

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SCHOOL CITY OF HAMMOND  
LAKE COUNTY, INDIANA

July 1, 2009 to June 30, 2011



**FILED**

03/28/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/Chief Administrator of Business Services	Karen Wallisch (deceased) Cynthia Adams	07-01-09 to 08-24-10 01-25-11 to 06-26-11
Chief Administrator of Business Services	Theophilus Boone, Jr.	11-28-11 to 06-30-12
Treasurer/Director of Business Services	Cynthia Adams Terese T. Alexander	08-26-10 to 01-24-11 06-27-11 to 06-30-12
Superintendent of Schools	Dr. Walter J. Watkins	07-01-09 to 06-30-12
President of the School Board	Albertine Dent Anna Mamala Deborah White	07-01-09 to 06-30-10 07-01-10 to 06-30-11 07-01-11 to 06-30-12



**STATE OF INDIANA**  
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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 CITY OF HAMMOND, LAKE COUNTY, INDIANA

We have audited the accompanying financial statement of the School City of Hammond (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this 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 February 29, 2012, 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 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 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

February 29, 2012



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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 CITY OF HAMMOND, LAKE COUNTY, INDIANA

We have audited the financial statement of the School City of Hammond (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 29, 2012. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and a deficiency that we consider to be a significant deficiency.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2011-1 and 2011-2 to be material weaknesses.

A significant deficiency is a deficiency or 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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2011-3 to be a significant deficiency.

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 sections 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

February 29, 2012

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## 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 CITY OF HAMMOND  
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	\$ 483,798	\$ 94,781,400	\$ 88,096,982	\$ (418,894)	\$ 6,749,322	\$ 95,496,073	\$ 95,219,077	\$ 7,193	\$ 7,033,511
Debt Service	5,025,332	2,775,783	10,593,610	4,270,663	1,478,168	2,601,282	1,127,513	(267,420)	2,684,517
Retirement/Severance Bond Debt Service	204,733	-	-	(204,733)	-	-	-	-	-
Exempt Debt Service	-	38,879,309	25,219,247	(4,330,611)	9,329,451	27,292,234	25,019,271	-	11,602,414
Exempt Retirement/Severance Bond Debt Service	-	1,100,788	1,016,228	204,733	289,293	918,279	871,690	-	335,882
Capital Projects	(3,921,025)	16,550,328	11,342,995	-	1,286,308	9,708,825	9,385,400	-	1,609,733
School Transportation	1,019,644	9,737,286	8,250,365	-	2,506,565	2,858,860	5,830,089	-	(464,664)
School Bus Replacement	72,326	1,175,490	701,402	-	546,414	1,182,445	905,598	(185,431)	637,830
Special Education Preschool	(10,055)	220,001	207,343	(2,603)	-	-	-	-	-
Retirement/Severance Bond	3,642,353	26,792	365,532	-	3,303,613	11,249	683,155	-	2,631,707
Construction MHS Field Renovations	1,504	-	-	-	1,504	-	-	-	1,504
CSF ADA/Orchard Drive/Caldwell	(70,701)	87,117	16,336	-	80	-	-	-	80
2008 Construction	(28,793)	822,675	902,633	-	(108,751)	12,105	147,149	217,827	(25,968)
Radio/TV Academy Construction	-	113,086	118,570	-	(5,484)	-	1,185,649	2,009,608	818,475
Performing Arts Academy Construction	-	116,853	157,859	-	(41,006)	8,411	1,631,526	2,020,543	356,422
K of C/Eggers Construction	-	-	6,422	-	(6,422)	-	647	6,899	(170)
Roofing Projects Bid A	-	-	-	-	-	-	983,609	2,000,002	1,016,393
Roofing Projects Bid B	-	-	-	-	-	-	1,055,179	1,999,999	944,820
School Lunch	3,155,343	7,077,517	6,342,906	-	3,889,954	7,176,043	6,577,761	-	4,488,236
Textbook Rental	(1,887,911)	1,371,805	1,934,728	59,948	(2,390,886)	1,140,443	1,232,519	267,420	(2,215,542)
Vocational Capital Equipment	368,026	140,002	74,349	-	433,679	131,001	59,919	-	504,761
Levy Excess	-	-	-	-	-	137,833	-	-	137,833
Group Workcamps	202	-	-	-	202	-	18,825	-	(18,623)
ACC City Ramp Grant	2,174	-	-	-	2,174	-	2,174	-	-
Educational License Plates	724	-	-	-	724	-	-	-	724
Maywood Early Intervention/Alternative Education	(10,943)	-	-	-	(10,943)	136,798	3,435	-	122,420
Lafayette Early Intrvnr/Rap/ASCL	(14,446)	53,201	6,960	-	31,795	9,999	34,860	-	6,934
Safe Haven/ASCL 08-09	-	7,500	10,697	-	(3,197)	-	(3,197)	-	-
Maywood/Hess Early Intervention Grant	2,232	30,000	28,991	-	3,241	29,999	24,699	-	8,541
Lafayette Early Intervention	55	-	-	-	55	-	-	-	55
Donations/Immunization Clinic	1,817	2,779	2,074	-	2,522	2,120	689	-	3,953
Headstart Donations	-	500	180	-	320	500	156	-	664
Maywood Parrish Donations	492	-	-	-	492	-	-	-	492
Partnerships CDBG 2002-03	(846)	-	-	-	(846)	-	-	-	(846)
RTI Professional Development	21,699	2,020	1,539	-	22,180	1,710	3,521	-	20,369
Art Lenders	-	1,006	198	-	808	1,867	737	-	1,938
High Ability	27,704	-	235	-	27,469	-	347	-	27,122
Job Link 2000	(125,269)	579,408	454,761	-	(622)	336,637	397,690	-	(61,675)
Urban Teachers UTEP	1,590	-	-	-	1,590	-	-	-	1,590
Great Race	154	-	-	-	154	-	-	-	154
Science Awards	6,702	2,707	1,211	-	8,198	2,091	1,165	-	9,124
Science Conference	(10,337)	-	-	-	(10,337)	-	-	-	(10,337)
Safe Haven 06-07	(61,695)	-	52,810	-	(114,505)	-	(114,505)	-	-
Robotics	20,379	56,095	47,058	-	29,416	86,350	53,880	-	61,886
Good Fellow	-	3,941	-	-	3,941	-	700	-	3,241
Junior Robotics	2,982	1,755	1,393	-	3,344	6,123	5,106	-	4,361

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

SCHOOL CITY OF HAMMOND  
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)

	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
Survive Alive	2,711	3,867	4,816	-	1,762	2,517	3,938	-	341
Donations	-	500	500	-	-	-	-	-	-
IMI 2008/2009	(532)	-	-	-	(532)	-	-	-	(532)
Safe Haven 07-08	18,320	-	-	-	18,320	-	18,320	-	-
PLTW Competitions	427	-	234	-	193	-	-	-	193
United Way Summer Camp 2009	1,458	15,300	16,638	-	120	-	13,588	-	(13,468)
United Way Summer Camp 2010	-	-	-	-	-	11,324	11,209	-	115
South Shore Arts Partnership	-	1,988	1,988	-	-	663	663	-	-
United Way Summer Camp 2005	340	-	600	-	(260)	-	-	-	(260)
United Way Summer Camp 2007	180	-	-	-	180	-	-	-	180
Adult Education Combo	85,389	139,966	85,052	138,399	278,702	19,469	61,598	-	236,573
Pba Recognition	624	-	-	-	624	-	-	-	624
Maywood Student Behavior Program	1,353	-	247	-	1,106	-	818	-	288
Gaming Money From City of Hammond	90,350	-	-	-	90,350	-	-	-	90,350
Partnerships CDBG 2005-06	1,679	-	1,601	-	78	-	-	-	78
Gifted/Talented 2006-07	681	-	-	-	681	-	-	-	681
Gifted/Talented 2009-10	-	88,714	76,425	-	12,289	-	12,289	-	-
Kenwood Technology	29	-	-	-	29	-	-	-	29
Homeless Grant	39,753	-	29,753	(10,000)	-	-	-	-	-
Hammond Community Grant/Gifted/ Talented 10-11	2,531	-	2,531	-	-	99,596	64,732	-	34,864
Lever Environment	7,687	5,999	7,346	-	6,340	9,801	5,468	-	10,673
Instructional Activities	10,434	2,999	10,903	-	2,530	2,528	610	-	4,448
Expanded Studies Program	24,567	8,850	8,550	-	24,867	7,500	5,078	-	27,289
Remediation	-	143,775	125,247	398,970	417,498	77,508	163,086	266,431	598,351
Com Schl Fd \$1,285,200	(2,177)	-	(2,177)	-	-	-	-	-	-
CSF STAA \$297,136	(7,405)	297,136	289,731	-	-	-	-	-	-
Technical Assistance Harding	1,134	-	-	-	1,134	-	-	-	1,134
PLTW Gavit	(2,175)	-	-	-	(2,175)	-	-	-	(2,175)
Gavit Biotech State	330	-	-	-	330	-	-	-	330
Com Schl Fd \$1,261,600	180	-	180	-	-	-	-	-	-
CSF Education Technology	(304,265)	416,219	115,192	-	(3,238)	-	541,877	-	(545,115)
CSF STAA \$293,580	-	-	293,580	-	(293,580)	293,580	-	-	-
Com Schl Fd \$1,263,562	(301,328)	1,263,564	962,236	-	-	-	-	-	-
Com Schl Fd \$1,254,500	-	-	927,617	-	(927,617)	1,254,503	326,886	-	-
Com Schl Fd \$1,284,300	-	-	-	-	-	1,284,300	1,284,300	-	-
State Medicaid Reimbursement	699	49,671	-	-	50,370	79,673	-	(84,845)	45,198
Adult Ed General (Office)	(387,401)	1,395	354,555	-	(740,561)	7,402	372,222	-	(1,105,381)
Extra-Curricular Reimbursement	(16,337)	50,062	69,428	-	(35,703)	40,604	28,473	-	(23,572)
Professional Development 04-05 to 06-07	83,751	2,254	49,084	-	36,921	350	3,320	-	33,951
Non-English Speaking Programs	111,127	357,624	386,624	(20,000)	62,127	292,151	234,414	(17,000)	102,864
School Technology/Network	646,158	129,543	99,360	-	676,341	147,312	443,523	-	380,130
Non-English Speaking 07-08	206	-	-	-	206	-	-	-	206
HEF Type C Grant	1,104	2,250	2,250	-	1,104	-	-	-	1,104
McKinney - Vento Grant \$10,000	10,000	-	10,000	-	-	-	-	-	-
McKinney - Vento \$10,000	-	-	10,001	10,001	-	-	-	-	-

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

SCHOOL CITY OF HAMMOND  
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)

	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
Professional Development	193,108	26,504	121,792	-	97,820	121	38,484	-	59,457
HS That Work Gavit	1,489	-	-	-	1,489	-	-	-	1,489
Title I 2006-2007	(92)	-	(92)	-	-	-	-	-	-
Title I 2007-2008	1,223	-	1,223	-	-	-	-	-	-
District Improvement 07-08	(156)	-	(156)	-	-	-	-	-	-
School Improvement Compet 08-09	553,518	1,229,694	1,554,781	(141,326)	87,105	-	87,105	-	-
District Improvement 08-09	-	-	141,328	141,328	-	-	-	-	-
District Improvement 10-11	-	1,079,455	955,055	-	124,400	392,394	492,232	-	24,562
Title I 2008-2009	517,480	722,537	1,176,731	(63,286)	-	-	-	-	-
Title I 2009-2010	-	6,115,757	5,666,834	63,286	512,209	404,044	1,312,124	-	(395,871)
Title I 2010-2011	-	-	-	-	-	4,898,495	5,430,528	-	(532,033)
Title I 1003(g) School Improvement	-	-	-	-	-	903,666	818,458	-	85,208
Title V 08-09	15,604	1,812	17,416	-	-	-	-	-	-
Migrant Education FY 08-09	(50,000)	87,051	76,393	-	(39,342)	-	10,631	-	(49,973)
Migrant Education FY 07-08	50,176	-	-	-	50,176	-	-	-	50,176
Summer Migrant 2009 Supplemental	-	113,096	112,753	-	343	-	-	-	343
Summer Migrant 2008	(25,136)	-	-	-	(25,136)	-	-	-	(25,136)
Summer Migrant 2008 Special Project	1,789	-	1,765	-	24	-	-	-	24
Summer Migrant 2009	184,344	-	195,764	-	(11,420)	-	-	-	(11,420)
Summer Migrant 2010	-	-	-	35,000	35,000	156,761	121,456	-	70,305
Title III, Part A 06-07	1,815	-	-	-	1,815	-	-	-	1,815
American Student Achievement	534	-	-	-	534	-	-	-	534
McKinney - Vento Education for Homeless 10-11	-	-	-	-	-	52,622	51,643	-	979
Hurricane Relief	54,000	-	-	-	54,000	-	-	-	54,000
Hurricane Relief Spec Ed	15,000	-	-	-	15,000	-	-	-	15,000
Federal Assistance Educational Preschool Handicapped	16,783	3,627,911	3,723,648	-	(78,954)	2,749,466	2,864,829	-	(194,317)
IDEA Spec Ed 14206-026-PN01	242	-	-	-	242	-	-	-	242
Adult Education and Family Literacy, Title II	217,074	310,361	157,940	(120,215)	249,280	260,432	181,442	-	328,270
Pre Schl Sp Ed 45708-026-PN01	(14)	-	-	-	(14)	-	-	-	(14)
IDEA Spec Ed 14208-026-PN01	34	-	-	-	34	-	-	-	34
Adult Education 06-07	24,890	-	-	-	24,890	-	-	-	24,890
Adult Education 07-08	44,622	-	-	(18,184)	26,438	-	-	-	26,438
Title IV Part A 2009/10	-	71,264	37,467	-	33,797	-	34,118	-	(321)
Title IV Part A 2007/08	(195)	-	-	-	(195)	-	(195)	-	-
Title IV Part A 2008/09	32,288	-	32,288	-	-	-	-	-	-
Title IV Part A 10-11	-	-	-	-	-	71,952	78,741	-	(6,789)
Indiana Mathematics Initiative	272	-	-	-	272	-	-	-	272
High Schools That Work	659	-	-	-	659	-	-	-	659
Carl Perkins 10-11	-	-	-	-	-	384,249	461,615	-	(77,366)
High Schools That Work CFDA 84.048	7,500	-	-	-	7,500	-	-	-	7,500
High Schools That Work 07/08	2,680	-	-	-	2,680	-	-	-	2,680
PLTW 08/09	(15,500)	36,922	24,451	-	(3,029)	-	-	-	(3,029)
PLTW Morton Biomedical	(12,696)	24,998	12,302	-	-	-	-	-	-
PLTW Morton 07/08	375	-	(132)	-	507	-	-	-	507
PLTW Morton Pre-Engineering	-	-	14,170	-	(14,170)	14,953	831	-	(48)
PLTW Morton Biomedical 09-10	-	-	13,002	-	(13,002)	19,961	6,990	-	(31)

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

SCHOOL CITY OF HAMMOND  
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)

	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
PLTW Morton Biomedical 10-11	-	-	-	-	-	-	972	-	(972)
PLTW Gavit Pre-Engineering	-	-	-	-	-	-	13,822	-	(13,822)
Clark TP-6A-44	967	-	-	-	967	-	-	-	967
Gavit TP-6A-44	16,320	-	19	-	16,301	-	-	-	16,301
HHS TP-6A-44	(468)	-	-	-	(468)	-	-	-	(468)
Carl Perkins 08-09	126,675	150,965	277,640	-	-	-	-	-	-
Carl Perkins 09-10	-	476,953	402,799	-	74,154	158,986	233,140	-	-
Medicaid Reimbursement - Federal	42,009	121,919	40,778	-	123,150	229,395	32,610	-	319,935
Headstart 2005	34,232	-	-	-	34,232	-	-	-	34,232
Headstart 2006, 2008, 2009, 2011	(233,654)	933,491	699,687	-	150	304,247	521,701	-	(217,304)
Headstart 2010	-	258,980	464,566	-	(205,586)	905,863	700,200	-	77
Small Learning Community Grant	15,546	1,310,205	1,321,469	-	4,282	592,174	1,071,316	-	(474,860)
HSTW - Clark, Morton, HHS	9,900	-	-	-	9,900	-	-	-	9,900
STAR - Gavit	2,500	-	-	-	2,500	-	-	-	2,500
STAR - Morton	437	-	-	-	437	-	-	-	437
HSTW - MHS	1,334	-	-	-	1,334	-	-	-	1,334
Title II-A 08/09	270,146	-	270,146	-	-	-	-	-	-
Improving Teaching Quality, Title II, Part A 09/10 and 10/11	-	937,571	555,219	-	382,352	482,532	926,297	-	(61,413)
Title III, Part A, Language Instruction	95,061	345,591	341,852	(15,000)	83,800	175,828	290,467	(15,000)	(45,839)
Teacher Incentive/TAP	-	-	-	-	-	10,378	5,184	-	5,194
Fiscal Stabilization - Education Stimulus	4,412,993	2,835,400	7,150,179	-	98,214	-	98,214	-	-
Title I - Grants to LEAs Stimulus	(110,892)	1,991,254	1,568,520	-	311,842	1,837,240	1,808,100	-	340,982
Special Education - Part B (Stimulus)	-	1,713,516	1,678,744	-	34,772	1,962,724	2,095,322	-	(97,826)
Special Education - Part B - Preschool Stimulus	-	41,537	33,282	-	8,255	34,191	64,731	-	(22,285)
McKinney - Vento Education for Homeless (Stimulus)	-	55,000	10,196	-	44,804	-	44,926	-	(122)
School Lunch Equipment (Stimulus)	-	105,000	105,000	-	-	-	-	-	-
Head Start (Stimulus)	-	75,625	94,034	-	(18,409)	42,649	24,240	-	-
Education Jobs (ARRA)	-	-	-	-	-	-	2,988,690	-	(2,988,690)
<b>Totals</b>	<b>\$ 14,562,283</b>	<b>\$ 203,495,248</b>	<b>\$ 188,946,559</b>	<b>\$ (22,524)</b>	<b>\$ 29,088,448</b>	<b>\$ 169,965,381</b>	<b>\$ 178,853,409</b>	<b>\$ 8,226,226</b>	<b>\$ 28,426,646</b>

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

SCHOOL CITY OF HAMMOND  
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, and other similar fees.

State sources 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 CITY OF HAMMOND  
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.

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.

*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:

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.

