFERENCE

The contents of this report were discussed on December 1, 2011, with Michael Boskovich, Treasurer; Dr. Charles J. Costa, Executive Director; Lisa Rosinko, Chairman of the Board of Directors; John Lewis, Special Projects Coordinator; and Kristen Oberc, Bookkeeper. The Official Response has been made a part of this report and may be found on page 24.

Northwest Indiana
Education Service Center
The Direction of Service for Education



Dr. Charles Costa
Executive Director
ccosta@nwiesc.k12.in.us

2939 41st Street
Highland, IN 46322
Voice: 219.922.0900
Fax: 219.922.1246
<http://www.nwiesc.k12.in.us>

December 1, 2011

Mr. Bruce Hartman,
State Examiner
Indianapolis, IN 46204-2765

Dear Sir:

Please accept this letter as an official response to the July 1, 2009-June 30, 2011 audit comment on receipt issuance. We have reviewed our receipting procedures and have changed them to comply with recommendations of the auditor. Going forward, we will follow the newly instituted procedures so that receipts are immediately prepared and given to the person/entity making payment.

Sincerely,

Charles J. Costa
Executive Director

NWIESC School Corporations: Boone Township, Crown Point, Duneland, East Chicago, East Porter County, Gary, Griffith, Hammond, Hanover, Highland, Hobart, Kankakee Valley, Lake Central, Lake Ridge, Lake Station, Merrillville, Munster, North Newton, Portage Township, Porter Township, River Forest, Tri-Creek, Union Township, Whiting; Non-Public Schools: Avicenna Academy, Bishop Noll Institute, Marquette High School, St. John the Baptist, St. Michael, St. Stanislaus, St. Thomas More; Charter Schools: Aspire Charter Academy, Campagna Academy, Discovery Charter School, Charter School of the Dunes, East Chicago Urban Enterprise Academy, Hammond Academy of Science and Technology, KIPP LEAD: College Prep, Lighthouse Academies of NW Indiana (E. Chicago, Gary, and Gary West), Thea Bowman Leadership Academy, and 21st Century Charter School; Associate Members: Challenger Learning Center, Indiana University Northwest, Ivy Tech Community College Northwest, L.C. Electricians/NECA Joint Apprenticeship Training Program, Little Lamb Pre-School (Valparaiso), Marian University, Northwest Indiana Special Education Cooperative, Purdue University Calumet, University of Phoenix, and Lake County Library