SCHOOL CITY OF HAMMOND  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

**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.

SCHOOL CITY OF HAMMOND  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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

*Funding Policy and Annual Pension Cost*

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

SCHOOL CITY OF HAMMOND  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

SCHOOL CITY OF HAMMOND  
 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/ Severance Bond Debt Service	Exempt Debt Service	Exempt Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Retirement/ Severance Bond
Cash and investments - beginning	\$ 483,798	\$ 5,025,332	\$ 204,733	\$ -	\$ -	\$ (3,921,025)	\$ 1,019,644	\$ 72,326	\$ (10,055)	\$ 3,642,353
Receipts:										
Local sources	3,462,743	1,844,122	-	27,405,152	646,720	8,220,512	6,517,138	666,490	-	26,792
Intermediate sources	430,287	-	-	-	-	-	-	-	-	-
State sources	90,857,196	49,018	-	728,435	17,190	218,215	169,423	17,715	220,001	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	882,643	-	10,745,722	436,878	8,111,601	3,050,725	491,285	-	-
Other	31,174	-	-	-	-	-	-	-	-	-
Total receipts	94,781,400	2,775,783	-	38,879,309	1,100,788	16,550,328	9,737,286	1,175,490	220,001	26,792
Disbursements:										
Current:										
Instruction	54,198,142	-	-	-	-	-	4,800	-	219,881	-
Support services	32,607,797	-	-	-	-	3,773,494	5,194,309	-	(12,538)	365,532
Noninstructional services	1,238,440	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	3,723	-	-	-	-	2,208,636	531	-	-	-
Debt services	-	10,593,610	-	25,219,247	1,016,228	5,360,865	3,050,725	701,402	-	-
Nonprogrammed charges	48,880	-	-	-	-	-	-	-	-	-
Total disbursements	88,096,982	10,593,610	-	25,219,247	1,016,228	11,342,995	8,250,365	701,402	207,343	365,532
Excess (deficiency) of receipts over disbursements	6,684,418	(7,817,827)	-	13,660,062	84,560	5,207,333	1,486,921	474,088	12,658	(338,740)
Other financing sources (uses):										
Sale of capital assets	87,666	-	-	-	-	-	-	-	-	-
Transfers in	2,603	4,330,611	-	-	204,733	-	-	-	-	-
Transfers out	(509,163)	(59,948)	(204,733)	(4,330,611)	-	-	-	-	(2,603)	-
Total other financing sources (uses)	(418,894)	4,270,663	(204,733)	(4,330,611)	204,733	-	-	-	(2,603)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,265,524	(3,547,164)	(204,733)	9,329,451	289,293	5,207,333	1,486,921	474,088	10,055	(338,740)
Cash and investments - ending	\$ 6,749,322	\$ 1,478,168	\$ -	\$ 9,329,451	\$ 289,293	\$ 1,286,308	\$ 2,506,565	\$ 546,414	\$ -	\$ 3,303,613

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

	Construction MHS Field Renovations	CSF ADA/ Orchard Drive/ Caldwell	2008 Construction	Radio/TV Academy Construction	Performing Arts Academy Construction	K of C/ Eggers Construction	Roofing Projects Bid A	Roofing Projects Bid B	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,504	\$ (70,701)	\$ (28,793)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,155,343	\$ (1,887,911)
Receipts:										
Local sources	-	87,117	822,675	113,086	116,853	-	-	-	1,318,945	1,371,805
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	20,357	-
Federal sources	-	-	-	-	-	-	-	-	5,735,855	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	2,360	-
Total receipts	-	87,117	822,675	113,086	116,853	-	-	-	7,077,517	1,371,805
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	-	-
Support services	-	-	125,056	1,387	1,387	-	-	-	92,122	1,934,728
Noninstructional services	-	-	-	-	-	-	-	-	6,200,784	-
Facilities acquisition and construction	-	16,336	777,577	117,183	156,472	6,422	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	50,000	-
Total disbursements	-	16,336	902,633	118,570	157,859	6,422	-	-	6,342,906	1,934,728
Excess (deficiency) of receipts over disbursements	-	70,781	(79,958)	(5,484)	(41,006)	(6,422)	-	-	734,611	(562,923)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	59,948
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	59,948
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	70,781	(79,958)	(5,484)	(41,006)	(6,422)	-	-	734,611	(502,975)
Cash and investments - ending	\$ 1,504	\$ 80	\$ (108,751)	\$ (5,484)	\$ (41,006)	\$ (6,422)	\$ -	\$ -	\$ 3,889,954	\$ (2,390,886)

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

	Vocational Capital Equipment	Levy Excess	Group Workcamps	ACC City Ramp Grant	Educational License Plates	Maywood Early Intervention/ Alternative Education	Lafayette Early Intrvn/ Rap/ASCL	Safe Haven/ ASCL 08-09	Maywood/ Hess Early Intervention Grant	Lafayette Early Intervention
Cash and investments - beginning	\$ 368,026	\$ -	\$ 202	\$ 2,174	\$ 724	\$ (10,943)	\$ (14,446)	\$ -	\$ 2,232	\$ 55
Receipts:										
Local sources	140,002	-	-	-	-	-	-	7,500	30,000	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	53,201	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	140,002	-	-	-	-	-	53,201	7,500	30,000	-
Disbursements:										
Current:										
Instruction	139	-	-	-	-	-	-	-	28,991	-
Support services	8,142	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	6,960	10,697	-	-
Facilities acquisition and construction	66,068	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	74,349	-	-	-	-	-	6,960	10,697	28,991	-
Excess (deficiency) of receipts over disbursements	65,653	-	-	-	-	-	46,241	(3,197)	1,009	-
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	65,653	-	-	-	-	-	46,241	(3,197)	1,009	-
Cash and investments - ending	\$ 433,679	\$ -	\$ 202	\$ 2,174	\$ 724	\$ (10,943)	\$ 31,795	\$ (3,197)	\$ 3,241	\$ 55

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

	Donations/ Immunization Clinic	Headstart Donations	Maywood Parrish Donations	Partnerships CDBG 2002-03	RTI Professional Development	Art Lenders	High Ability	Job Link 2000	Urban Teachers UTEP	Great Race
Cash and investments - beginning	\$ 1,817	\$ -	\$ 492	\$ (846)	\$ 21,699	\$ -	\$ 27,704	\$ (125,269)	\$ 1,590	\$ 154
Receipts:										
Local sources	2,779	500	-	-	2,020	1,006	-	579,408	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	2,779	500	-	-	2,020	1,006	-	579,408	-	-
Disbursements:										
Current:										
Instruction	-	180	-	-	-	198	-	454,761	-	-
Support services	2,074	-	-	-	1,539	-	235	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	2,074	180	-	-	1,539	198	235	454,761	-	-
Excess (deficiency) of receipts over disbursements	705	320	-	-	481	808	(235)	124,647	-	-
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	705	320	-	-	481	808	(235)	124,647	-	-
Cash and investments - ending	\$ 2,522	\$ 320	\$ 492	\$ (846)	\$ 22,180	\$ 808	\$ 27,469	\$ (622)	\$ 1,590	\$ 154

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

	Science Awards	Science Conference	Safe Haven 06-07	Robotics	Good Fellow	Junior Robotics	Survive Alive	Donations	IMI 2008/2009
Cash and investments - beginning	\$ 6,702	\$ (10,337)	\$ (61,695)	\$ 20,379	\$ 3,941	\$ 2,982	\$ 2,711	\$ -	\$ (532)
Receipts:									
Local sources	2,707	-	-	56,095	-	1,755	3,867	500	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	2,707	-	-	56,095	-	1,755	3,867	500	-
Disbursements:									
Current:									
Instruction	1,211	-	-	47,058	-	1,393	4,816	500	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	52,810	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,211	-	52,810	47,058	-	1,393	4,816	500	-
Excess (deficiency) of receipts over disbursements	1,496	-	(52,810)	9,037	-	362	(949)	-	-
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	1,496	-	(52,810)	9,037	-	362	(949)	-	-
Cash and investments - ending	\$ 8,198	\$ (10,337)	\$ (114,505)	\$ 29,416	\$ 3,941	\$ 3,344	\$ 1,762	\$ -	\$ (532)

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

	Safe Haven 07-08	PLTW Competitions	United Way Summer Camp 2009	United Way Summer Camp 2010	South Shore Arts Partnership	United Way Summer Camp 2005	United Way Summer Camp 2007	Adult Education Combo	Pba Recognition
Cash and investments - beginning	\$ 18,320	\$ 427	\$ 1,458	\$ -	\$ -	\$ 340	\$ 180	\$ 85,389	\$ 624
Receipts:									
Local sources	-	-	15,300	-	1,988	-	-	139,966	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	15,300	-	1,988	-	-	139,966	-
Disbursements:									
Current:									
Instruction	-	234	16,638	-	-	600	-	84,246	-
Support services	-	-	-	-	1,988	-	-	806	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	234	16,638	-	1,988	600	-	85,052	-
Excess (deficiency) of receipts over disbursements	-	(234)	(1,338)	-	-	(600)	-	54,914	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	138,399	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	138,399	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(234)	(1,338)	-	-	(600)	-	193,313	-
Cash and investments - ending	\$ 18,320	\$ 193	\$ 120	\$ -	\$ -	\$ (260)	\$ 180	\$ 278,702	\$ 624

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

	Maywood Student Behavior Program	Gaming Money From City of Hammond	Partnerships CDBG 2005-06	Gifted/ Talented 2006-07	Gifted/ Talented 2009-10	Kenwood Technology	Homeless Grant	Hammond Community Grant/ Gifted/ Talented 10-11	Lever Environment
Cash and investments - beginning	\$ 1,353	\$ 90,350	\$ 1,679	\$ 681	\$ -	\$ 29	\$ 39,753	\$ 2,531	\$ 7,687
Receipts:									
Local sources	-	-	-	-	88,714	-	-	-	5,999
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	88,714	-	-	-	5,999
Disbursements:									
Current:									
Instruction	247	-	-	-	76,425	-	29,753	2,531	7,346
Support services	-	-	1,601	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	247	-	1,601	-	76,425	-	29,753	2,531	7,346
Excess (deficiency) of receipts over disbursements	(247)	-	(1,601)	-	12,289	-	(29,753)	(2,531)	(1,347)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(10,000)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(10,000)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(247)	-	(1,601)	-	12,289	-	(39,753)	(2,531)	(1,347)
Cash and investments - ending	\$ 1,106	\$ 90,350	\$ 78	\$ 681	\$ 12,289	\$ 29	\$ -	\$ -	\$ 6,340

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

	Instructional Activities	Expanded Studies Program	Remediation	Com Schl Fd \$1,285,200	CSF STAA \$297,136	Technical Assistance Harding	PLTW Gavit	Gavit Biotech State	Com Schl Fd \$1,261,600
Cash and investments - beginning	\$ 10,434	\$ 24,567	\$ -	\$ (2,177)	\$ (7,405)	\$ 1,134	\$ (2,175)	\$ 330	\$ 180
Receipts:									
Local sources	2,999	8,850	-	-	297,136	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	143,775	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>2,999</u>	<u>8,850</u>	<u>143,775</u>	<u>-</u>	<u>297,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	10,903	8,550	124,894	-	-	-	-	-	180
Support services	-	-	353	(2,177)	283,578	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	6,153	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>10,903</u>	<u>8,550</u>	<u>125,247</u>	<u>(2,177)</u>	<u>289,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180</u>
Excess (deficiency) of receipts over disbursements	<u>(7,904)</u>	<u>300</u>	<u>18,528</u>	<u>2,177</u>	<u>7,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(180)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	398,970	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>398,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(7,904)</u>	<u>300</u>	<u>417,498</u>	<u>2,177</u>	<u>7,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(180)</u>
Cash and investments - ending	<u>\$ 2,530</u>	<u>\$ 24,867</u>	<u>\$ 417,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,134</u>	<u>\$ (2,175)</u>	<u>\$ 330</u>	<u>\$ -</u>

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

	CSF Education Technology	CSF STAA \$293,580	Com Schl Fd \$1,263,562	Com Schl Fd \$1,254,500	Com Schl Fd \$1,284,300	State Medicaid Reimbursement	Adult Ed General (Office)	Extra- Curricular Reimbursement	Professional Development 04-05 to 06-07
Cash and investments - beginning	\$ (304,265)	\$ -	\$ (301,328)	\$ -	\$ -	\$ 699	\$ (387,401)	\$ (16,337)	\$ 83,751
Receipts:									
Local sources	416,219	-	1,263,564	-	-	-	1,395	50,062	2,254
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	49,671	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>416,219</u>	<u>-</u>	<u>1,263,564</u>	<u>-</u>	<u>-</u>	<u>49,671</u>	<u>1,395</u>	<u>50,062</u>	<u>2,254</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	354,555	567	49,084
Support services	115,192	248,831	962,236	927,617	-	-	-	29,029	-
Noninstructional services	-	-	-	-	-	-	-	39,832	-
Facilities acquisition and construction	-	44,749	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>115,192</u>	<u>293,580</u>	<u>962,236</u>	<u>927,617</u>	<u>-</u>	<u>-</u>	<u>354,555</u>	<u>69,428</u>	<u>49,084</u>
Excess (deficiency) of receipts over disbursements	<u>301,027</u>	<u>(293,580)</u>	<u>301,328</u>	<u>(927,617)</u>	<u>-</u>	<u>49,671</u>	<u>(353,160)</u>	<u>(19,366)</u>	<u>(46,830)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>301,027</u>	<u>(293,580)</u>	<u>301,328</u>	<u>(927,617)</u>	<u>-</u>	<u>49,671</u>	<u>(353,160)</u>	<u>(19,366)</u>	<u>(46,830)</u>
Cash and investments - ending	<u>\$ (3,238)</u>	<u>\$ (293,580)</u>	<u>\$ -</u>	<u>\$ (927,617)</u>	<u>\$ -</u>	<u>\$ 50,370</u>	<u>\$ (740,561)</u>	<u>\$ (35,703)</u>	<u>\$ 36,921</u>

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

	Non-English Speaking Programs	School Technology/ Network	Non-English Speaking 07-08	HEF Type C Grant	McKinney - Vento Grant \$10,000	McKinney - Vento \$10,000	Professional Development	HS That Work Gavit	Title I 2006-2007
Cash and investments - beginning	\$ 111,127	\$ 646,158	\$ 206	\$ 1,104	\$ 10,000	\$ -	\$ 193,108	\$ 1,489	\$ (92)
Receipts:									
Local sources	239,582	129,543	-	2,250	-	-	26,504	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	118,042	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	357,624	129,543	-	2,250	-	-	26,504	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	119,594	-	(71)
Support services	386,624	99,360	-	2,250	10,000	10,001	2,198	-	(21)
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	386,624	99,360	-	2,250	10,000	10,001	121,792	-	(92)
Excess (deficiency) of receipts over disbursements	(29,000)	30,183	-	-	(10,000)	(10,001)	(95,288)	-	92
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	10,001	-	-	-
Transfers out	(20,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(20,000)	-	-	-	-	10,001	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(49,000)	30,183	-	-	(10,000)	-	(95,288)	-	92
Cash and investments - ending	\$ 62,127	\$ 676,341	\$ 206	\$ 1,104	\$ -	\$ -	\$ 97,820	\$ 1,489	\$ -

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

	Title I 2007-2008	District Improvement 07-08	School Improvement Compet 08-09	District Improvement 08-09	District Improvement 10-11	Title I 2008-2009	Title I 2009-2010	Title I 2010-2011	Title I 1003(g) School Improvement
Cash and investments - beginning	\$ 1,223	\$ (156)	\$ 553,518	\$ -	\$ -	\$ 517,480	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	28,537	83	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	694,000	-	-	-
Federal sources	-	-	1,229,694	-	1,079,455	-	6,115,674	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	1,229,694	-	1,079,455	722,537	6,115,757	-	-
Disbursements:									
Current:									
Instruction	-	-	1,488,546	23,699	489,181	753,248	3,617,413	-	-
Support services	-	-	66,235	115,306	465,874	219,822	1,731,419	-	-
Noninstructional services	-	(156)	-	-	-	23,579	318,002	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	1,223	-	-	2,323	-	180,082	-	-	-
Total disbursements	1,223	(156)	1,554,781	141,328	955,055	1,176,731	5,666,834	-	-
Excess (deficiency) of receipts over disbursements	(1,223)	156	(325,087)	(141,328)	124,400	(454,194)	448,923	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	141,328	-	-	63,286	-	-
Transfers out	-	-	(141,326)	-	-	(63,286)	-	-	-
Total other financing sources (uses)	-	-	(141,326)	141,328	-	(63,286)	63,286	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,223)	156	(466,413)	-	124,400	(517,480)	512,209	-	-
Cash and investments - ending	\$ -	\$ -	\$ 87,105	\$ -	\$ 124,400	\$ -	\$ 512,209	\$ -	\$ -

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

	Title V 08-09	Migrant Education FY 08-09	Migrant Education FY 07-08	Summer Migrant 2009 Supplemental	Summer Migrant 2008	Summer Migrant 2008 Special Project	Summer Migrant 2009	Summer Migrant 2010	Title III, Part A 06-07
Cash and investments - beginning	\$ 15,604	\$ (50,000)	\$ 50,176	\$ -	\$ (25,136)	\$ 1,789	\$ 184,344	\$ -	\$ 1,815
Receipts:									
Local sources	1,812	85,481	-	113,096	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	1,570	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	1,812	87,051	-	113,096	-	-	-	-	-
Disbursements:									
Current:									
Instruction	-	1,809	-	-	-	-	2,170	-	-
Support services	17,416	71,311	-	112,753	-	1,765	190,003	-	-
Noninstructional services	-	1,174	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	2,099	-	-	-	-	3,591	-	-
Total disbursements	17,416	76,393	-	112,753	-	1,765	195,764	-	-
Excess (deficiency) of receipts over disbursements	(15,604)	10,658	-	343	-	(1,765)	(195,764)	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	35,000	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	35,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,604)	10,658	-	343	-	(1,765)	(195,764)	35,000	-
Cash and investments - ending	\$ -	\$ (39,342)	\$ 50,176	\$ 343	\$ (25,136)	\$ 24	\$ (11,420)	\$ 35,000	\$ 1,815

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

	American Student Achievement	McKinney - Vento Education for Homeless 10-11	Hurricane Relief	Hurricane Relief Spec Ed	Federal Assistance Educational Preschool Handicapped	IDEA Spec Ed 14206-026-PN01	Adult Education and Family Literacy, Title II	Pre Schl Sp Ed 45708-026-PN01	IDEA Spec Ed 14208-026-PN01
Cash and investments - beginning	\$ 534	\$ -	\$ 54,000	\$ 15,000	\$ 16,783	\$ 242	\$ 217,074	\$ (14)	\$ 34
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	125,210	-	-
Federal sources	-	-	-	-	3,627,911	-	185,151	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	3,627,911	-	310,361	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	2,864,536	-	101,221	-	-
Support services	-	-	-	-	660,664	-	56,719	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	198,448	-	-	-	-
Total disbursements	-	-	-	-	3,723,648	-	157,940	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	(95,737)	-	152,421	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	37,506	-	18,184	-	-
Transfers out	-	-	-	-	(37,506)	-	(138,399)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(120,215)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(95,737)	-	32,206	-	-
Cash and investments - ending	\$ 534	\$ -	\$ 54,000	\$ 15,000	\$ (78,954)	\$ 242	\$ 249,280	\$ (14)	\$ 34

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

	Adult Education 06-07	Adult Education 07-08	Title IV Part A 2009/10	Title IV Part A 2007/08	Title IV Part A 2008/09	Title IV Part A 10-11	Indiana Mathematics Initiative	High Schools That Work	Carl Perkins 10-11
Cash and investments - beginning	\$ 24,890	\$ 44,622	\$ -	\$ (195)	\$ 32,288	\$ -	\$ 272	\$ 659	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	61,264	-	-	-	-	-	-
Federal sources	-	-	10,000	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	71,264	-	-	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	1,084	-	-	-	-
Support services	-	-	34,182	-	31,204	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	3,285	-	-	-	-	-	-
Total disbursements	-	-	37,467	-	32,288	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	33,797	-	(32,288)	-	-	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(18,184)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(18,184)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(18,184)	33,797	-	(32,288)	-	-	-	-
Cash and investments - ending	\$ 24,890	\$ 26,438	\$ 33,797	\$ (195)	\$ -	\$ -	\$ 272	\$ 659	\$ -

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

	High Schools That Work CFDA 84.048	High Schools That Work 07/08	PLTW 08/09	PLTW Morton Biomedical	PLTW Morton 07/08	PLTW Morton Pre-Engineering	PLTW Morton Biomedical 09-10	PLTW Morton Biomedical 10-11	PLTW Gavit Pre-Engineering
Cash and investments - beginning	\$ 7,500	\$ 2,680	\$ (15,500)	\$ (12,696)	\$ 375	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	15,000	24,998	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	21,922	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	36,922	24,998	-	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	24,451	10,599	(132)	14,170	13,002	-	-
Support services	-	-	-	1,703	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	24,451	12,302	(132)	14,170	13,002	-	-
Excess (deficiency) of receipts over disbursements	-	-	12,471	12,696	132	(14,170)	(13,002)	-	-
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	-	-	12,471	12,696	132	(14,170)	(13,002)	-	-
Cash and investments - ending	\$ 7,500	\$ 2,680	\$ (3,029)	\$ -	\$ 507	\$ (14,170)	\$ (13,002)	\$ -	\$ -

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

	Clark TP-6A-44	Gavit TP-6A-44	HHS TP-6A-44	Carl Perkins 08-09	Carl Perkins 09-10	Medicaid Reimbursement - Federal	Headstart 2005	Headstart 2006, 2008, 2009, 2011	Headstart 2010
Cash and investments - beginning	\$ 967	\$ 16,320	\$ (468)	\$ 126,675	\$ -	\$ 42,009	\$ 34,232	\$ (233,654)	\$ -
Receipts:									
Local sources	-	-	-	-	1	250	-	270	67
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	121,669	-	-	-
Federal sources	-	-	-	150,965	476,952	-	-	933,221	258,913
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	150,965	476,953	121,919	-	933,491	258,980
Disbursements:									
Current:									
Instruction	-	19	-	262,640	395,299	6,205	-	685,247	454,529
Support services	-	-	-	-	-	24,441	-	14,440	10,037
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	9,494	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	15,000	7,500	638	-	-	-
Total disbursements	-	19	-	277,640	402,799	40,778	-	699,687	464,566
Excess (deficiency) of receipts over disbursements	-	(19)	-	(126,675)	74,154	81,141	-	233,804	(205,586)
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	-	(19)	-	(126,675)	74,154	81,141	-	233,804	(205,586)
Cash and investments - ending	\$ 967	\$ 16,301	\$ (468)	\$ -	\$ 74,154	\$ 123,150	\$ 34,232	\$ 150	\$ (205,586)

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

	Small Learning Community Grant	HSTW - Clark, Morton, HHS	STAR - Gavit	STAR - Morton	HSTW - MHS	Title II-A 08/09	Improving Teaching Quality, Title II, Part A 09/10 and 10/11	Title III, Part A, Language Instruction	Teacher Incentive/ TAP
Cash and investments - beginning	\$ 15,546	\$ 9,900	\$ 2,500	\$ 437	\$ 1,334	\$ 270,146	\$ -	\$ 95,061	\$ -
Receipts:									
Local sources	1,310,205	-	-	-	-	-	937,571	230,394	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	115,197	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	1,310,205	-	-	-	-	-	937,571	345,591	-
Disbursements:									
Current:									
Instruction	994,453	-	-	-	-	1,921	-	2,534	-
Support services	299,180	-	-	-	-	242,531	555,219	324,862	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	27,836	-	-	-	-	25,694	-	14,456	-
Total disbursements	1,321,469	-	-	-	-	270,146	555,219	341,852	-
Excess (deficiency) of receipts over disbursements	(11,264)	-	-	-	-	(270,146)	382,352	3,739	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(15,000)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	(15,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,264)	-	-	-	-	(270,146)	382,352	(11,261)	-
Cash and investments - ending	\$ 4,282	\$ 9,900	\$ 2,500	\$ 437	\$ 1,334	\$ -	\$ 382,352	\$ 83,800	\$ -

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

	Fiscal Stabilization - Education Stimulus	Title I - Grants to LEAs Stimulus	Special Education - Part B (Stimulus)	Special Education - Part B - Preschool Stimulus	McKinney - Vento Education for Homeless (Stimulus)	School Lunch Equipment (Stimulus)	Head Start (Stimulus)	Education Jobs (ARRA)	Totals
Cash and investments - beginning	\$ 4,412,993	\$ (110,892)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,562,283
Receipts:									
Local sources	-	-	99	72	-	-	-	-	58,888,550
Intermediate sources	-	-	-	-	-	-	-	-	430,287
State sources	-	-	-	-	-	-	-	-	93,731,478
Federal sources	2,835,400	1,991,254	1,713,417	41,465	55,000	105,000	75,625	-	26,692,545
Temporary loans	-	-	-	-	-	-	-	-	23,718,854
Other	-	-	-	-	-	-	-	-	33,534
Total receipts	<u>2,835,400</u>	<u>1,991,254</u>	<u>1,713,516</u>	<u>41,537</u>	<u>55,000</u>	<u>105,000</u>	<u>75,625</u>	<u>-</u>	<u>203,495,248</u>
Disbursements:									
Current:									
Instruction	5,990,026	1,521,039	612,023	16,122	10,196	-	94,034	-	76,299,630
Support services	1,162,742	37,763	974,946	8,611	-	-	-	-	54,605,878
Noninstructional services	(422)	9,718	-	-	-	105,000	-	-	8,006,418
Facilities acquisition and construction	(2,167)	-	-	-	-	-	-	-	3,411,177
Debt services	-	-	-	-	-	-	-	-	45,942,077
Nonprogrammed charges	-	-	91,775	8,549	-	-	-	-	681,379
Total disbursements	<u>7,150,179</u>	<u>1,568,520</u>	<u>1,678,744</u>	<u>33,282</u>	<u>10,196</u>	<u>105,000</u>	<u>94,034</u>	<u>-</u>	<u>188,946,559</u>
Excess (deficiency) of receipts over disbursements	<u>(4,314,779)</u>	<u>422,734</u>	<u>34,772</u>	<u>8,255</u>	<u>44,804</u>	<u>-</u>	<u>(18,409)</u>	<u>-</u>	<u>14,548,689</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	87,666
Transfers in	-	-	-	-	-	-	-	-	5,440,569
Transfers out	-	-	-	-	-	-	-	-	(5,550,759)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,524)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(4,314,779)</u>	<u>422,734</u>	<u>34,772</u>	<u>8,255</u>	<u>44,804</u>	<u>-</u>	<u>(18,409)</u>	<u>-</u>	<u>14,526,165</u>
Cash and investments - ending	<u>\$ 98,214</u>	<u>\$ 311,842</u>	<u>\$ 34,772</u>	<u>\$ 8,255</u>	<u>\$ 44,804</u>	<u>\$ -</u>	<u>\$ (18,409)</u>	<u>\$ -</u>	<u>\$ 29,088,448</u>

SCHOOL CITY OF HAMMOND  
 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	Retirement/ Severance Bond Debt Service	Exempt Debt Service	Exempt Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Retirement/ Severance Bond
Cash and investments - beginning	\$ 6,749,322	\$ 1,478,168	\$ -	\$ 9,329,451	\$ 289,293	\$ 1,286,308	\$ 2,506,565	\$ 546,414	\$ -	\$ 3,303,613
Receipts:										
Local sources	4,886,406	1,335,978	-	15,846,574	523,279	3,654,964	2,858,860	992,445	-	11,249
Intermediate sources	254,814	-	-	-	-	-	-	-	-	-
State sources	90,325,697	364,340	-	(364,340)	-	1,544,168	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	900,964	-	11,810,000	395,000	4,500,000	-	190,000	-	-
Other	29,156	-	-	-	-	9,693	-	-	-	-
Total receipts	95,496,073	2,601,282	-	27,292,234	918,279	9,708,825	2,858,860	1,182,445	-	11,249
Disbursements:										
Current:										
Instruction	59,987,052	-	-	-	-	-	4,874	-	-	-
Support services	34,067,026	-	-	-	-	4,347,587	5,822,548	733,308	-	683,155
Noninstructional services	1,164,405	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	594	-	-	-	-	2,033,077	2,667	-	-	-
Debt services	-	1,127,513	-	25,019,271	871,690	3,004,736	-	172,290	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	95,219,077	1,127,513	-	25,019,271	871,690	9,385,400	5,830,089	905,598	-	683,155
Excess (deficiency) of receipts over disbursements	276,996	1,473,769	-	2,272,963	46,589	323,425	(2,971,229)	276,847	-	(671,906)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	3,348	-	-	-	-	-	-	-	-	-
Transfers in	270,276	-	-	-	-	-	-	-	-	-
Transfers out	(266,431)	(267,420)	-	-	-	-	-	(185,431)	-	-
Total other financing sources (uses)	7,193	(267,420)	-	-	-	-	-	(185,431)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	284,189	1,206,349	-	2,272,963	46,589	323,425	(2,971,229)	91,416	-	(671,906)
Cash and investments - ending	\$ 7,033,511	\$ 2,684,517	\$ -	\$ 11,602,414	\$ 335,882	\$ 1,609,733	\$ (464,664)	\$ 637,830	\$ -	\$ 2,631,707

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

	Construction MHS Field Renovations	CSF ADA/ Orchard Drive/ Caldwell	2008 Construction	Radio/TV Academy Construction	Performing Arts Academy Construction	K of C/ Eggers Construction	Roofing Projects Bid A	Roofing Projects Bid B	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,504	\$ 80	\$ (108,751)	\$ (5,484)	\$ (41,006)	\$ (6,422)	\$ -	\$ -	\$ 3,889,954	\$ (2,390,886)
Receipts:										
Local sources	-	-	-	-	8,411	-	-	-	1,238,412	94,974
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	18,291	1,045,469
Federal sources	-	-	-	-	-	-	-	-	5,914,375	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	12,105	-	-	-	-	-	4,965	-
Total receipts	-	-	12,105	-	8,411	-	-	-	7,176,043	1,140,443
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	-	-
Support services	-	-	31,824	38,254	19,641	-	-	-	15,844	1,232,519
Noninstructional services	-	-	-	-	-	-	-	-	6,410,051	-
Facilities acquisition and construction	-	-	115,325	1,062,076	1,526,566	647	898,290	969,860	1,866	-
Debt services	-	-	-	85,319	85,319	-	85,319	85,319	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	150,000	-
Total disbursements	-	-	147,149	1,185,649	1,631,526	647	983,609	1,055,179	6,577,761	1,232,519
Excess (deficiency) of receipts over disbursements	-	-	(135,044)	(1,185,649)	(1,623,115)	(647)	(983,609)	(1,055,179)	598,282	(92,076)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	2,000,000	2,000,000	-	2,000,002	1,999,999	-	-
Sale of capital assets	-	-	217,827	9,608	20,543	6,899	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	267,420
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	217,827	2,009,608	2,020,543	6,899	2,000,002	1,999,999	-	267,420
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	82,783	823,959	397,428	6,252	1,016,393	944,820	598,282	175,344
Cash and investments - ending	\$ 1,504	\$ 80	\$ (25,968)	\$ 818,475	\$ 356,422	\$ (170)	\$ 1,016,393	\$ 944,820	\$ 4,488,236	\$ (2,215,542)

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

	Vocational Capital Equipment	Levy Excess	Group Workcamps	ACC City Ramp Grant	Educational License Plates	Maywood Early Intervention/ Alternative Education	Lafayette Early Intrvn/ Rap/ASCL	Safe Haven/ ASCL 08-09	Maywood/ Hess Early Intervention Grant	Lafayette Early Intervention
Cash and investments - beginning	\$ 433,679	\$ -	\$ 202	\$ 2,174	\$ 724	\$ (10,943)	\$ 31,795	\$ (3,197)	\$ 3,241	\$ 55
Receipts:										
Local sources	131,001	137,833	-	-	-	-	9,999	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	136,798	-	-	29,999	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	131,001	137,833	-	-	-	136,798	9,999	-	29,999	-
Disbursements:										
Current:										
Instruction	141	-	-	2,174	-	3,435	-	-	24,699	-
Support services	53,814	-	10,888	-	-	-	-	-	-	-
Noninstructional services	-	-	7,937	-	-	-	34,860	(3,197)	-	-
Facilities acquisition and construction	5,964	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	59,919	-	18,825	2,174	-	3,435	34,860	(3,197)	24,699	-
Excess (deficiency) of receipts over disbursements	71,082	137,833	(18,825)	(2,174)	-	133,363	(24,861)	3,197	5,300	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	71,082	137,833	(18,825)	(2,174)	-	133,363	(24,861)	3,197	5,300	-
Cash and investments - ending	\$ 504,761	\$ 137,833	\$ (18,623)	\$ -	\$ 724	\$ 122,420	\$ 6,934	\$ -	\$ 8,541	\$ 55

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

	Donations/ Immunization Clinic	Headstart Donations	Maywood Parrish Donations	Partnerships CDBG 2002-03	RTI Professional Development	Art Lenders	High Ability	Job Link 2000	Urban Teachers UTEP	Great Race
Cash and investments - beginning	\$ 2,522	\$ 320	\$ 492	\$ (846)	\$ 22,180	\$ 808	\$ 27,469	\$ (622)	\$ 1,590	\$ 154
Receipts:										
Local sources	2,120	250	-	-	1,710	1,867	-	336,637	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	250	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	2,120	500	-	-	1,710	1,867	-	336,637	-	-
Disbursements:										
Current:										
Instruction	-	156	-	-	-	737	-	397,690	-	-
Support services	689	-	-	-	3,521	-	347	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	689	156	-	-	3,521	737	347	397,690	-	-
Excess (deficiency) of receipts over disbursements	1,431	344	-	-	(1,811)	1,130	(347)	(61,053)	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	1,431	344	-	-	(1,811)	1,130	(347)	(61,053)	-	-
Cash and investments - ending	\$ 3,953	\$ 664	\$ 492	\$ (846)	\$ 20,369	\$ 1,938	\$ 27,122	\$ (61,675)	\$ 1,590	\$ 154

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

	Science Awards	Science Conference	Safe Haven 06-07	Robotics	Good Fellow	Junior Robotics	Survive Alive	Donations	IMI 2008/2009
Cash and investments - beginning	\$ 8,198	\$ (10,337)	\$ (114,505)	\$ 29,416	\$ 3,941	\$ 3,344	\$ 1,762	\$ -	\$ (532)
Receipts:									
Local sources	2,091	-	-	86,350	-	6,123	2,517	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>2,091</u>	<u>-</u>	<u>-</u>	<u>86,350</u>	<u>-</u>	<u>6,123</u>	<u>2,517</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	1,165	-	-	53,880	700	5,106	3,938	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	(114,505)	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>1,165</u>	<u>-</u>	<u>(114,505)</u>	<u>53,880</u>	<u>700</u>	<u>5,106</u>	<u>3,938</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>926</u>	<u>-</u>	<u>114,505</u>	<u>32,470</u>	<u>(700)</u>	<u>1,017</u>	<u>(1,421)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>926</u>	<u>-</u>	<u>114,505</u>	<u>32,470</u>	<u>(700)</u>	<u>1,017</u>	<u>(1,421)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 9,124</u>	<u>\$ (10,337)</u>	<u>\$ -</u>	<u>\$ 61,886</u>	<u>\$ 3,241</u>	<u>\$ 4,361</u>	<u>\$ 341</u>	<u>\$ -</u>	<u>\$ (532)</u>

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

	Safe Haven 07-08	PLTW Competitions	United Way Summer Camp 2009	United Way Summer Camp 2010	South Shore Arts Partnership	United Way Summer Camp 2005	United Way Summer Camp 2007	Adult Education Combo	Pba Recognition
Cash and investments - beginning	\$ 18,320	\$ 193	\$ 120	\$ -	\$ -	\$ (260)	\$ 180	\$ 278,702	\$ 624
Receipts:									
Local sources	-	-	-	11,324	663	-	-	19,469	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	11,324	663	-	-	19,469	-
Disbursements:									
Current:									
Instruction	-	-	13,588	11,209	-	-	-	61,598	-
Support services	-	-	-	-	663	-	-	-	-
Noninstructional services	18,320	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	18,320	-	13,588	11,209	663	-	-	61,598	-
Excess (deficiency) of receipts over disbursements	(18,320)	-	(13,588)	115	-	-	-	(42,129)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	(18,320)	-	(13,588)	115	-	-	-	(42,129)	-
Cash and investments - ending	\$ -	\$ 193	\$ (13,468)	\$ 115	\$ -	\$ (260)	\$ 180	\$ 236,573	\$ 624

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

	Maywood Student Behavior Program	Gaming Money From City of Hammond	Partnerships CDBG 2005-06	Gifted/ Talented 2006-07	Gifted/ Talented 2009-10	Kenwood Technology	Homeless Grant	Hammond Community Grant/ Gifted/ Talented 10-11	Lever Environment
Cash and investments - beginning	\$ 1,106	\$ 90,350	\$ 78	\$ 681	\$ 12,289	\$ 29	\$ -	\$ -	\$ 6,340
Receipts:									
Local sources	-	-	-	-	-	-	-	99,596	9,801
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	99,596	9,801
Disbursements:									
Current:									
Instruction	818	-	-	-	12,289	-	-	64,732	5,468
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	818	-	-	-	12,289	-	-	64,732	5,468
Excess (deficiency) of receipts over disbursements	(818)	-	-	-	(12,289)	-	-	34,864	4,333
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	(818)	-	-	-	(12,289)	-	-	34,864	4,333
Cash and investments - ending	\$ 288	\$ 90,350	\$ 78	\$ 681	\$ -	\$ 29	\$ -	\$ 34,864	\$ 10,673

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

	Instructional Activities	Expanded Studies Program	Remediation	Com Schl Fd \$1,285,200	CSF STAA \$297,136	Technical Assistance Harding	PLTW Gavit	Gavit Biotech State	Com Schl Fd \$1,261,600
Cash and investments - beginning	\$ 2,530	\$ 24,867	\$ 417,498	\$ -	\$ -	\$ 1,134	\$ (2,175)	\$ 330	\$ -
Receipts:									
Local sources	2,528	7,500	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	77,508	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>2,528</u>	<u>7,500</u>	<u>77,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	610	4,616	163,086	-	-	-	-	-	-
Support services	-	462	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>610</u>	<u>5,078</u>	<u>163,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,918</u>	<u>2,422</u>	<u>(85,578)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	266,431	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>266,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,918</u>	<u>2,422</u>	<u>180,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,448</u>	<u>\$ 27,289</u>	<u>\$ 598,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,134</u>	<u>\$ (2,175)</u>	<u>\$ 330</u>	<u>\$ -</u>

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

	CSF Education Technology	CSF STAA \$293,580	Com Schl Fd \$1,263,562	Com Schl Fd \$1,254,500	Com Schl Fd \$1,284,300	State Medicaid Reimbursement	Adult Ed General (Office)	Extra- Curricular Reimbursement	Professional Development 04-05 to 06-07
Cash and investments - beginning	\$ (3,238)	\$ (293,580)	\$ -	\$ (927,617)	\$ -	\$ 50,370	\$ (740,561)	\$ (35,703)	\$ 36,921
Receipts:									
Local sources	-	293,580	-	1,254,503	-	-	7,402	40,604	350
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	1,284,300	-	-	-	-
Federal sources	-	-	-	-	-	79,673	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	293,580	-	1,254,503	1,284,300	79,673	7,402	40,604	350
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	372,222	35	3,320
Support services	541,877	-	-	323,874	1,284,300	-	-	(10,638)	-
Noninstructional services	-	-	-	-	-	-	-	39,076	-
Facilities acquisition and construction	-	-	-	3,012	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	541,877	-	-	326,886	1,284,300	-	372,222	28,473	3,320
Excess (deficiency) of receipts over disbursements	(541,877)	293,580	-	927,617	-	79,673	(364,820)	12,131	(2,970)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(84,845)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(84,845)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(541,877)	293,580	-	927,617	-	(5,172)	(364,820)	12,131	(2,970)
Cash and investments - ending	\$ (545,115)	\$ -	\$ -	\$ -	\$ -	\$ 45,198	\$ (1,105,381)	\$ (23,572)	\$ 33,951

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

	Non-English Speaking Programs	School Technology/ Network	Non-English Speaking 07-08	HEF Type C Grant	McKinney - Vento Grant \$10,000	McKinney - Vento \$10,000	Professional Development	HS That Work Gavit	Title I 2006-2007
Cash and investments - beginning	\$ 62,127	\$ 676,341	\$ 206	\$ 1,104	\$ -	\$ -	\$ 97,820	\$ 1,489	\$ -
Receipts:									
Local sources	292,151	147,312	-	-	-	-	121	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	292,151	147,312	-	-	-	-	121	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	38,319	-	-
Support services	234,414	443,523	-	-	-	-	165	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	234,414	443,523	-	-	-	-	38,484	-	-
Excess (deficiency) of receipts over disbursements	57,737	(296,211)	-	-	-	-	(38,363)	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(17,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(17,000)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	40,737	(296,211)	-	-	-	-	(38,363)	-	-
Cash and investments - ending	\$ 102,864	\$ 380,130	\$ 206	\$ 1,104	\$ -	\$ -	\$ 59,457	\$ 1,489	\$ -

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

	Title I 2007-2008	District Improvement 07-08	School Improvement Compet 08-09	District Improvement 08-09	District Improvement 10-11	Title I 2008-2009	Title I 2009-2010	Title I 2010-2011	Title I 1003(g) School Improvement
Cash and investments - beginning	\$ -	\$ -	\$ 87,105	\$ -	\$ 124,400	\$ -	\$ 512,209	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	4,044	596,902	5,300
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	392,394	-	400,000	4,301,593	898,366
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	392,394	-	404,044	4,898,495	903,666
Disbursements:									
Current:									
Instruction	-	-	70,146	-	38,358	-	417,013	3,568,029	445,449
Support services	-	-	2	-	427,845	-	260,289	1,602,570	351,160
Noninstructional services	-	-	-	-	-	-	15,262	259,929	21,849
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	16,957	-	26,029	-	619,560	-	-
Total disbursements	-	-	87,105	-	492,232	-	1,312,124	5,430,528	818,458
Excess (deficiency) of receipts over disbursements	-	-	(87,105)	-	(99,838)	-	(908,080)	(532,033)	85,208
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	-	(87,105)	-	(99,838)	-	(908,080)	(532,033)	85,208
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 24,562	\$ -	\$ (395,871)	\$ (532,033)	\$ 85,208

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

	Title V 08-09	Migrant Education FY 08-09	Migrant Education FY 07-08	Summer Migrant 2009 Supplemental	Summer Migrant 2008	Summer Migrant 2008 Special Project	Summer Migrant 2009	Summer Migrant 2010	Title III, Part A 06-07
Cash and investments - beginning	\$ -	\$ (39,342)	\$ 50,176	\$ 343	\$ (25,136)	\$ 24	\$ (11,420)	\$ 35,000	\$ 1,815
Receipts:									
Local sources	-	-	-	-	-	-	-	156,761	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	156,761	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	2,894	-
Support services	-	10,587	-	-	-	-	-	117,114	-
Noninstructional services	-	44	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	1,448	-
Total disbursements	-	10,631	-	-	-	-	-	121,456	-
Excess (deficiency) of receipts over disbursements	-	(10,631)	-	-	-	-	-	35,305	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(10,631)	-	-	-	-	-	35,305	-
Cash and investments - ending	\$ -	\$ (49,973)	\$ 50,176	\$ 343	\$ (25,136)	\$ 24	\$ (11,420)	\$ 70,305	\$ 1,815

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

	American Student Achievement	McKinney - Vento Education for Homeless 10-11	Hurricane Relief	Hurricane Relief Spec Ed	Federal Assistance Educational Preschool Handicapped	IDEA Spec Ed 14206-026-PN01	Adult Education and Family Literacy, Title II	Pre Schl Sp Ed 45708-026-PN01	IDEA Spec Ed 14208-026-PN01
Cash and investments - beginning	\$ 534	\$ -	\$ 54,000	\$ 15,000	\$ (78,954)	\$ 242	\$ 249,280	\$ (14)	\$ 34
Receipts:									
Local sources	-	52,622	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	(3)	-	-
Federal sources	-	-	-	-	2,749,466	-	260,435	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	52,622	-	-	2,749,466	-	260,432	-	-
Disbursements:									
Current:									
Instruction	-	51,643	-	-	2,524,729	-	130,199	-	-
Support services	-	-	-	-	340,100	-	51,243	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	51,643	-	-	2,864,829	-	181,442	-	-
Excess (deficiency) of receipts over disbursements	-	979	-	-	(115,363)	-	78,990	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	979	-	-	(115,363)	-	78,990	-	-
Cash and investments - ending	\$ 534	\$ 979	\$ 54,000	\$ 15,000	\$ (194,317)	\$ 242	\$ 328,270	\$ (14)	\$ 34

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

	Adult Education 06-07	Adult Education 07-08	Title IV Part A 2009/10	Title IV Part A 2007/08	Title IV Part A 2008/09	Title IV Part A 10-11	Indiana Mathematics Initiative	High Schools That Work	Carl Perkins 10-11
Cash and investments - beginning	\$ 24,890	\$ 26,438	\$ 33,797	\$ (195)	\$ -	\$ -	\$ 272	\$ 659	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	40,651
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	71,952	-	-	343,598
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	71,952	-	-	384,249
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	450,638
Support services	-	-	34,118	(195)	-	72,960	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	5,781	-	-	10,977
Total disbursements	-	-	34,118	(195)	-	78,741	-	-	461,615
Excess (deficiency) of receipts over disbursements	-	-	(34,118)	195	-	(6,789)	-	-	(77,366)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	-	(34,118)	195	-	(6,789)	-	-	(77,366)
Cash and investments - ending	\$ 24,890	\$ 26,438	\$ (321)	\$ -	\$ -	\$ (6,789)	\$ 272	\$ 659	\$ (77,366)

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

	High Schools That Work CFDA 84.048	High Schools That Work 07/08	PLTW 08/09	PLTW Morton Biomedical	PLTW Morton 07/08	PLTW Morton Pre-Engineering	PLTW Morton Biomedical 09-10	PLTW Morton Biomedical 10-11	PLTW Gavit Pre-Engineering
Cash and investments - beginning	\$ 7,500	\$ 2,680	\$ (3,029)	\$ -	\$ 507	\$ (14,170)	\$ (13,002)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	14,953	19,961	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	14,953	19,961	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	831	6,990	972	13,822
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	831	6,990	972	13,822
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	14,122	12,971	(972)	(13,822)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	14,122	12,971	(972)	(13,822)
Cash and investments - ending	\$ 7,500	\$ 2,680	\$ (3,029)	\$ -	\$ 507	\$ (48)	\$ (31)	\$ (972)	\$ (13,822)

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

	Clark TP-6A-44	Gavit TP-6A-44	HHS TP-6A-44	Carl Perkins 08-09	Carl Perkins 09-10	Medicaid Reimbursement - Federal	Headstart 2005	Headstart 2006, 2008, 2009, 2011	Headstart 2010
Cash and investments - beginning	\$ 967	\$ 16,301	\$ (468)	\$ -	\$ 74,154	\$ 123,150	\$ 34,232	\$ 150	\$ (205,586)
Receipts:									
Local sources	-	-	-	-	158,986	-	-	59	79
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	229,395	-	-	-
Federal sources	-	-	-	-	-	-	-	304,188	905,784
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,986</u>	<u>229,395</u>	<u>-</u>	<u>304,247</u>	<u>905,863</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	233,140	2,342	-	511,817	685,938
Support services	-	-	-	-	-	30,268	-	9,884	14,262
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,140</u>	<u>32,610</u>	<u>-</u>	<u>521,701</u>	<u>700,200</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,154)</u>	<u>196,785</u>	<u>-</u>	<u>(217,454)</u>	<u>205,663</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,154)</u>	<u>196,785</u>	<u>-</u>	<u>(217,454)</u>	<u>205,663</u>
Cash and investments - ending	<u>\$ 967</u>	<u>\$ 16,301</u>	<u>\$ (468)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 319,935</u>	<u>\$ 34,232</u>	<u>\$ (217,304)</u>	<u>\$ 77</u>

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

	Small Learning Community Grant	HSTW - Clark, Morton, HHS	STAR - Gavit	STAR - Morton	HSTW - MHS	Title II-A 08/09	Improving Teaching Quality, Title II, Part A 09/10 and 10/11	Title III, Part A, Language Instruction	Teacher Incentive/ TAP
Cash and investments - beginning	\$ 4,282	\$ 9,900	\$ 2,500	\$ 437	\$ 1,334	\$ -	\$ 382,352	\$ 83,800	\$ -
Receipts:									
Local sources	592,174	-	-	-	-	-	38,825	175,828	10,378
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	443,707	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	592,174	-	-	-	-	-	482,532	175,828	10,378
Disbursements:									
Current:									
Instruction	667,387	-	-	-	-	-	423,019	2,670	-
Support services	403,929	-	-	-	-	-	423,012	287,691	5,184
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	106	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	80,266	-	-
Total disbursements	1,071,316	-	-	-	-	-	926,297	290,467	5,184
Excess (deficiency) of receipts over disbursements	(479,142)	-	-	-	-	-	(443,765)	(114,639)	5,194
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(15,000)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	(15,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(479,142)	-	-	-	-	-	(443,765)	(129,639)	5,194
Cash and investments - ending	\$ (474,860)	\$ 9,900	\$ 2,500	\$ 437	\$ 1,334	\$ -	\$ (61,413)	\$ (45,839)	\$ 5,194

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

	Fiscal Stabilization - Education Stimulus	Title I - Grants to LEAs Stimulus	Special Education - Part B (Stimulus)	Special Education - Part B - Preschool Stimulus	McKinney - Vento Education for Homeless (Stimulus)	School Lunch Equipment (Stimulus)	Head Start (Stimulus)	Education Jobs (ARRA)	Totals
Cash and investments - beginning	\$ 98,214	\$ 311,842	\$ 34,772	\$ 8,255	\$ 44,804	\$ -	\$ (18,409)	\$ -	\$ 29,088,448
Receipts:									
Local sources	-	-	384	-	-	-	-	-	36,189,947
Intermediate sources	-	-	-	-	-	-	-	-	254,814
State sources	-	-	-	-	-	-	-	-	94,691,622
Federal sources	-	1,837,240	1,962,340	34,191	-	-	42,649	-	20,977,115
Temporary loans	-	-	-	-	-	-	-	-	17,795,964
Other	-	-	-	-	-	-	-	-	55,919
Total receipts	-	1,837,240	1,962,724	34,191	-	-	42,649	-	169,965,381
Disbursements:									
Current:									
Instruction	78,216	1,766,649	941,096	53,139	43,840	-	24,240	2,988,690	77,381,553
Support services	19,998	608	1,014,624	11,592	1,086	-	-	-	55,369,536
Noninstructional services	-	40,843	-	-	-	-	-	-	7,894,874
Facilities acquisition and construction	-	-	773	-	-	-	-	-	6,620,823
Debt services	-	-	-	-	-	-	-	-	30,536,776
Nonprogrammed charges	-	-	138,829	-	-	-	-	-	1,049,847
Total disbursements	98,214	1,808,100	2,095,322	64,731	44,926	-	24,240	2,988,690	178,853,409
Excess (deficiency) of receipts over disbursements	(98,214)	29,140	(132,598)	(30,540)	(44,926)	-	18,409	(2,988,690)	(8,888,028)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	8,000,001
Sale of capital assets	-	-	-	-	-	-	-	-	258,225
Transfers in	-	-	-	-	-	-	-	-	804,127
Transfers out	-	-	-	-	-	-	-	-	(836,127)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	8,226,226
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(98,214)	29,140	(132,598)	(30,540)	(44,926)	-	18,409	(2,988,690)	(661,802)
Cash and investments - ending	\$ -	\$ 340,982	\$ (97,826)	\$ (22,285)	\$ (122)	\$ -	\$ -	\$ (2,988,690)	\$ 28,426,646

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SCHOOL CITY OF HAMMOND  
 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:			
School Buildings	\$ 174,095,000	\$ 17,326,545	Exempt Debt Service
Notes and loans payable:			
Common School Fund A0421	3,061,147	354,011	Exempt Debt Service
Common School Fund A0452	2,585,397	225,428	Exempt Debt Service
Common School Fund A0470	4,265,497	376,612	Exempt Debt Service
Common School Fund A0477	2,310,000	231,000	Exempt Debt Service
Common School Fund A0485	575,000	72,500	Exempt Debt Service
Common School Fund A1139	244,705	246,540	Exempt Debt Service
Common School Fund A1159	250,960	252,842	Exempt Debt Service
Common School Fund A1189	35,341	35,517	Exempt Debt Service
Common School Fund A1212	384,330	259,423	Exempt Debt Service
Common School Fund A1215	388,350	262,136	Exempt Debt Service
Common School Fund A1241	147,288	74,933	Exempt Debt Service
Common School Fund A1254	646,850	264,562	Debt Service
Common School Fund A1276	756,960	259,259	Debt Service
Common School Fund A1299	145,899	49,971	Debt Service
Common School Fund A1314	771,120	264,109	Debt Service
Common School Fund A1333	237,709	61,656	Debt Service
Common School Fund A1354	880,950	259,880	Debt Service
Common School Fund A1366	1,010,850	262,189	Debt Service
Common School Fund A1422	264,222	61,211	Debt Service
Common School Fund A1434	1,129,050	261,563	Debt Service
Common School Fund A1467	1,284,300	265,841	Debt Service
Bonds payable:			
General obligation bonds:			
Pension Bond	<u>5,525,000</u>	<u>605,212</u>	Retirement/Severance Bond Debt Service
Total debt	<u>\$ 200,995,925</u>	<u>\$ 22,332,940</u>	

SCHOOL CITY OF HAMMOND  
OTHER REPORT

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

Area Career Center

SCHOOL CITY OF HAMMOND  
AUDIT RESULTS AND COMMENTS

**CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS**

A comparison of the fund balances to the bank accounts indicated a cash necessary to balance (cash short in the bank) of \$321,362.73 at June 30, 2011. Four additional months bank reconcilements were reviewed during the audit period; all had fluctuating cash necessary to balance amounts as follows:

<u>Month/Year</u>	<u>Amount</u>
June 2010	\$ (565,646.37)
July 2010	(29,878.53)
August 2010	(206,754.97)
May 2011	(297,402.70)

Due to the number of bank accounts the school corporation has, the bank accounts are reconciled by several employees involved with the receipting, disbursing and payroll processes. The individual bank reconcilements are then summarized into one reconciliation by the Chief Administrator of Business Services or Treasurer. During the audit period, three individuals served as Treasurer.

The following deficiencies were noted in the reconciling process:

1. Some adjusting items are included on several months' bank reconcilements before they are recorded; others have been carried since the prior audit and still have not been recorded in the ledgers or resolved.
2. The fund ledger balance is not used as the basis of the individual bank reconcilements as only two of the bank accounts directly correlate to specific funds in the funds ledger. The bank accounts are reconciled to other reports in the financial accounting system. The reports used are supposed to mirror the bank activity, which should match fund activity in the fund ledger. However, if corrections or adjustments are not properly posted to all reports, differences will occur. After discussing this with officials, it was determined that cash balance per the fund ledger and the other reports does not agree when compared in total.
3. The summary bank reconciliation, which combines the individual reconcilements, does not reconcile to the total cash balance per the funds ledger report. This reconciliation includes receipts, disbursements and bank transfers and computes an ending balance, which is used to compare to the bank reconcilements both individually and in total. It does not include reconciling items such as outstanding checks, bank or posting errors, and deposits in transit. This summary reconciliation process does not detect or correct errors as it is not compared to the balance of the funds reported in the financial statement.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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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)

**FEDERAL GRANT SCHEDULE**

The Schedule of Expenditures of Federal Awards (SEFA) provided for audit was incomplete and contained errors.

1. The schedule did not include twelve federal programs which resulted in the SEFA presented for audit to be understated by \$18,537,578 in federal expenditures.
2. Five of the programs on the SEFA did not contain the CFDA (Catalog of Federal Domestic Assistance) numbers relating to the programs. In addition, six grants on the schedule did not include award identifying numbers.
3. The amounts identified on the SEFA for two programs were nonfederal (state funded) grants and should not have been reported on the schedule.
4. Several programs excluded grant transactions for the 09/10 and 10/11 fiscal years. Some excluded transactions were for grants started in the prior audit reporting period and completed during the current audit reporting period.
5. Two ARRA (American Recovery Reinvestment Act) grants and five other grants were identified as federal funding but excluded expenditures. Two other ARRA grants were not identified on the schedule as ARRA as required.

Various departments are responsible for applying for grants, seeking board approval for the grants, and overseeing the implementation of the grant and the related grant activity. The business office is responsible for preparing the SEFA based upon the grant information obtained from the financial accounting records and other information provided by each department. A review of the grant files maintained by the business office determined that grant award letters, grant applications, grant budgets, reports, and other grant documents are not provided by the various departments. These documents are necessary for the business office to obtain required information for the SEFA such as CFDA titles and numbers, and to assist in identifying federal grants.

The lack of submission of grant documents by the various departments to the business office weakens internal controls over grant accounting and hinders the ability of the business office to accurately prepare the federal grant schedule.

School officials approved the adjustments to the SEFA presented herein to include the additional federal expenditures and grant information.

Circular A-133, subpart .300 Auditee Responsibilities, states in part:

"The auditee shall: (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity."

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Circular A-133, subpart .310 Financial Statements states in part:

"(b) Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements . . . At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. . . .
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number . . ."

***CORRECTION OF ERRORS***

The expenditures reported on the Schedule of Expenditures of Federal Awards (SEFA) did not agree to the disbursements reported on the financial statement for some grant awards. For those awards, the disbursements did not agree due to adjustments made in a subsequent period for the correction of posting errors. Supporting documentation authorizing the adjustments was not retained for audit prior to March 2011.

All transactions recorded in the financial records have both a transaction date and an effective date. Adjustments with a transaction date from the prior audit period, but an effective date within the audit period could be identified in the financial records. Some of the differences occurring in the first six months of the audit period could not be identified and may be due to effective dates outside of the audit period.

Adjusting entries are made to the computerized accounting system by Accounts Payable staff. These entries are based upon a transfer form with the amounts and the fund accounts involved which is prepared and signed by the appropriate grant director. The adjustments are not reviewed or approved by either the Chief Administrator or Director of Business Services.

The lack of documentation for the adjustments raises concerns regarding the validity for the adjustments. The lack of authorization and review by business office management weakens internal controls over adjustments. This weakness in the control structure permits adjustments which cross audit periods and could permit an error to occur that would not be detected or corrected in a timely manner.

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)

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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 AUDIT RESULTS AND COMMENTS  
 (Continued)

**GRANT BALANCES - FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS**

As noted in the prior Report B35870, the School Corporation did not comply with directives of Schools Taking Action with Results (STAR) grant guidelines, as prescribed by the Indiana Department of Education (IDOE). The grant award required any funds not expended by June 30, 2008, to be returned to the IDOE. The School Corporation received two \$2,500 advance grants for Gavit Middle/High School (Gavit) and Morton High School (Morton). The Gavit grant had not been disbursed or returned to IDOE and had a balance of \$2,500 at June 30, 2011. The Morton grant disbursed \$2,062.76 on August 14, 2008, which was after the grant completion date and had a balance of \$437.24 as of June 30, 2011. These balances at June 30, 2011, are the same as those reported in the prior report.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

**HONORS DIPLOMA - INCORRECT REPORTING TO THE STATE**

The information presented for audit indicates honors diploma figures on the Graduate Report were incorrect. The difference between the count reported for honors diplomas and the verified figures are shown below:

<u>School Year</u>	<u>Count as Reported on Graduate Report</u>	<u>Actual Enrollment Figures</u>	<u>Difference</u>
2008/09	86	79	7

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

**OVERDRAWN FUND BALANCES**

The fund balances of the funds listed below were overdrawn at June 30, 2010 and 2011. Some overdrafts are due to the reimbursement basis that the State of Indiana uses for various grants, which requires the School Corporation to spend the monies before receiving reimbursement. The funds with overdrawn cash balances that are not due to the timing of reimbursements are noted in the following table:

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<u>Fund as appears in Financial Statement</u>	<u>Year Ended June 30</u>	
	<u>2010</u>	<u>2011</u>
2008 Construction	* \$ 108,751	\$ 25,968
Textbook Rental	*# 2,390,886	2,215,542
Group Workcamps	* -	18,623
Partnerships CDBG 2002-03	*# 846	846
Job Link 2000	*# 622	61,675
Science Conference	*# 10,337	10,337
IMI 2008/2009	*# 532	532
United Way Summer Camp 2009	* -	13,468
United Way Summer Camp 2005	* 260	260
PLTW Gavit	*# 2,175	2,175
Adult Ed General (Office)	*# 740,561	1,105,381
Extra-Curricular Reimbursement	*# 35,703	23,572
Title I 2009-2010	*@ -	395,871
Migrant Education FY 08-09	@ 39,342	49,973
Summer Migrant 2008	*#@ 25,136	25,136
Summer Migrant 2009	*@ 11,420	11,420
Pre Schl Sp Ed 45708-026-PN01	*#@ 14	14
Title IV Part A 2009/10	*@ -	321
PLTW 08/09	*#@ 3,029	3,029
PLTW Morton Pre-Engineering	*@ -	48
PLTW Morton Biomedical 09-10	*@ -	31
HHS TP-6A-44	*#@ 468	468

\* - fund is still overdrawn as of December 21, 2011

# - overdrawn 3 or more years

@ - federal grant for which no reimbursement has been received

Comparison of the financials determined that several funds which were overdrawn in the prior audit continued to be overdrawn. Some of the overdrawn funds are grant funds for which grant reimbursements should have been received. As of five months after the close of the fiscal year, no grant reimbursements have been received. This indicates that there is a potential issue of either overspending or failure to request reimbursements. These funds, as with many grants, should have a zero balance at the end of the grant period. Several of these funds have been overdrawn for several years.

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

**NONCOMPLIANCE WITH STATUE FOR PROPERTY PURCHASE PAYMENT**

The Director of Business Services authorized a wire transfer for the purchase of real property. A wire transfer was made for \$175,270 on April 5, 2010, to Ticor Title for the purchase of property. A claim was not prepared for the disbursement or submitted to the board for approval.

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(Continued)

The disbursement was not recorded in the records of the School Corporation until July 2011, more than a year after the disbursement occurred.

Indiana Code 5-11-10-1.6 states in part:

". . . (c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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)

### ***VERIFICATION OF SCHOOL LUNCH APPLICATIONS***

The School Corporation did not comply with the directives of the Indiana Department of Education in regards to the verification of information provided on General Form 521, Applications for Free or Reduced Priced Meals and Other Benefits. The National School Lunch and Breakfast Program requires that each school verify the income reported on 3 percent of the applications received for free and reduced lunch and breakfast. The percentage is calculated from all applications less the applications that have already been directly approved based on a TANF or Food Stamps Case number. Our review of Verified School Lunch Applications noted the following deficiencies:

1. We reviewed twenty-five applications marked as approved for free or reduced meals and verified two applications had documented income which exceeded the poverty guidelines to be eligible for free or reduced meals. These applications should not have been approved for free or reduced meals or changed to not eligible during the verification process.
2. Five applications out of the twenty-five tested were already directly certified by the TANF or Food Stamp Case number and should not have been chosen for verification. Only applications based on income where a TANF or Food Stamp Case number is not provided should be chosen for verification.

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(Continued)

3. The verification section requires the verifying official document the date the application was verified, the results of the verification, and sign the verification. Officials did not properly complete the verification section on ten out of the twenty-five verifications reviewed. The failure to sign the verification also appeared in prior report B35870.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

7 CFR § 245.6a (c)(ii)(2) states in part: "Verification of eligibility is not required of households if all children in the household are determined eligible based on documentation provided by the State or local agency responsible for the administration of the Food Stamp Program, FDPIR or TANF . . ."

***CERTIFIED REPORT (FORM 100-R) NOT FILED TIMELY***

The School Corporation did not timely file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for the year 2011. The report, which is due in January, was not filed until June. Failure to file the report timely could delay approval of the budget for the School Corporation in subsequent years.

Indiana Code 5-11-13-1(a) states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . ."

Indiana Code 5-11-13-1(c) states in part: "A person who violates section 1 of this chapter commits a Class C infraction. . . ."

***PAYROLL SCHEDULE AND VOUCHER***

The prescribed Payroll Schedule and Voucher, General Form 99, or an approved equivalent was not in use. Vouchers with the required signatures were not on file in the Accounts Payable office since either the prescribed or an approved voucher is prepared. The payroll amounts, submitted to the board for approval on the claims register, were obtained from a computerized system query of the accounting system performed by the Accounts Payable office; not from a Payroll Schedule and Voucher form.

The Payroll Schedule and Voucher (General Form 99) should be used to prepare all payrolls jurisdiction or supervision from the attendance records of the employees listed thereon. The attendance information should be supplied to the business office by the school principal or by the department head for all employees under his jurisdiction or supervision.

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Upon completion of the payroll claim by the business office, the certificate must be executed by the superintendent of schools or the business manager of the school corporation (provided the business manager is not also the treasurer) and the attest or approval signed by the treasurer of the school corporation. The payroll claim should then be processed, numbered, allowed by the school board and filed in numerical sequence with other claims. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 2)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***VENDOR DISBURSEMENTS – FORM USAGE***

We noted the following deficiencies when reviewing claims:

1. Nonprescribed claim forms were used for travel claims.
2. Accounts payable vouchers were not used for payroll deductions.
3. Mileage claims were used; however, the forms used were not prescribed or approved forms.
4. The purchase order form in use was not the same as the approved form previously submitted to the State Board of Accounts.

A similar comment appeared in the prior audit.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***PAYROLL DEFICIENCIES***

The School Corporation has standardized forms for reporting hours worked and forms documenting authorization for overtime hours. These "overtime authorization" forms are used by all departments with the exception of the bilingual education department. The standardized forms include the employees' signature indicating that he or she certifies that the time reported on the form is reflective of actual hours worked. The time sheet includes the signature of the department head indicating their certification that the hours reported are accurate.

The overtime authorization sheets prescribed for use by the School Corporation allow for the employee to indicate the date and hours worked in excess of their regular hours. The sheets are to be signed by the employee and a designated person authorizing the overtime. The bilingual education department does not use these forms. Overtime is simply reported on the time sheets.

The Bilingual Education Department uses time sheets prepared by employees to report hours worked but they lack the signature of the employees or Director certifying accuracy. An assistant to the Director enters the hours worked from the time sheets into an electronic attendance report, which is used by the School Corporation payroll department to compute payroll amounts. These attendance reports are signed by

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the Director as approval to pay. Comparisons of the original time sheets to the electronic attendance reports were made for two pay periods. Many employees' original time sheets reported working more hours than reported on the electronic attendance report. The hours recorded on the electronic attendance report is the basis for the compensation they receive. Also, many time sheets are incomplete as to the hours worked as of the last day of the pay period as only the start time is indicated. Because the Director is the only person authorizing and approving the attendance reports, no other employee outside of the Bilingual Department is monitoring to ensure compliance with School Board approved salary schedules or Fair Labor Standards Laws.

The Bilingual Education Department Director also pays some classified staff for additional hours worked beyond the Director's determined "normal" regular hours. When paying these additional hours, the rates paid are not applied consistently, or in compliance with Fair Labor Standards Laws. The additional hours for some staff are paid at the regular converted hourly rate; other staff receive time and one-half for the additional hours worked. Some staff receive the time and one-half for hours worked in excess of eighty hours in the two week pay period, while others receive time and one-half for hours worked in excess of forty hours per week. Some were also observed as receiving time and one-half when they did not exceed either forty hours per week or eighty hours for the two week pay period.

Some employees are under the direction of the Bilingual Education Director are not paid in accordance with School Board approved compensation rates. At the beginning of each school year, the Director provides a worksheet to the payroll department, which indicates the rates of pay employees under her direction are to be paid. Employees within the Human Resources Department normally verify the rates of pay agree to the rates of pay approved by the School Board; however, the former Director of the Human Resources Department instructed employees of her department not to verify compliance for the Bilingual Education Director.

For the most part, the differences in the compensation rates only affected the federal grant funds from which these employees were paid; however, some also received compensation through the General Fund. Using only the employees paid from the federal grant funds and the General Fund, for 2009-10 and the 2010-11 school years the General Fund over paid compensation in the amount of \$8,258.91, and \$8,726.25, respectively.

It appears that the Bilingual Education Department operates outside the policies and procedures as set by the administration. It is unclear why the Bilingual Education Department is allowed to continue to not adhere to the School Corporation's policies.

Indiana Code 20-26-5-4, states in part:

"In carrying out the school purposes of a school corporation, the governing body acting on the school corporation's behalf has the following specific powers: . . .

(8) To:

(A) Employ, contract for, and discharge superintendents, supervisors, principals, teachers, librarians, athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-28-5), business managers, superintendents of buildings and grounds, janitors, engineers, architects, physicians, dentists, nurses, accountants, teacher aides performing noninstructional

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duties, educational and other professional consultants, data processing and computer service for school purposes, including the making of schedules, the keeping and analyzing of grades and other student data, the keeping and preparing of warrants, payroll, and similar data where approved by the state board of accounts as provided below, and other personnel or services as the governing body considers necessary for school purposes.

(B) Fix and pay the salaries and compensation of persons and services described in this subdivision.

(C) Classify persons or services described in this subdivision and to adopt schedules of salaries or compensation.

(D) Determine the number of the persons or the amount of the services employed or contracted for as provided in this subdivision.

(E) Determine the nature and extent of the duties of the persons described in this subdivision. . . ."

**CONTRACTS**

Title III grant funds were used to pay tuition or to reimburse tuition for School Corporation employees to take college courses to complete their requirements for teaching licenses. None of the documents attached to the claims indicated a description of the courses enrolled by the staff.

One of the claims reviewed included a "Bilingual Program's Scholarship Reimbursement" Agreement. This agreement states the following: "The terms of this agreement for scholarship assistance received with funds provided by the Bilingual Program are for a work period not to exceed 3 years from the time a recipient first receives tuition reimbursement. This funding is to address the severe shortage of qualified teachers in the Bilingual program in the Hammond Public School District." The agreement includes that "Tuition reimbursement will only cover classes related to receiving a teaching license." These agreements were attached to the claim supporting the payment of tuition for five individuals. We noted that two of the claims/payments included tuition paid on behalf of the Director's daughter.

These agreements were not approved by the School Board. The only persons signing these agreements were the employee receiving the tuition reimbursement and the Title III Director.

Furthermore, the Director also entered into a contract with the Boys and Girls Club of America for the payment of membership fees for students.

Indiana Code 20-26-5-4 states in part:

"In carrying out the school purposes of a school corporation, the governing body acting on the school corporation's behalf has the following specific powers:

- (1) In the name of the school corporation, to sue and be sued and to enter into contracts in matters permitted by applicable law. . . ."

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**CONFLICT OF INTEREST DISCLOSURE STATEMENTS**

Grant funds were used to reimburse the "Parent Advisory Council." The Grant Director explained that the "Parent Advisory Council" was formed as a requirement of the grant to provide community support and student activities. The "Parent Advisory Council" has a three member board that also performs fundraising activities. None of the proceeds of the fundraisers were provided to the School Corporation. The "Parent Advisory Council" has not been legally established as a not-for-profit. A School Corporation employee endorses the checks and provides his federal identification number when cashing the reimbursement checks made payable to the Parent Advisory Council. This individual has not registered as a professional fundraiser consultant or solicitor.

Indiana Code 23-7-8-2 states in part:

"(a) A person may not act as a professional fundraiser consultant or professional solicitor for a charitable organization unless the person has first registered with the division. A person who applies for registration shall disclose the following information while under oath:

- (1) The names and addresses of all officers, employees, and agents who are actively involved in fundraising or related activities.
- (2) The names and addresses of all persons who own a ten percent (10%) or more interest in the registrant.
- (3) A description of any other business related to fundraising conducted by the registrant or any person who owns ten percent (10%) or more interest.
- (4) The name or names under which it intends to solicit contributions.
- (5) Whether the organization has ever had its registration denied, suspended, revoked, or enjoined by any court or other governmental authority. . . ."

Additionally, the "Parent Advisory Council" board members and other members of the Parent Advisory Council are also employees of the School Corporation. None of these individuals have filed Conflict of Interest Disclosure Statements disclosing the relationships.

As a matter of fact, only one Conflict of Interest Disclosure Statement has been filed. The Conflict of Interest Disclosure Statement filed was for a School Board member. No other Statements have been filed for any other School Board members or employees of the School City of Hammond even though pecuniary relationships have been determined to exist.

During the audit period Indiana Code 35-44-1-3 stated in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony.

(b) This section does not prohibit a public servant from receiving compensation for: (1) services provided as a public servant; or (2) expenses incurred by the public servant as provided by law.

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(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served under any of the following conditions:

(1) If the:

(A) public servant is not a member or on the staff of the governing body empowered to contract or purchase on behalf of the governmental entity;

(B) functions and duties performed by the public servant for the governmental entity are unrelated to the contract or purchase; and

(C) public servant makes a disclosure under subsection (d)(1) through (d)(6). . . .

(6) If the public servant: (A) is employed by the governing body of a school corporation and the contract or purchase involves the employment of a dependent or the payment of fees to a dependent; and (B) makes a disclosure under subsection (d)(1) through (d)(6). . . .

(d) A disclosure required by this section must:

(1) be in writing;

(2) describe the contract or purchase to be made by the governmental entity;

(3) describe the pecuniary interest that the public servant has in the contract or purchase;

(4) be affirmed under penalty of perjury;

(5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase;

(6) be filed within fifteen (15) days after final action on the contract or purchase with:

(A) the state board of accounts; and

(B) if the governmental entity is a governmental entity other than the state or a state supported college or university, the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase; and . . ."

***RECORDS NOT PROVIDED FOR AUDIT (Applies to Hess Elementary School)***

Textbook Rental Receipts and the Free and Reduced Lunch Applications for the 2010/2011 school year were not presented for audit. There had been a change in staffing and the school and the records could not be located for audit.

Due to the lack of textbook rental receipts, we were unable to verify the validity of collections from students and parents. Also, we could not verify the eligibility of students receiving free and reduced lunches.

Indiana Code 5-15-6-3(f) states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission. . . ."

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***COMPUTER OUTPUT (Applies to Lafayette Elementary School)***

Access to records and information generated by the computerized accounting system were unavailable for the audit period of July 1, 2009 to June 30, 2011. Appropriate back up of the financial information was not maintained and could not be recovered.

Public records, financial statement information and supporting information generated through a computer system should be printed out on paper, printed to disk or maintained on-line at the end of each reporting year and retained for audit. Information must be maintained in a manner that will allow access for audit and public inquiry on equipment of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

***RECEIPT ISSUANCE (Applies to Franklin Elementary School)***

Extra-Curricular receipts were not issued at the time of collection during the 2010-2011 school year. When a receipt was issued, multiple funds and sources were included. For example, a receipt included field trip money, textbook rental collections, and chess club collections all on the same receipt.

Further examination determined that receipts were issued after the bank deposit was made.

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)

***RECEIPTS NOT PROPERLY COMPLETED (Applies to Columbia and O'Bannon Elementary Schools and Gavit Middle/High School)***

*Columbia Elementary School*

Extra-curricular receipts issued did not provide sufficient information to determine from whom collections were received or the nature of collections. Receipts did not list the name of the student or sponsor remitting the funds to the Extra-Curricular Treasurer. The receipts stated they were issued to Columbia Elementary School. The receipts listed general descriptions of collections instead of a detailed description. For example, receipts for fund raisers did not specify which fund raiser the money was collected. We were unable to adequately determine if fundraisers were profitable because the receipts lacked a description of what type of fundraiser the money was collected.

*O'Bannon Elementary School*

The Extra-Curricular Treasurer was not completing the extra-curricular receipts accurately for textbook rental collections. The composition of cash or checks collected per the Extra-Curricular Receipts reviewed did not agree to the amount indicated on the Textbook Rental Receipts (Form TBR-2). However, the composition of cash and checks on the textbook rental receipts did agree to the amount deposited to the bank.

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*Gavit Middle/High School*

Extra-curricular receipts issued did not provide sufficient information to determine the nature of collections. The receipts include general descriptions of collections instead of a detailed description. For example, receipts collected for fund raisers did not list which fund raiser the money was collected. We were unable to determine if fundraisers were profitable due to the receipts lacking a description of what type of fundraiser the money was collected.

The receipt, to be properly issued, shall show the date, the name of the person from whom the money was received, the payment type, the activity fund for which it was received, the amount and the source of the receipt. The receipt form must be signed by the treasurer of the extra-curricular account or collecting authority. The cash receipts collected by and for the benefit of any activity fund should be in charge of some designated official or sponsor of the activity, until turned over to the treasurer of the extracurricular account. Posting to the control account and the activity funds will be made from the duplicate receipts (Register of Receipts) in the same manner as previously outlined for the posting of checks. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

***PRESCRIBED FORMS (Applies to Hammond and Morton High Schools)***

*Hammond High School*

The School Corporation employees are issuing generic type receipts for collections related to yearbooks, cheerleading uniforms, agenda books, transcripts, and gym uniforms. These receipts do not include all the pertinent information that would provide an adequate audit trail to verify the accountability of collections.

*Morton High School*

The Summary Collection Form (SA-8) was not used as prescribed. The form was not issued in duplicate and was not pre-numbered.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

***ECA DEPOSITS (Applies to Franklin Elementary School)***

Extra-curricular receipts were not always deposited within a reasonable time. Collection of delinquent textbook rental in August and September 2010, were not deposited until October 22, 2010. Textbook rental collections received between October 26 and November 9, 2010, were not deposited until November 12, 2010.

Collections made by sponsors and others for fundraisers and book fairs were often held for up to two weeks before being remitted to the Extra-Curricular Treasurer, all at one time, for deposit.

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

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The School Corporation has a board policy addressing monies in the School Buildings (BP 3450). The policy states in part: "All monies collected shall be receipted and accounted for and directed without delay to the proper location of deposit. In no case shall monies be left overnight in schools except in safes provided for safekeeping of valuables, and even then kept to an absolute minimum. All schools shall provide for making bank deposits after regular banking hours in order to avoid leaving money in school buildings overnight."

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)

***DEPOSIT OF TEXTBOOK RENTAL RECEIPTS (Applies to Jefferson, Lincoln and Maywood Elementary Schools, Eggers Middle School, Clark Middle/High School and Hammond High School)***

Textbook rental receipts were not always deposited within a reasonable time as follows:

*Jefferson Elementary*

Receipts, in some instances, were held for periods in excess of six to fourteen days before depositing.

*Lincoln Elementary*

Receipts, in numerous instances, were not deposited within a reasonable time. Textbook rental collections were held up to 165 days prior to deposit. Textbook rental collections from the first five months of the 2010-2011 school year were not deposited in the bank or recorded in the school's ledgers until January of 2011.

*Maywood Elementary*

Collections were held for up to 97 days before deposit.

*Eggers Middle School*

Collections were held for up to 52 days before deposit.

*Clark Middle/High School*

Collections were held up to 39 days before deposit.

*Hammond High School*

Collections were held in excess of 35 days before depositing.

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

School Board Policy 3450 – Monies in School Buildings states in part: "All monies collected shall be receipted and accounted for and directed without delay to the proper location of deposit."

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)

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***STUDENT VENDING RECEIPTS NOT RECEIPTED TO  
STUDENT FUNDS (Applies to Gavit Middle/High School)***

Gavit Middle/High School (Gavit) has vending machines located throughout the school for student use and one in the faculty lounge for staff use only. Gavit receives a share of the vending machine profits from the vending machine supplier. The vending machine supplier sent Gavit a check for \$11,427.04 for 2009-2010. This was the school's profit for all vending machines. On the direction of the principal at the time, the vending machine profits were receipted into the Scroll account which is a discretionary account spent on the faculty. Only the profits from the teacher's vending machine sales should have been recorded in the Scroll fund. The majority of the vending machine profits should have been remitted to an account for the benefit of the students.

The State Board of Accounts consistently has been of the audit position to not take an audit exception to a school extra-curricular account having a general fund if the fund consists of revenues received from functions (vending machines or sales of a similar nature, etc.) not generated by students for a specific class or organization (for which a fund should be established). Our audit position has been with the provision that the functions for which the expenditures are made benefit the student body as a whole (as opposed to a select group of students, school employees or administrators). Examples of appropriate expenditures in the past would be convocations, field trips which the entire student body has the opportunity to take during the course of the school year, etc. Our audit position has been based in part upon the substance of the transaction (the revenues are primarily from students or parents paying into vending machines, picture money, etc.). Naturally, we would not take audit exception to a public policy of a school corporation which would provide that a general fund does not exist and that money from these type of functions be used to offset the cost of the function (reduced prices of vending machine items, reduce the costs of pictures, etc.). (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

***FEES (Applies to Morton High School)***

The school is collecting fees for student ID's which should be remitted to the school corporation. On June 30, 2011, the balance for the ID fees was \$4,862.27. The balance for student ID's has been carried over from one year to the next. These fees are of an educational nature and are not extra-curricular. A similar comment appeared in the prior audit.

IC 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for the funds." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

***EXTRA-CURRICULAR DISBURSEMENTS - LACK OF DOCUMENTATION  
(Applies to Franklin Elementary School)***

A significant amount of disbursements lacked sufficient supporting documentation (i.e. detailed invoices). Some examples considered material in amounts were as follows:

1. Payment of \$3,810 for the Fall Fundraiser in September 2010 was not supported by an invoice. Without the invoice, it could not be determined if all fundraising proceeds were accurately accounted for.

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(Continued)

2. Payments of \$3,826 and \$3,790, made in both school years for trips to the United Center in Chicago did not include supporting documentation.

For these disbursements, the Purchase Order contained no detail either.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

***ECA PURCHASE OF EQUIPMENT (Applies to Harding Elementary School)***

A disbursement of \$2,349.36 was made from the Toolbox for Education Fund on August 16, 2010, for equipment. Eight bookcases with wheels (78" high) were purchased. A review of the School Board minutes, and the School's Board approval file, did not include authorization for the purchase.

IC 20-26-5-4 states in part: "In carrying out the school purposes of each school corporation, its governing body acting on its behalf shall . . . acquire such personal property or any interest therein as the governing body deems necessary for school purposes . . ." Therefore, extra-curricular equipment purchases should be approved prior to purchase by the Board of School Trustees. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

***USE OF FORM SA-8, SUMMARY COLLECTION FORM (Applies to Franklin Elementary School)***

The Extra-Curricular Treasurer does not regularly require the sponsors to use Form SA-8, Summary Collection Form, to properly document the transmission of collections to the Treasurer. Most collections are noted on a scrap piece of paper, and may have various collection sources included. Form SA-8 is not used to support the collections collected from field trips, chess club, etc.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Summary Collection Form (SA-8) is prenumbered and to be prepared in duplicate by the sponsor. The original is to the extra-curricular treasurer to be retained in numerical order and the duplicate is to be retained in numerical order by the sponsor.

A sponsor for the purpose of Form (SA-8) is the teacher or other person in charge of a classroom or function collecting money. Form SA-8 is to be used as a transmittal document each time fundraiser or field trip money is reported from the sponsor to the extra-curricular treasurer. Form SA-8 can be used at the discretion of school officials to account for other items. Space is provided to list check numbers and amounts as applicable. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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***FUNDS AND RECORDS - LACK OF SUFFICIENT DETAIL (Applies to Franklin Elementary School)***

The computerized extra-curricular receipts (Form SA-3) do not adequately describe the source or description of the collections. The receipts are issued in the name of the school and not to an individual. To gain more information, one must go to the deposit information. Many of the deposits contained a piece of paper with limited notes regarding the source and description.

The extra-curricular checks only list the vendor, the fund and the amount. The comment area is not completed, which records detailed information regarding the payment in the ledger.

Detail is not carried forward to the ledger and the Detail of Receipts and Expenditures by Fund (Form SA5-3) portion of the annual report (Form SA5-1) as supporting details are not noted on the receipt or check.

Many receipts and checks are posted to a miscellaneous category in the ledger, which makes identification of source or purpose difficult.

The extra-curricular treasurer is required to keep an accurate account of all money received and expended, showing the source of each receipt, the purpose of each disbursement and the overall balance on hand, which is the control account for all of the activity funds. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

The Detail of Receipts and Expenditures by Fund (SA-5-3) must be used to prepare a detail of each activity fund reported in Form SA-5-1. A minute detail is not necessary since receipts may be grouped according to their source and nature and expenditures may be grouped according to their purposes. An example would be the athletic fund receipts may be grouped as game receipts, tournament receipts, game contracts, season tickets, tourney tickets, schedules, I.H.S.A.A. distributions, etc. Additionally, expenditures may be grouped as dues, officials, transportation, meals, tourney tickets, medical expense, insurance, repair of equipment, laundry and cleaning, equipment, etc. Do not combine items of either receipts or disbursements to the extent that the report will be incomprehensible. Neither receipts nor expenditures should be combined and listed as miscellaneous items. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

***FUNDRAISERS LACKED BOARD APPROVAL (Applies to All Schools)***

Many fundraisers conducted at the individual schools did not have board approval for the 2009/2010 or the 2010-2011 school years.

Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

***FUND SOURCES AND USES (Applies to Gavit Middle/High School)***

An office supply fund was established during our audit period with the following activity:

1. Reimbursements from a textbook rental company and school picture commission were recorded to the Office Supply fund totaling \$4,752.20.
2. Office supplies were purchased from the fund.

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3. A bank reconciliation adjustment was recorded totaling \$1,294.65, which was not related to the fund. The fund was used for recording the adjustment since it had a cash balance, not because this was the proper fund for the adjustment.

School picture commission should be receipted in a student activity fund since the entire student body contributed to the picture commission.

Bank reconciliation adjustments should be made to the appropriate fund and not to a fund with a cash balance.

The State Board of Accounts consistently has been of the audit position to not take an audit exception to a school extra-curricular account having a general fund if the fund consists of revenues received from functions (vending machines or sales of a similar nature, etc.) not generated by students for a specific class or organization (for which a fund should be established). Our audit position has been with the provision that the functions for which the expenditures are made benefit the student body as a whole (as opposed to a select group of students, school employees or administrators). Examples of appropriate expenditures in the past would be convocations, field trips which the entire student body has the opportunity to take during the course of the school year, etc. Our audit position has been based in part upon the substance of the transaction (the revenues are primarily from students or parents paying into vending machines, picture money, etc.). Naturally, we would not take audit exception to a public policy of a school corporation which would provide that a general fund does not exist and that money from these type of functions be used to offset the cost of the function (reduced prices of vending machine items, reduce the costs of pictures, etc.). (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7

***INTERNAL CONTROLS – (Applies to Gavit Middle/High School)***

A particular sponsor's fundraiser for 2010-2011 appeared to make a very small 26 percent profit until questioned about the fundraiser. When the sponsor was questioned on February 3, 2012, about the May 2011 fundraiser, she stated that some of the receipts were not remitted until the fall of 2011. In addition, on February 3, 2012, she stated that she had \$236.30 in fund raising collections in her room from the May 2011 fundraiser and \$260 of fundraising merchandise in her possession. Monies collected by the sponsor were not remitted timely to the School Extra-Curricular Treasurer.

School Board Policy 3450 - Monies in School Buildings states in part: "All monies collected shall be receipted and accounted for and directed without delay to the proper location of deposit."

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

***FUNDRAISERS (Applies to Lafayette Elementary School)***

Candy sales were conducted as a fund raising event at the School. School Board minutes did not indicate approval of the event. The fundraiser was not run through the Extra-Curricular Accounts. The sponsor collected all monies from the fundraiser, paid the invoice or invoices from the collections, and remitted the profits to the Extra-Curricular Treasurer. We were not provided any information such as invoices from the candy manufacturer, or a list of student monies received.

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(Continued)

Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

***BOOKFAIR FUNDRAISER (Applies to Maywood Elementary School)***

Two book fairs were conducted by the school librarian in the 2009/2010 school year. A review of the Scholastic Book fair invoices determined a majority of the sale proceeds were not remitted to the Extra-Curricular Treasurer. Checks totaling \$394 were remitted to the Treasurer for deposit; however, cash collections were not remitted to the Treasurer. The librarian purchased money orders with the cash collections totaling \$2,831.22 to pay Scholastic Books for the balance due on the invoices.

School Board Policy 3450 – Monies in School Buildings states in part: "All monies collected shall be receipted and accounted for and directed without delay to the proper location of deposit."

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Disbursements other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

***CONDITION OF RECORDS (Applies to Kenwood Elementary School)***

Kenwood Elementary had four Extra-Curricular Treasurers during the audit period of July 1, 2009 to June 30, 2011. The following deficiencies relating to the recordkeeping were found:

1. Extra-Curricular Receipt numbers 288-298 issued after February 23, 2011 through June 30, 2011, could not be located by school officials.
2. Textbook Rental Receipts for June 14, 2010 through August 31, 2011, could not be located for audit. We were unable to determine if all monies collected for textbook rental for the 2010-2011 school year were properly posted to the Extra-Curricular Account's ledger.
3. Textbook rental receipts totaled \$3,512 for the 2010-2011 school year. \$2,969 or 85 percent of the textbook rental receipts collected in 2010-2011 were not posted to the computerized student records. The Extra-Curricular Treasurers are responsible for posting textbook rental payments to the student's account. The information technology department provided a "Student Fee Report" for the 2010-2011 which detailed the textbook rental collections posted to each students account, this report listed only \$543 posted to student's accounts.

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Indiana Code 5-15-6-3(f) states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Indiana Code 20-41-1-7 states in part: "The treasurer has charge of the custody and disbursement of any funds collected by a collecting authority and expended to pay expenses: . . ."

***CONTROL DEFICIENCIES (Applies to Kenwood Elementary School)***

The following deficiencies relating to the recordkeeping were noted:

1. Anne Kutak Foundation Grant Funds were recorded and retained in the extra-curricular records at Kenwood Elementary.
2. Extra-curricular receipts issued did not provide sufficient information to determine who funds were received from, or the nature of collections. Receipts did not list the name of the student or sponsor remitting the funds to the Extra-Curricular Treasurer. The receipt stated it was issued to Kenwood Elementary School. In addition, descriptions on receipts were inadequate to determine where money was collected from or for what purpose. For example, a receipt collected on behalf of the Student Welfare Fund for \$522 had a description of extra activities. Lastly, receipts were not properly signed by the Treasurer or collecting authority.
3. Textbook rental receipts of \$3,512 for the 2010-2011 were not remitted to the School Corporation as of February 9, 2011.
4. Claims lacked the appropriate signatures of the person authorized to purchase, the person acknowledging the receipt of the goods or service, and the Treasurer.
5. Due to a \$1,541.50 posting error, the Student Welfare fund has a negative fund balance of \$499.10. A field trip to a learning center was paid out of the Student Welfare Fund. The payment should have been recorded in the Fundraising account where the field trip collections were recorded.

IC 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

The receipt, to be properly issued, shall show the date, the name of the person from whom the money was received, the payment type, the activity fund for which it was received, the amount and the source of the receipt. The receipt form must be signed by the treasurer of the extra-curricular account or collecting authority. The cash receipts collected by and for the benefit of any activity fund should be in charge of some designated official or sponsor of the activity, until turned over to the treasurer of the extracurricular account. Posting to the control account and the activity funds will be made from the duplicate receipts (Register of Receipts) in the same manner as previously outlined for the posting of checks. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Signatures are required by the person authorized to purchase and the person acknowledging the receipt of the good or services. Additionally, the extra-curricular treasurer is to sign the required certification on the form SA-7. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

**FORM SA-5, FINANCIAL REPORT (Applies to All Schools)**

Financial Reports (Form SA-5-1) have not been prepared or submitted to the School Board or the Superintendent of Schools. The reports are required by Indiana Statute to present the financial activity of the Extra-Curricular Account. Their purpose is to keep those in governance and management informed regarding the activity of each Extra-curricular Account.

Indiana Code 20-41-1-3(a) states:

"A person who has charge of the collection, custody, and disbursement of funds collected and expended to pay expenses incurred in conducting any athletic, social, or other school function, the cost of which is not paid from public funds, shall: (1) keep an accurate account of all money received and expended, showing the: (A) sources of all receipts; (B) purposes for which the money was expended; and (C) balance on hand; and (2) file a copy of the account with the township trustee, board of school trustees, or board of school commissioners within two (2) weeks after the close of each school year."

Indiana Code 20-41-1-8 states:

"(a) The treasurer shall keep an accurate account of all money received by the collecting authority and expended, showing:

- (1) the sources of all receipts;
- (2) the purposes for which the money was expended; and
- (3) the balance on hand.

A copy of the report, together with all records and files of extracurricular activities, shall be filed as required under section 3 of this chapter.

(b) However, in a school that has two (2) or more semesters in any one (1) school year, the treasurer of the school shall file a copy of the treasurer's financial report of receipts and disbursements with the township trustee, board of school trustees, or board of school commissioners not more than two (2) weeks after the close of each semester. Records and files of extracurricular activities for the entire school year shall be filed with the last financial semester report of any one (1) school year.

(c) A copy of the report shall be filed with and kept by the city superintendent having jurisdiction and the county superintendent where the superintendent has jurisdiction.

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(d) The records under this section shall be kept for five (5) years, after which they may be destroyed."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

***PERSONAL EXPENSES (Applies to Franklin Elementary School)***

The Extra-Curricular Account paid for the annual renewal of business memberships for Sam's Club. The invoices from Sam's Club stated that each \$35 membership includes an additional card for a household member. The school paid for two \$35 memberships each year, for a total of \$70 annually. One membership was for the Principal and another individual with the same last name. The second membership was for the Extra-Curricular Treasurer.

A vendor history was generated from the accounting system for the period July 1, 2009 through December 31, 2011. The only payments made to Sam's Club during that time period were three annual payments of \$70, for a total of \$210. Two of the three claims stated that they were for the memberships renewals. No other purchases were paid to Sam's Club. The vendor history was scanned to see if the Principal or Treasurer were reimbursed for disbursements from Sam's Club made for school purposes. No payments were made to either individual during this period. It could not be determined from the extra-Curricular Account records how the memberships related to the function and purpose of the Extra-Curricular Account.

We are requesting that Perry Palmer, Principal, and Susan Cornelius, Treasurer, each reimburse the school \$105 for the memberships to Sam's Club. On February 24, 2012, the school received reimbursement totaling \$210.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

***GYM UNIFORMS/LOCKS – LOST REVENUE (Applies to Gavit Middle/High School)***

Students were required to purchase gym uniforms and locks at a cost of \$10 and \$5, respectively. The PE Teacher collected the fees from the students without issuing individual receipts. These collections were remitted to the ECA Treasurer who issued a receipt to the PE Teacher and deposited the collections in the bank.

An inventory of student uniforms and locks on hand was taken on January 31, 2012. We converted the counts to dollar values based upon student costs. We also converted purchases of student uniforms to student costs to determine if the calculated "sales" of uniforms and locks agreed to the revenue collected for "sales" of uniforms. The following documents those calculations and the calculated revenue discrepancy:

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Gym Uniform and Lock Detail	Number of Uniforms or Locks	Sale Price	Amount
Gym Uniform - Estimated Sales:			
2009-2010 School Year	1389	\$ 10.00	\$ 13,890.00
2010-2011 School Year	1085	10.00	10,850.00
2011-2012 School Year	1070	10.00	10,700.00
Total Gym Uniform - Estimated Sales			35,440.00
Lock - Estimated Sales:			
2010-2011 School Year	350	5.00	1,750.00
Total Maximum Collections			37,190.00
Ending Inventory:			
Gym Uniforms	349	10.00	3,490.00
Locks	101	5.00	505.00
Total Ending Inventory			3,995.00
Maximum Collections net of Ending Inventory			\$ 33,195.00
Deposited Collections:			
School Year 2009-2010 Collections Deposited			\$ 8,983.24
School Year 2010-2011 Collections Deposited			8,002.37
School Year 2011-2012 Collections Deposited			6,890.00
Total Deposited Collections			\$ 23,875.61
Gym Uniform/Lock Summary:			
Maximum Collections net of Ending Inventory			\$ 33,195.00
Total Deposited Collections			(23,875.61)
Total Lost Revenue			\$ 9,319.39

The lost revenue for the gym uniforms and locks totaled \$9,319.39

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 Extra-Curricular Accounts, Chapter 7)

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**BOOK FAIR REPORTING (Applies to Edison Elementary School)**

The School conducted book fairs for each school year starting in 2007 through all of 2011.

A book company, Scholastic, Inc., provides the books to be sold at the book fairs. Each participating school is responsible for reporting the sales of books to Scholastic by completing a worksheet that documents the cash/checks collected, credit cards, and an overall total. On this worksheet, a school indicates if they would prefer to retain 25 percent of the total sales reported, or if they would prefer to receive books for their library. In each case, Edison Elementary School chose to retain 25 percent of the total sales, by remitting only 75 percent of the total reported collections.

The Media Specialist at the School was responsible for collecting the revenue from the book sales, reporting the revenue collected to the ECA Treasurer on the prescribed Summary Collection Form (SA-8), remitting the collections to the ECA Treasurer, and preparing the report of sales to Scholastic, Inc.

The ECA Treasurer was responsible for ensuring that the amounts reported on the SA-8 agreed to the collections remitted by the Media Specialist, issuing a receipt to the Media Specialist for the amounts remitted, and issuing a check to Scholastic, Inc., for the 75 percent total collections reported on Scholastic, Inc.'s sales report.

The ECA Treasurer was never responsible for comparing the collections reported on the SA-8 to the Scholastic, Inc.'s sales report.

While reviewing the book fairs, we determined that a book fair's disbursements were approximately \$1,000 more than the collections for that book fair. We compared the reported sales to the actual collections for all of the book fairs during the 2007 to 2011 period. The collections remitted to the treasurer were less than the reported sales by \$8,330.43.

Below is a comparison of the collections received and deposited by the ECA Treasurer for book fair collections, and amounts reported as book sales to Scholastic, Inc. by the Media Specialist by school year:

BookFair Invoice Date	Cash and Checks		Difference Not Received By Treasurer
	Reported To Scholastic	Remitted to ECA Treasurer	
05-15-07	\$ 4,994.31	\$ 4,494.31	\$ 500.00
10-16-07	5,184.23	4,593.80	590.43
10-14-08	4,906.14	4,210.14	696.00
05-27-09	4,888.00	3,380.00	1,508.00
10-14-09	5,138.79	4,497.79	641.00
05-24-10	5,377.00	3,451.00	1,926.00
10-08-10	4,835.39	4,174.39	661.00
05-19-11	4,170.00	3,780.00	390.00
10-05-11	4,233.00	2,815.00	1,418.00
Total Difference			<u>\$ 8,330.43</u>

Discussion of the above discrepancies with the Media Specialist provided the following explanation for the variances:

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Teachers and library staff earned "book fair dollars" to purchase books. These "book fair dollars" are issued by Scholastic, Inc., and were not to be reported on the Scholastic Inc. sales report. While these "book fair dollars" were not cash, the Media Specialist may have reported these "book fair dollars" as cash/check revenue on the sales report prepared for Scholastic, Inc. "Inclusion of the book fair dollars" would have inflated the total sales reported to Scholastic, Inc., increased the fees to be remitted to Scholastic, and reduced the profit retained by the School. Records were not retained for audit to substantiate the "book fair dollar" values either received or reported. For the period 2007 to 2011 this would mean that the School overpaid Scholastic, Inc., \$6,770.47.

Based upon the lack of sufficient evidence, we were unable to verify the true causes of differences. There was no oversight of the book sales, and results of fundraisers are not verified at either the ECA School Corporation level. Each of the scenarios above cost the school money, in either lost revenues or extra disbursements to Scholastic.

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 Extra-Curricular Accounts, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE SCHOOL CITY OF HAMMOND, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the School City of Hammond (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.

As described in items 2011-4, 2011-5, 2011-6, 2011-8, 2011-9, 2011-10, 2011-11, 2011-12, 2011-13, 2011-14, 2011-17, 2011-18, 2011-19, 2011-20, and 2011-21 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Level of Effort, Period of Availability, Procurement and Suspension and Debarment, Reporting, Subrecipient Monitoring, and Special Tests and Provisions that are applicable to its Title I Grants to Local Educational Agencies; ARRA - Title I Grants to Local Educational Agencies, Recovery Act; Special Education – Grants to States; ARRA – Special Education – Grants to States (IDEA, Part B), Recovery Act; Special Education – Preschool Grants; ARRA - Special Education – Preschool Grants (IDEA Preschool), Recovery Act; School Improvement Grants; ARRA - State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act (Education Stabilization Fund); Fund for the Improvement of Education; School Improvement Grant; and English Language Acquisition Grants. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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)

In our opinion, except for the noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the years ended June 30, 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 items 2011-7 and 2011-15.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2011-4, 2011-5, 2011-6, 2011-8, 2011-9, 2011-10, 2011-11, 2011-12, 2011-13, 2011-14, 2011-16, 2011-17, 2011-18, 2011-19, 2011-20, and 2011-21 to be material weaknesses.

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, the 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

February 29, 2012

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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 CITY OF HAMMOND  
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
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
		FY 09-10	\$ 1,181,823	\$ -
		FY 10-11	-	1,173,201
Total for program			<u>1,181,823</u>	<u>1,173,201</u>
National School Lunch Program	10.555			
		FY 09-10	4,711,090	-
		FY 10-11	-	4,722,609
Total for program			<u>4,711,090</u>	<u>4,722,609</u>
Summer Food Service Program for Children (SFSPC)	10.559			
		FY 09-10	247,544	-
		FY 10-11	-	275,006
Total for program			<u>247,544</u>	<u>275,006</u>
Total for cluster			<u>6,140,457</u>	<u>6,170,816</u>
Child and Adult Care Food Program (CACFP)	10.558	FY 10-11	-	29,529
ARRA - Child Nutrition Discretionary Grants Limited Availability, Recovery Act	10.579			
National School Lunch Program Equipment Assistance Grant		FY 09-10	105,000	-
Fresh Fruit and Vegetable Program	10.582			
		FY 09-10	85,565	-
		FY 10-11	-	223,818
Total for program			<u>85,565</u>	<u>223,818</u>
Total for federal grantor agency			<u>6,331,022</u>	<u>6,424,163</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		09-4710	1,176,728	-
		10-4710	5,666,836	715,677
		11-4710	-	5,430,532
School District Improvement		FY 08-09	141,328	-
School District Improvement		FY 09-10	955,055	124,400
School District Improvement		FY 10-11	-	367,834
Total for program			<u>7,939,947</u>	<u>6,638,443</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
			<u>1,568,520</u>	<u>1,808,099</u>
Total for cluster			<u>9,508,467</u>	<u>8,446,542</u>
Special Education Cluster				
Special Education - Grants to States	84.027			
		14208-026-PY02	13,420	190
		14209-026-PN01	413,086	-
		14209-026-PY02	376,376	6,105
		14210-026-PN01	2,834,935	846,173
		14211-026-PN01	-	1,970,315
Total for program			<u>3,637,817</u>	<u>2,822,783</u>
ARRA - Special Education - Grants to States (IDEA, Part B), Recovery Act	84.391			
		333-026-SN01	<u>1,678,744</u>	<u>2,095,321</u>

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

SCHOOL CITY OF HAMMOND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2010 and 2011  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<b>U.S. DEPARTMENT OF EDUCATION (continued)</b>				
Pass-Through Indiana Department of Education (continued)				
Special Education Cluster (continued)				
Special Education - Preschool Grants	84.173			
		45709-026-PN01	7,391	-
		45709-026-PY02	4,944	-
		45710-026-PN01	110,999	-
		45711-026-PN01	-	42,050
Total for program			<u>123,334</u>	<u>42,050</u>
ARRA - Special Education - Preschool Grants (IDEA Preschool), Recovery Act	84.392			
		44410-026-SN01	33,283	64,730
Total for cluster			<u>5,473,178</u>	<u>5,024,884</u>
Education of Homeless Children and Youth Cluster				
Education of Homeless Children and Youth	84.196			
		FY 09-10	29,753	-
		A58-1-11DL-059	-	51,643
Total for program			<u>29,753</u>	<u>51,643</u>
ARRA - Education of Homeless Children and Youth, Recovery Act	84.387			
			10,196	44,926
Total for cluster			<u>39,949</u>	<u>96,569</u>
School Improvement Grants Cluster				
School Improvement Grants	84.377			
School Improvement Competitive 08-09			1,554,784	87,105
1003(g) School Improvement			-	818,405
Total for cluster			<u>1,554,784</u>	<u>905,510</u>
State Fiscal Stabilization Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394			
		4710	7,150,179	98,214
Total for cluster			<u>7,150,179</u>	<u>98,214</u>
Direct grant				
Fund for the Improvement of Education Small Learning Communities	84.215			
		S215L080473	1,318,168	1,071,316
Pass-Through Indiana Department of Education				
Adult Education - Basic Grants to States	84.002			
		FY 2009-8015	9,651	-
		FY 2010-8015	148,290	70,179
		FY 2011-8015	-	111,266
Total for program			<u>157,941</u>	<u>181,445</u>
Migrant Education - State Grant Program	84.011			
		FY08-09-SM8	1,765	-
		FY09-10-SM9	195,765	-
			112,753	-
		FY09-10-SY12	76,391	10,630
			-	121,456
Total for program			<u>386,674</u>	<u>132,086</u>
Career and Technical Education - Basic Grants to States	84.048			
		09-4700-4710	277,640	-
		10-4700-4710	402,798	233,140
		11-4700-4710	-	461,615
		Gavit TP-6A-44	19	-

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

SCHOOL CITY OF HAMMOND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2010 and 2011  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Career and Technical Education - Basic Grants to States (continued)				
	84.048			
		C1-8-SPL BIO-7-44	12,302	-
		C1-10-PLTW-9-44	14,170	730
		C1-10-SPL BIO-9-44	13,002	6,990
			-	972
			-	<u>13,822</u>
Total for program			<u>719,931</u>	<u>717,269</u>
Safe and Drug-Free Schools and Communities - State Grants				
	84.186			
		07-4710	32,288	-
		08-4710	37,467	34,118
		09-4710	-	<u>78,741</u>
Total for program			<u>69,755</u>	<u>112,859</u>
Tech-Prep Education				
	84.243			
		C1-9-PLTW-8a-44	6,699	-
		C1-9-PLTW-8b-44	1,030	-
		C1-9-PLTW-8c-44	9,072	-
		C1-9-PLTW-8d-44	7,651	-
Total for program			<u>24,452</u>	<u>-</u>
State Grants for Innovative Programs				
	84.298			
		S298A070014	17,416	-
English Language Acquisition Grants				
	84.365			
		FY2008-09	95,061	-
		FY2009-10	262,790	82,800
		01111-046-PN01	-	<u>222,668</u>
Total for program			<u>357,851</u>	<u>305,468</u>
Improving Teacher Quality State Grants				
	84.367			
		S367A050013	270,146	-
		SY 09-10	555,219	382,352
		SY 09-11	-	<u>543,946</u>
Total for program			<u>825,365</u>	<u>926,298</u>
Grants for State Assessments and Related Activities				
	84.369			
			-	<u>1,260</u>
Teacher Incentive Fund Cluster				
Teacher Incentive Fund				
	84.374			
			-	<u>5,184</u>
ARRA - Education Jobs Fund, Recovery Act				
	84.410			
			-	<u>2,988,690</u>
Total for federal grantor agency			<u>27,604,110</u>	<u>21,013,594</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Geminus Corporation				
Head Start Cluster				
Head Start				
	93.600			
		2009	699,756	-
		2010	464,566	700,200
		2011	-	<u>521,700</u>
Total for program			<u>1,164,322</u>	<u>1,221,900</u>
ARRA - Head Start				
	93.708			
		QI	74,615	22,870
		COLA	19,419	<u>1,370</u>
Total for program			<u>94,034</u>	<u>24,240</u>
Total for federal grantor agency			<u>1,258,356</u>	<u>1,246,140</u>
Total federal awards expended			<u>\$ 35,193,488</u>	<u>\$ 28,683,897</u>

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

SCHOOL CITY OF HAMMOND  
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 City of Hammond (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. Subrecipients**

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2010 and 2011:

Program Title	Federal CFDA Number	2010	2011
Special Education - Grants to States	84.027	\$ 193,956	\$ -
Special Education - Preschool Grants	84.173	4,492	-
ARRA – Special Education – Grants to States	84.391	91,775	138,829
ARRA – Special Education – Preschool Grants	84.392	8,549	-

**Note 3. 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
School Breakfast Program	10.553	\$ 70,759	\$ 74,553
National School Lunch Program	10.555	282,720	292,477

SCHOOL CITY OF HAMMOND  
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?	yes
Significant deficiency identified?	yes
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	no
Type of auditor's report issued on compliance for major programs:	Qualified for all programs except for Improving Teacher Quality State Grants, ARRA – Education Jobs Fund, Recovery Act, and Head Start Cluster which were 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:

CFDA Number	Name of Federal Program or Cluster
	Title I, Part A Cluster
	Special Education Cluster
	School Improvement Grants Cluster
	State Fiscal Stabilization Fund Cluster
84.215	Fund for the Improvement of Education
84.365	English Language Acquisition Grants
84.367	Improving Teacher Quality State Grants
84.410	ARRA – Education Jobs Fund, Recovery Act
	Head Start Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$1,935,221

Auditee qualified as low-risk auditee? no

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section II – Financial Statement Findings**

**FINDING 2011-1 - CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS**

A comparison of the fund balances to the bank accounts indicated a cash necessary to balance (cash short in the bank) of \$321,362.73 at June 30, 2011. Four additional months bank reconcilements were reviewed during the audit period; all had fluctuating cash necessary to balance amounts as follows:

<u>Month/Year</u>	<u>Amount</u>
June 2010	\$ (565,646.37)
July 2010	(29,878.53)
August 2010	(206,754.97)
May 2011	(297,402.70)

Due to the number of bank accounts the school corporation has, the bank accounts are reconciled by several employees involved with the receipting, disbursing and payroll processes. The individual bank reconcilements are then summarized into one reconciliation by the Chief Administrator of Business Services or Treasurer. During the audit period, three individuals served as Treasurer.

The following deficiencies were noted in the reconciling process:

1. Some adjusting items are included on several months' bank reconcilements before they are recorded; others have been carried since the prior audit and still have not been recorded in the ledgers or resolved.
2. The fund ledger balance is not used as the basis of the individual bank reconcilements as only two of the bank accounts directly correlate to specific funds in the funds ledger. The bank accounts are reconciled to other reports in the financial accounting system. The reports used are supposed to mirror the bank activity, which should match fund activity in the fund ledger. However, if corrections or adjustments are not properly posted to all reports, differences will occur. After discussing this with officials, it was determined that cash balance per the fund ledger and the other reports does not agree when compared in total.
3. The summary bank reconciliation, which combines the individual reconcilements, does not reconcile to the total cash balance per the funds ledger report. This reconciliation includes receipts, disbursements and bank transfers and computes an ending balance, which is used to compare to the bank reconcilements both individually and in total. It does not include reconciling items such as outstanding checks, bank or posting errors, and deposits in transit. This summary reconciliation process does not detect or correct errors as it is not compared to the balance of the funds reported in the financial statement.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(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)

We recommended officials review the reconciling process to ensure that bank statements are reconciled to the funds ledger, which is the basis of the financial statement. We also recommended that adjusting items be reviewed and recorded timely.

***FINDING 2011-2 - FEDERAL GRANT SCHEDULE***

The Schedule of Expenditures of Federal Awards (SEFA) provided for audit was incomplete and contained errors.

1. The schedule did not include twelve federal programs which resulted in the SEFA presented for audit to be understated by \$18,537,578 in federal expenditures.
2. Five of the programs on the SEFA did not contain the CFDA (Catalog of Federal Domestic Assistance) numbers relating to the programs. In addition, six grants on the schedule did not include award identifying numbers.
3. The amounts identified on the SEFA for two programs were nonfederal (state funded) grants and should not have been reported on the schedule.
4. Several programs excluded grant transactions for the 09/10 and 10/11 fiscal years. Some excluded transactions were for grants started in the prior audit reporting period and completed during the current audit reporting period.
5. Two ARRA (American Recovery Reinvestment Act) grants and five other grants were identified as federal funding but excluded expenditures. Two other ARRA grants were not identified on the schedule as ARRA as required.

Various departments are responsible for applying for grants, seeking board approval for the grants, and overseeing the implementation of the grant and the related grant activity. The business office is responsible for preparing the SEFA based upon the grant information obtained from the financial accounting records and other information provided by each department. A review of the grant files maintained by the business office determined that grant award letters, grant applications, grant budgets, reports, and other grant documents are not provided by the various departments. These documents are necessary for the business office to obtain required information for the SEFA such as CFDA titles and numbers, and to assist in identifying federal grants.

The lack of submission of grant documents by the various departments to the business office weakens internal controls over grant accounting and hinders the ability of the business office to accurately prepare the federal grant schedule.

School officials approved the adjustments to the SEFA presented herein to include the additional federal expenditures and grant information.

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Circular A-133, subpart .300 Auditee Responsibilities, states in part:

"The auditee shall: (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity."

Circular A-133, subpart .310 Financial Statements states in part:

"(b) Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements . . . At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. . . .
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number . . ."

We recommended the School Corporation establish policies and procedures to ensure that the business office has the documentation required to prepare the federal grant schedule accurately, completely, and in accordance with Circular A-133 requirements.

***FINDING 2011-3 - CORRECTION OF ERRORS***

The expenditures reported on the Schedule of Expenditures of Federal Awards (SEFA) did not agree to the disbursements reported on the financial statement for some grant awards. For those awards, the disbursements did not agree due to adjustments made in a subsequent period for the correction of posting errors. Supporting documentation authorizing the adjustments was not retained for audit prior to March 2011.

All transactions recorded in the financial records have both a transaction date and an effective date. Adjustments with a transaction date from the prior audit period, but an effective date within the audit period could be identified in the financial records. Some of the differences occurring in the first six months of the audit period could not be identified and may be due to effective dates outside of the audit period.

Adjusting entries are made to the computerized accounting system by Accounts Payable staff. These entries are based upon a transfer form with the amounts, and the fund accounts involved which is prepared and signed by the appropriate grant director. The adjustments are not reviewed or approved by either the Chief Administrator or Director of Business Services.

The lack of documentation for the adjustments raises concerns regarding the validity for the adjustments. The lack of authorization and review by business office management weakens internal controls over adjustments. This weakness in the control structure permits adjustments which cross audit periods, and could permit an error to occur that would not be detected or corrected in a timely manner.

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)

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We recommended officials review the adjustment process and develop controls to review and approve adjustments. This process should develop procedures to prevent adjustments to the accounting system after the close of a fiscal year.

***Section III – Federal Award Findings and Questioned Costs***

***FINDING 2011-4 - SUSPENDED AND DISBARRED – CONTROLS AND COMPLIANCE***

Federal Agency: U.S. Department of Education

Pass-Through Entity: Indiana Department of Education

Federal Program: ARRA - Title I Grants to Local Educational Agencies, Recovery Act; ARRA - Special Education - Grants to States (IDEA, Part B), Recovery Act; Fund for the Improvement of Education, English Language Acquisition Grants

CFDA Number: 84.389, 84.391, 84.215, 84.365

Federal Award Number and Year: ARRA FY 2009-10, ARRA FY 2010-11, 333-026-SN01, S215L080473, FY 2008-09, FY 2009-10, 01111-046-PN01

The School Corporation, as a whole, does not have a system in place for determining whether or not a vendor has been excluded from doing business with the Federal Government. The Title I department instituted a procedure during the 2010-2011 school year to determine if contracted vendors have been excluded. This was in response to a finding in the prior audit. This procedure only applied to Title I contracted vendors and did not apply to other vendor purchases.

The Fund for Improvement of Education and the English Language Acquisition Grant Directors were unaware of the compliance requirement. A determination if the applicable vendors had been excluded from doing business with the federal government was not performed.

34 CFR § 80.35 states:

"Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension."

This lack of control allows for the potential of a suspended or debarred vendor doing business with the School Corporation and being paid from federal funds, which could result in the loss of federal funds to the School Corporation.

We recommended that officials design and implement controls to prevent the potential of a debarred or suspended vendor from being paid from federal funds.

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2011-5 - PROCUREMENT - CONTROLS AND COMPLIANCE**

Federal Agency: U.S. Department of Education

Pass-Through Entity: Indiana Department of Education

Federal Program: ARRA - Title I Grants to Local Educational Agencies, Recovery Act, ARRA - Special Education - Grants to States (IDEA, Part B), Recovery Act

CFDA Number: 84.389, 84.391

Federal Award Number and Year: ARRA FY 2009-10, ARRA FY 2010-11, 333-026-SN01

The School Corporation does not have a system in place to ensure that purchases made with grant funds comply with federal or statutory requirements.

During the 2009-2010 and 2010-2011 school years, a large amount of educational materials were purchased from the American Reinvestment and Recovery Act (ARRA) grant funds. Several vendors were paid from the grants in amounts exceeding \$200,000 and up to approximately \$400,000. Two payments made to same vendor, from Title I and IDEA grants, totaled over \$331,000. Other vendors were paid more than \$25,000 but less than \$200,000. These purchases did not comply with Federal requirements or Indiana Statute (Indiana Code 5-22) regarding competitive procurement. No bids or quotes were obtained for these purchases. No documentation was available to demonstrate that the purchases may have qualified for procurement by noncompetitive proposals or that the board approved use of noncompetitive proposals.

Prior to the receipt of the ARRA grant funds, Title I and IDEA grants received by the School Corporation spent very little on purchases and primarily paid for salaries. The departments overseeing these grants were not aware of the Federal or Indiana Statutory requirements regarding purchases due to limited purchasing experience. The Business Office relied upon the grant departments to ensure compliance and did not have controls in place to verify compliance with the requirements or statutes.

34 CFR § 80.36(b) states in part: "Procurement standards. (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section. . . ."

34 CFR § 80.36(c) states in part: "Competition. (1) All procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of §80.36. . . ."

34 CFR § 80.36(d)(4) states in part:

"Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate. (i) Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies:

- (A) The item is available only from a single source;
- (B) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (C) The awarding agency authorizes noncompetitive proposals; or
- (D) After solicitation of a number of sources, competition is determined inadequate."

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The lack of controls over procurement resulted in a failure to comply with procurement requirements. This could result in the potential loss of future federal funding or other federal action against the school corporation.

We recommended that officials design and implement controls to ensure compliance with procurement requirements when making purchases from federal funds.

***FINDING 2011-6 - CASH MANAGEMENT - CONTROLS AND COMPLIANCE***

Federal Agency: U.S. Department of Education

Pass-Through Entity: Indiana Department of Education

Federal Programs: Title I Grants to Local Educational Agencies; ARRA - Title I Grants to Local Educational Agencies, Recovery Act

CFDA Numbers: 84.010, 84.389

Program Numbers: 10-4710 (FY 2009-10), 11-4710 (FY 2010-11), ARRA FY 2009-10, ARRA FY 2010-11

1. The Indiana Department of Education (IDOE) administered the ARRA Title I Grants programs for FY 2009-10 as advance drawdown grants. The IDOE required School Corporations to prepare quarterly reports in an attempt to monitor cash balances and grant activities. The quarterly reports disclose grant receipts, disbursements, and cash balances. This report also allowed the School Corporation to modify subsequent drawdowns.

For the 2009-2010 fiscal year, the ARRA Title I program cash balances on hand exceeded immediate needs during the entire fiscal period. Funds were distributed to the School Corporation by the IDOE in July, August, November 2009, and April 2010. The drawdowns totaled \$1,991,254, while monthly expenditures averaged \$130,710. The State began lump sum distributions without any request from the School Corporation. The School Corporation requested that it receive no distributions on its October monitoring report, which the IDOE did not implement after the November distribution. The School Corporation also delayed spending the grant funds until it developed a plan to use the grant funds based upon its district improvement plan.

2. In response to School Corporations maintaining excess cash balances under the advance drawdown programs, the IDOE began administering the Title I Grant programs for FY 2010-11 on a reimbursement basis. As a reimbursement based program, School Corporations are required to incur a liability or expend the funds prior to submitting a claim for reimbursement.

For the 2010-11 Title I Grant program, the School Corporation claimed reimbursement for amounts spent each month based upon a ledger generated from the accounting system by Title I personnel. Many of these ledgers were generated before the month was closed out by the business office. This resulted in differences between the amounts requested and the amounts actually disbursed for the month. The Title I staff were not aware of the differences caused by timing differences, adjustments and error corrections. No procedure was in place to reconcile the amounts requested to the adjusted disbursement amounts in the financial accounting system. This resulted in excess grant funds received than what was disbursed.

3. The grantee is to transfer the cash balance on hand at the end of the grant period to the next year's grant, with approval of the Indiana Department of Education. For the 2009-10 Title I grant (fund 4170), the amount transferred exceeded the available cash balance of the fund. The cash balance available to transfer to the next year's grant for FY 2010-11 (fund 4180)

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

was \$200,577.56, but \$596,448.31 was actually transferred. This resulted in the FY 2009-10 grant fund to be overdrawn by \$395,870.75 as of September 30, 2010 and as of January 31, 2012 has not been corrected or resolved. Inquiry of grant staff regarding the excessive transfer indicated that there had been confusion regarding the amount to transfer as the carryover. The amount of the transfer also included amounts not drawn down and available for the new grant year. The school corporation did not have controls in place to review, detect or prevent the overdrawn balance caused by the transfer.

The excess transfer of \$596,448.31 also caused difficulties for the Title I staff in reconciling the 2010-11 grant fund balance. After all draws for the grant and grant disbursements were completed, including the carry over transfer to the 2011-12 grant, the cash balance of the fund 4180 was \$469,067.25 as of November 30, 2011. Of this balance, \$395,870.75 is due to the fund 4170 accounting for the FY2009-10 grant. The remaining \$73,196.50 is cash in excess of reimbursement.

Failure to adequately track and minimize the cash on hand balances indicate noncompliance with requirements established by federal agencies for cash and financial management for grants.

34 CFR § 80.20 states in part:

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

- (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
- (3) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. . . .
- (7) Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency . . ."

34 CFR § 80.21 states in part:

"(a) Scope. This section prescribes the basic standard and the methods under which a Federal agency will make payments to grantees, and grantees will make payments to subgrantees and contractors. (b) Basic standard. Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205."

We recommended that officials establish controls to ensure cash balances, draws and disbursements, and transfers are reviewed, monitored and reconciled. We also recommended officials contact the IDOE regarding the excessive cash in fund 4180, after transferring the \$395,870.75 due back to fund 4170.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2011-7 - ALLOWABLE COSTS - INTEREST EARNINGS ON ADVANCES**

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Program: ARRA - Title I Grants to Local Educational Agencies, Recovery Act;  
ARRA - Special Education - Grants to States (IDEA, Part B), Recovery Act  
CFDA Number: 84.389, 84.391  
Federal Award Number and Year: ARRA FY 2009-10, ARRA FY 2010-11, 333-026-SN01

The School Corporation has three bank accounts which account for the combined funds of the school corporation. Interest earned on these three bank accounts is credited to the General fund, in accordance with a resolution adopted by the School Board.

During the 2009-2010 school year, the School Corporation was required to report and remit interest earned on grant advances to the U.S. Department of Education. This was due to the advance funding received for ARRA - Title I Grants to Local Educational Agencies, Recovery Act (fund 7951), and ARRA - Special Education - Grants to States (IDEA, Part B), Recovery Act grants (fund 7953). The School Corporation remitted in total \$973 and \$417.11, respectively, from funds 7951 and 7953, between March 26, 2010 and July 15, 2010, for interest earned in excess of \$100.

The amounts remitted were calculated by the Director of Business Services, who directed the grant staff to charge the interest remittances to the grant funds 7951 and 7953. All the interest receipts had been recorded in the General fund. The interest remittances should have been paid from the General fund (the fund that received the interest) and not the grant funds. This resulted in federal grants receipts being used to pay the interest remittances, which was not a part of the grant budgets and grant applications. The \$973 and \$417.11 remitted from the ARRA grant funds are therefore considered unallowable costs for these grants.

2 CFR § 225, Appendix A, states in part:

*"C. Basic Guidelines*

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225. . . ."

Payment of unallowable costs from the grant funds could result in the loss of federal funds to the School Corporation.

We recommended the School Corporation contact the Department of Education regarding resolution of these costs.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2011-8 - REPORTING - TIMELINESS AND ACCURACY**

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Program: ARRA - State Fiscal Stabilization Fund (SFSF) – Education State Grants,  
Recovery Act  
CFDA Number: 84.394  
Federal Award Number and Year: 4710 (FY 2009-10) (FY 2010-11)

The School Corporation was required by the Indiana Department of Education to submit the FY2010 Report of Interest Earned (report). This report was due by July 5, 2010. The School Corporation received a memo from Department of Education dated August 27, 2010, stating that they did not have the report from the School Corporation. The grant file contained a completed copy of the report dated July 19, 2010 (which was after the due date) but no documentation as to when the report was actually remitted.

Another required report "Summary of Fund 7950" (Summary) was for grant expenditures and fund balance had a due date of July 15, 2010. A completed copy of the report in the grant file contained a date of July 19, 2010, which was after the due date.

The Summary report was required for the period May 11 to June 30, 2010. This report included language that stated: "Fiscal Stabilization Funds - Education must be spent by June 30, 2010." The amounts reported by the School Corporation included \$92,213.64 spent on July 1, 2010, for retirement benefits for the quarter ended June 30, 2010.

The Summary also stated "If the balance in fund 7950 on June 30, 2010 is not \$0.00, please explain below." The report contained \$0 as the balance on June 30, 2010 when the actual fund balance was \$92,213.64. With the misreporting of the fund balance at June 30, 2010, the Summary did not contain any explanation that the retirement benefits, incurred in the period ended June 30, would be remitted July 1.

34 CFR § 80.20 Standards for financial management systems, states in part:

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

- (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

The School Corporation was not in compliance with reporting requirements for this program. Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal awards.

We recommended that officials review and develop procedures to ensure that all required reports are prepared on a timely and accurate basis, in accordance with the reporting requirements.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2011-9 - MAINTENANCE OF FISCAL EFFORT***

Federal Agency: U. S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Program: Special Education - Grants to States  
CFDA Number: 84.027  
Federal Award Number and Year: 14211-026-PN01 (09/27/10-09/30/12)

The Maintenance of Fiscal Effort (MOE) & Non-Supplanting calculation is determined by officials to assure that funds provided to the school will not be used to reduce the level of expenditures for the education of children with disabilities below the level of those expenditures from the preceding fiscal year.

Officials completed the MOE calculation in the grant application but did not retain the documentation supporting the calculation reported. We were unable to verify the MOE calculation for the 2010-11/2011-12 Part B Grant without the documentation.

34 CFR § 74.53 Retention and access requirements for records, states in part:

"(b) Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Secretary. . . ."

The School Corporation was not in compliance with the retention of records for the Maintenance of Fiscal Efforts requirements for this program. Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal awards.

We recommended that officials review and develop procedures to ensure that all required supporting documentation be retained for the time period necessary in accordance with the retention requirements.

***FINDING 2011-10 - SUBRECIPIENT MONITORING***

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Program: Special Education Cluster  
CFDA Numbers: 84.027, 84.173, 84.391, 84.392  
Federal Award Numbers and Years: 14210-026-PN01 (FY 2009-10), 45710-026-PN01 (FY 2009-10),  
33310-026-SN01 (02/17/09-09/30/11)

The School City of Whiting was a subrecipient of the School Corporation's Part B Special Education and Preschool grants for the 2009/2010 school year. The School City of Whiting was also the subrecipient of the Special Education ARRA grant during the 2009-10 and 2010-11 school years. The School City of Whiting received a total of \$336,861 from the School Corporation during the audit period.

Officials stated there was informal monitoring that occurred during the grant period. The School Corporation did not comply with the following subrecipient monitoring requirements:

1. Invoices from the School City of Whiting were submitted to the School Corporation for reimbursement and were paid. Invoices did not have the backup documentation to support the reimbursement. Officials could not verify the reliability of the invoices and did not request the documentation.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2. The School City of Whiting did not submit any financial reports to the School Corporation.
3. A formal agreement was not entered into between the two school corporations outlining the subrecipient's responsibilities for complying with certain grant requirements.

34 CFR § 80.40(a) Monitoring and reporting program performance states:

"Monitoring by grantees. Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

The School Corporation was not in compliance with Subrecipient Monitoring requirements for this program. Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal awards.

We recommended that officials review and develop procedures to ensure that all subrecipient supporting documentation be obtained in accordance with the subrecipient monitoring requirements.

***FINDING 2011-11 - HIGHLY QUALIFIED TEACHERS***

Federal Agency: U.S. Department of Education

Pass-through Entity: Indiana Department of Education

Federal Program: Title I, Part A Cluster, School Improvement Grants Cluster

CFDA Numbers: 84.010, 84.389, 84.377

Federal Award Numbers and Years: 09-4710, 10-4710, 11-4710, FY 2008-09, FY 2009-10, FY 2010-11

The Title I Department of the School Corporation has procedures in place to ensure that individuals paid from the Title I grant are highly qualified. The Title I Department verifies that any teaching personnel to be paid from Title I grant funds have appropriate credentials to be classified as highly qualified.

The School Corporation as a whole does not have procedures to ensure that all staff is highly qualified. The School Corporation receives a federal school improvement grant for the turn-around of Hammond High School. The Indiana Department of Education (IDOE) conducted an on-site review on September 27, 2010, related to this grant. Correspondence dated November 4, 2010 from IDOE stated the following: "It is a concern that only 80-85% of the current staff at Hammond High School are highly qualified."

Inquiry of procedures related to hiring of certified staff noted that hiring decisions rely upon the recommendations of the building administrators. No formal procedures appear to exist to ensure the hiring of Highly Qualified Teachers.

The qualifications of teachers and paraprofessionals are addressed in Part A, Section 1119 of the Elementary and Secondary Education Act (ESEA). Section 1119(a)(3) states:

"LOCAL PLAN - As part of the plan described in section 1112, each local educational agency receiving assistance under this part shall develop a plan to ensure that all teachers teaching within the school district served by the local educational agency are highly qualified not later than the end of the 2005-2006 school year."

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Failure to comply with the highly qualified requirement could result in the potential loss of future federal funding or other federal action against the school corporation.

We recommended that school officials develop a plan, with related policies and procedures, to ensure that all teaching staff be highly qualified.

**FINDING 2011-12 - ACTIVITIES ALLOWED - CONTROL AND COMPLIANCE**

Federal Agency: U.S. Department of Education  
Federal Program: Fund for the Improvement of Education  
CFDA Number: 84.215  
Federal Award Number and Year: S215L080473

1. The internal control process established by the grant participants (Hammond schools and two other local school corporations) required that all expenditures be approved by the project manager before payment was made by the School Corporation. This allowed the project manager to determine if the expenditures were allowable and were within the budgeted amount allowed by the grant.

Forty-five percent of claims tested were paid by the School Corporation before the project manager approved them. The time between payment and approval ranged from 4 to 121 days after the expenditure was paid. Most of these paid before approval were incurred by Hammond schools.

2. The grant budget was established by the School Corporation and approved by the Department of Education. The budget is the guideline to determine the type of expenditures that are allowable and the amount to be expended per budget category. The grant budget was broken down by five school years starting in 2008-2009 and going through 2012-2013.

During the school years of 2009-2010 and 2010-2011, every budget category was either overspent or under spent by more than the 10 percent. Budget categories, whose spending exceeded the approved budget by more than 10 percent, required a budget modification which was not obtained. The overspending of budgeted categories ranged up to over \$500,000 being overspent. A contributing factor as noted above was the payment of claims before the project manager had approved them. Some items noted from grant files as being paid without the project director's signature were stipends, substitute teachers, travel payments, supplies, and indirect costs. Other differences may have been due to the category in which the School Corporation classified the disbursements in the ledger, but there was not enough documentation provided to explain the differences.

Failure to get the approval of the project manager before payment is made could result in an unallowable expenditure to be paid or the budget to be overspent. Failure to adhere to the approved budget might result in unallowable expenditures being paid.

2 CFR § 225, Appendix A, states in part:

"C. *Basic Guidelines* . . .

(e) states, "Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit."

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(Continued)

We recommended that all of the expenditures for the grant have the approval of the project director before payment is submitted. We also recommended that the budget be followed or properly modified to ensure that disbursements are allowable.

***FINDING 2011-13 - REPORTING***

Federal Agency: U.S. Department of Education  
Federal Program: Fund for the Improvement of Education  
CFDA Number: 84.215  
Federal Award Number and Year: S215L080473

The project director submitted an annual report which included total disbursements for 2010-2011. The annual report was prepared from records maintained by the project director. The reported disbursements did not agree with the disbursements recorded in the School Corporation's ledgers for that time period. The disbursements recorded in the School Corporation's ledgers were \$175,858 less than the reported disbursements. We were unable to determine the reason for the difference.

The project director should be verifying that the reported disbursements are in agreement with the School Corporation's records before submitting the report.

Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal awards.

34 CFR § 80.20 Standards for financial management systems, states in part:

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

- (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

We recommended that the annual report be prepared from the official records of the School Corporation. We also recommended that the Project Director and School Corporation officials develop controls to ensure the accuracy of the records, if other records are needed to meet reporting needs.

***FINDING 2011-14 - MAINTENANCE OF EFFORT – SUPPLEMENT VERSUS SUPPLANT***

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Programs: School Improvement Grants  
CFDA Numbers: 84.377  
Program Numbers: 1003(g) (FY 2010-11)

In the grant award dated November 2, 2009, the Indiana Department of Education states that:

"Like other Title I monies, the Title I Subsection 1003(g) School Improvement Grant award must be used to supplement the level of funds that, in the absence of Title I monies, would be made available from non-federal sources for the education of children participating in Title 1 programs. Therefore, funds cannot supplant non-federal funds or be used to replace existing services."

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(Continued)

A School Improvement Grant was awarded to Hammond High School for the 2010-2011 school year. A comparison of Hammond High School disbursements determined that general fund disbursements in 2010-2011 period were 87 percent of the general fund disbursements for 2009-2010 period. The School Corporation failed to meet the maintenance of effort requirement related to supplementing, not supplanting.

Failure to comply with the supplement not supplant indicates noncompliance with requirements established by the federal government and could result in the potential loss of grant funding for the School Corporation.

34 CFR § 299.5 states:

"(a) *General.* An LEA receiving funds under an applicable program listed in paragraph (b) of this section may receive its full allocation of funds only if the SEA finds that either the combined fiscal effort per student or the aggregate expenditures of State and local funds with respect to the provision of free public education in the LEA for the preceding fiscal year was not less than 90 percent of the combined fiscal effort per student or the aggregate expenditures for the second preceding fiscal year."

We recommended officials comply with the directives given in the 1003 (g) School Improvement Grant award letter requiring School Improvement Grant Funds supplement and not supplant existing services. We also recommended that officials establish controls to ensure level of effort requirements are being followed per the grant agreements.

***FINDING 2011-15 - ACTIVITIES ALLOWED/ALLOWABLE COSTS***

Federal Agency: U.S. Department of Education  
Pass Through Entity: Indiana Department of Education  
Federal Program (CFDA Title): School Improvement Grants  
CFDA Number: 84.377  
Award Number and Year: FY 2010-2011

A school classified as failing by the Indiana Department of Education, must develop a plan to improve the educational quality of the school, as a requirement to receive a School Improvement Grants (SIG) grant. The plan must be specific and contain areas in which the school needs to improve, as well as strategies detailing how to improve. The school is permitted, from the SIG grant, to pay teachers and administrative staff for professional development and any necessary travel associated with such professional development. The teachers and administrative staff must be involved with the SIG grant to have their travel and training reimbursed. The training must be associated with goals and strategies of the school's plan. A school receiving a SIG grant is required to develop internal controls to ensure that the grant funds are spent on allowable activities.

The Hammond High School Principal was the administrator for the SIG grant. The Principal maintained the grant records and approved invoices to be paid from SIG funds.

In March 2011, an employee associated with the Improving Teacher Quality Grant (Title II) was reimbursed for training and travel through the SIG grant. The Title II employee attended the same training seminar as numerous employees associated with the SIG grant. The invoices for training and travel were not segregated between the Title II grant and the SIG grant. The unallowable amounts paid from the SIG grant totaled \$335.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The SIG grant administrator may not be reviewing the invoices submitted for payment. A review of the invoices submitted for payment would have disclosed the invoices that should have been paid with Title II funds.

Payment of expenses not associated with the SIG grant could result in the loss of federal funds.

34 CFR § 80.20, Standards for financial management systems, states in part:

"(a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to: (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

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

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

(5) *Allowable cost.* Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs. . . ."

34CFR § 80.22, Allowable costs, states in part:

"(b) For each kind of organization, there is a set of Federal principles for determining allowable costs. For the costs of a State, local, or Indian tribal government, the Secretary applies the cost principles in OMB Circular A-87, as amended on June 9, 1987. . . ."

2 CFR 225, Appendix A, states in part:

"E. *Direct Costs*

1. General. Direct costs are those that can be identified specifically with a particular final cost objective.
2. Application. Typical direct costs chargeable to Federal awards are:
  - a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.
  - b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.

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(Continued)

- c. Equipment and other approved capital expenditures.
- d. Travel expenses incurred specifically to carry out the award."

We recommended the School Corporation develop and implement internal controls to ensure funds are expended on allowable costs.

***FINDING 2011-16 - CONTROLS***

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Programs: English Language Acquisition Grants  
CFDA Numbers: 84.365  
Program Numbers: FY 2009-10, 01111-046-PN01

The Bilingual Education Director (Director) completes and submits the English Language Acquisition Grants (Title III) grant application which includes the budget for each fiscal year of the grant award. Only the grant budget was provided to the Corporation Treasurers' for recording in the financial records of the Corporation.

Adequate controls over grant disbursements require dissemination of grant information to persons responsible for oversight and monitoring of grant activities. Generally, the Treasurer and his or her staff should be provided with such information so that informative decision making over grant related activities can be determined. Additionally, the Superintendent and School Board should be made aware of grant awards, purposes of the grant awards and the related compliance requirements.

The Director exercised complete control over the Title III grant awards with very limited oversight or monitoring by management. A copy of the approved grant agreement was not provided to the Superintendent and/or Treasurers. Although a copy of the grant budget was provided for recording in the financial records of the School Corporation, the information regarding allowable activities, allowable costs, cash management, reporting, and other grant requirements were not provided.

Because of the lack of dissemination of information regarding grant activities, controls were not established in any of the applicable Title III compliance areas. These areas include, activities allowed, allowable costs, maintenance of level of effort, cash management, procurement, suspension and debarment, reporting, and special tests and provisions regarding private school participation.

By not properly segregating duties and establishing controls to effectively administer the grants, officials risk material noncompliance with the various grant related requirements that could affect any future funding. The lack of controls has resulted in the following findings related to Title III federal awards.

34 CFR § 80.20, Standards for financial management systems, states in part:

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

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

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

We recommended that officials segregate duties so that adequate controls may be established to allow for grant activities to be adequately assessed and monitored. Approved grant applications and budgets must be made available Corporation Treasurer so that expenditures can be adequately reviewed prior to submission for board approval. Financial monitoring reports, if prepared by the grant personnel, must be reviewed in their entirety by financial personnel to ensure accurate and timely reporting. By providing complete grant applications, awards, budgets, and correspondences to all parties, including the School Board, and the Corporation Treasurer, controls can be established to ensure all grant compliance requirements are achieved.

***FINDING 2011-17 - ALLOWABLE ACTIVITIES AND ALLOWABLE COSTS COMPLIANCE***

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Programs: English Language Acquisition Grants, Migrant Education – State Grant Program  
CFDA Numbers: 84.365, 84.011  
Program Numbers: FY 2008-09, FY 2009-10, 01111-046-PN01, FY 08-09-SM8, FY 09-10-SM9,  
FY 09-10-SY12

Determination of allowable activities and allowable costs were based in part upon assurances the School Corporation made as part of the respective grant agreements. Title 2 of the Code of Federal Regulation (CFR) was also used in determining allowable costs.

The basic assurances made by the English Language Acquisition Grants (Title III) include that funds will be spent on the two required activities:

"Increasing English proficiency and student academic achievement of children who are limited English proficient (LEP) (Title III, Section 3102); and

Providing high-quality professional development to classroom teachers, principals, and administrators involved in their education (Title III, section 3115)."

The following policies and procedures regarding allowable activities for the Migrant Education State Program, were obtained from the U.S. Department of Education website:

"(6) to the extent feasible, such programs and projects will provide for—

(A) advocacy and outreach activities for migratory children and their families, including informing such children and families of, or helping such children and families gain access to, other education, health, nutrition, and social services;

(B) professional development programs, including mentoring, for teachers and other program personnel;

(C) family literacy programs, including such programs that use models developed under Even Start;

(D) the integration of information technology into educational and related programs; and

(E) programs to facilitate the transition of secondary school students to postsecondary education or employment; and . . ."

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(Continued)

Some employees paid from the English Language Acquisition Grant (Title III), as well as from the Migrant Education State Program (CFDA #84.011) were not paid in accordance with the compensation rates approved by the School Board in accordance with Indiana Code 20-26-5-4.

The employees compensated from the above grant funds are under the direction of the Bilingual Education Director. At the beginning of each school year, she provides a worksheet to the Human Resources department, which indicates the rates of pay employees under her direction are to be paid. Employees within the Human Resources department, normally verify the rates of pay submitted by individual departments agree to the rates of pay approved by the School Board. The former Director of the Human Resources Department instructed employees of her department not to verify compliance for the Bilingual Education Director.

Compensation must be established by the School Board in accordance with Indiana Code 20-26-5-4. In addition, 2 CFR 225, Appendix B section 8 states in part:

"a. General. Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under Federal awards, including but not necessarily limited to wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this and other appendices under 2 CFR Part 225, and that the total compensation for individual employees:

- (1) Is reasonable for the services rendered and conforms to the established policy of the governmental unit consistently applied to both Federal and non-Federal activities;
- (2) Follows an appointment made in accordance with a governmental unit's laws and rules and meets merit system or other requirements required by Federal law, where applicable; and
- (3) Is determined and supported as provided in subsection h.

b. Reasonableness. Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the governmental unit. In cases where the kinds of employees required for Federal awards are not found in the other activities of the governmental unit, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the employing government competes for the kind of employees involved. Compensation surveys providing data representative of the labor market involved will be an acceptable basis for evaluating reasonableness. . . ."

We determined the amounts not paid in accordance with the rates established by the School Board to be questioned costs.

Using the electronic attendance reports, which document the days or hours worked by each employee, we computed the wages to have been paid based upon the Board approved rates and compared that to the amounts actually paid. The differences were deemed to be questioned costs.

The following is a list by grant title, fund, and school year of excess payroll costs (excluding applicable fringe benefits) paid from federal grant funds due to lack of compliance with the compensation rates approved by the School Board:

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

English Language Acquisition Grants (Title III) 84.365

Fiscal Year	Hourly Rate Paid	Board Approved Hourly Rate	Questioned Costs for Amounts Paid in Excess of Board Approved Rates:			Totals
			Fund			
			Title III Part A 09-10 6881	Title III Part A 10-11 6882	Title III Part A 08-09 6889	
2009-2010	\$ 8.00	\$ 7.30	\$ 585.02	\$ 32.20	\$ 10.50	\$ 627.72
2009-2010	25.72	7.30	2,413.02	-	442.08	2,855.10
Total 2009-2010			2,998.04	32.20	452.58	3,482.82
2010-2011	8.00	7.30	163.97	555.44	-	719.41
2010-2011	25.72	7.30	257.88	1,224.93	-	1,482.81
Total 2010-2011			421.85	1,780.37	-	2,202.22
Totals			\$ 3,419.89	\$ 1,812.57	\$ 452.58	\$ 5,685.04

English Language Acquisition Grants (Title III) 84.365

School Year	Daily Rate Paid	Board Approved Daily Rate	Questioned Costs for Amounts Paid in Excess of Board Approved Rates:			Totals
			Fund			
			Title III Part A 09-10 6881	Title III Part A 10-11 6882	Title III Part A 08-09 6889	
2009-2010	\$ 124.24	\$ 93.10	\$ 310.60	\$ -	\$ -	\$ 310.60
2009-2010	129.36	97.01	5,337.75	-	905.80	6,243.55
Total 2009-2010			5,648.35	-	905.80	6,554.15
2010-2011	129.36	97.01	-	549.95	-	549.95
2010-2011	117.60	100.79	-	2,151.68	-	2,151.68
2010-2011	134.40	100.79	974.69	-	-	974.69
Total 2010-2011			974.69	2,701.63	-	3,676.32
Totals			\$ 6,623.04	\$ 2,701.63	\$ 905.80	\$ 10,230.47

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Migrant Education State Program 84.011							
Questioned Costs for Amounts Paid in Excess of Board Approved Rates							
Fund							
Fiscal Year	Hourly Rate Paid	Board Approved Hourly Rate	Migrant Education FY 08-09 4340	Summer Migrant 2009 Supplemental 4384	Summer Migrant 2010 4385	Summer Migrant 2011 4386	Totals
2009-2010	\$ 8.00	\$ 7.30	\$ 162.05	\$ 32.20	\$ 235.20	\$ -	\$ 429.45
2010-2011	8.00	7.30	-	-	-	287.70	287.70
Totals			<u>\$ 162.05</u>	<u>\$ 32.20</u>	<u>\$ 235.20</u>	<u>\$ 287.70</u>	<u>\$ 717.15</u>

Migrant Education State Program 84.011						
Questioned Costs for Amounts Paid in Excess of Board Approved Rates:						
Fund						
School Year	Daily Rate Paid	Board Approved Daily Rate	Summer Migrant 2010 4385	Summer Migrant 2011 4386	Totals	
2009-2010	\$ 103.98	\$ 77.98	\$ 390.30	\$ -	\$ 390.30	
2009-2010	124.24	93.10	931.80	-	931.80	
2009-2010	139.44	104.59	453.05	-	453.05	
Total 2009-2010			<u>1,775.15</u>	-	<u>1,775.15</u>	
2010-2011	109.12	81.81	-	518.89	518.89	
2010-2011	129.36	97.01	-	291.15	291.15	
2010-2011	117.60	100.79	-	336.20	336.20	
2010-2011	144.48	108.37	-	722.20	722.20	
Total 2010-2011			<u>-</u>	<u>1,868.44</u>	<u>1,868.44</u>	
Totals			<u>\$ 1,775.15</u>	<u>\$ 1,868.44</u>	<u>\$ 3,643.59</u>	

SCHOOL CITY OF HAMMOND  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (Continued)

Within the worksheet provided to the payroll department, the Bilingual Education Director also designates from which funds the related payroll expenses will be paid. For some employees, the Director indicates the payroll expenses will be divided between two funds. Time sheets and/or time and effort logs were not maintained to support the division of activities in accordance with 2 CFR, Part 225, Appendix B section 8, which states in part:

- "(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8.h.(5) of this appendix unless a statistical sampling system (see subsection 8.h.(6) of this appendix) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
  - (a) More than one Federal award,
  - (b) A Federal award and a non-Federal award,
  - (c) An indirect cost activity and a direct cost activity,
  - (d) Two or more indirect activities which are allocated using different allocation bases, or
  - (e) An unallowable activity and a direct or indirect cost activity.
  
- (5) Personnel activity reports or equivalent documentation must meet the following standards:
  - (a) They must reflect an after-the-fact distribution of the actual activity of each employee,
  - (b) They must account for the total activity for which each employee is compensated,
  - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
  - (d) They must be signed by the employee.
  - (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: . . ."

The following indicates amounts charged to federal grants for which proper time records were not maintained to substantiate the percentages of the compensation applied to the grant.

English Language Acquisition Grants (Title III) 84.365	Questioned Costs
Fund: Title III Part A 09-10, Fund No. 6881:	
2009-10 Undocumented Split	\$ 10,746.66
2010-11 Undocumented Split	2,901.33
Totals	\$ 13,647.99

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Some employees were compensated for additional hours worked on various activities. All of this hourly compensation was paid based upon the daily rate of compensation approved by the School Board being converted into an hourly rate. Some of this additional hourly compensation was paid at this "regular" hourly rate, but some was paid as "overtime" at the rate of time and one-half. The application of the "overtime" rate was not applied consistently. Some employees were paid at the "overtime" rate only after they had exceeded 80 hours of work in a two-week pay period, others received the "overtime" rate after they exceeded 40 hours in a one week period, but did not exceed the 80 hours in the biweekly pay period. Some received it without exceeding any of these thresholds. In reviewing the hourly compensation, we noted some employees were paid from the federal grants for activities which do not meet the criteria for allowability as follows:

English Language Acquisition Grants (Title III) 84.365					
Questioned Costs for Compensation of Unallow ed Activities:					
Description of Work Performed	Hourly Rate Paid	Fund			Totals
		Title III Part A 09-10 6881	Title III Part A 10-11 6882	Title III Part A 08-09 6889	
2009-2010:					
PDC Set up, Thanksgiving and Clean Up	\$ 19.50	\$ 165.75	\$ -	\$ -	\$ 165.75
Christmas Party Activities	19.50	487.50	-	-	487.50
District Wide Multicultural	19.50	331.50	-	-	331.50
BEP Special Events or Projects	19.50	165.75	-	117.00	282.75
Valentine's Prep and Posters, and Sales	19.50	175.50	-	-	175.50
Set Up Room for Picture Day	19.50	39.00	-	-	39.00
District Wide Cultural Sh	19.50	204.75	-	-	204.75
Undocumented	22.30	-	-	111.50	111.50
Graduation Qualifying Exam (GQE) Listing	22.30	-	-	66.90	66.90
DOE - LM	22.30	-	-	89.20	89.20
ISTEP	22.30	-	-	66.90	66.90
LAS Links	22.30	-	-	61.33	61.33
DOE - LM	24.26	-	48.52	-	48.52
District Wide Cultural Sh	26.16	255.06	-	-	255.06
Thanksgiving Pot Luck Activities	26.16	156.96	-	-	156.96
Prep PAC Christmas	26.16	65.40	-	-	65.40
Prep Activities	26.16	52.32	-	-	52.32
Prep Activities PAC Dental Care	26.16	183.12	-	-	183.12
BEP Christmas Prep, Set up and Clean Up	26.16	170.04	-	-	170.04
NIPSCO Applications	26.16	39.24	-	-	39.24
Set Up Room for Picture Day	26.16	65.40	-	-	65.40
Valentine's Day Sale Form	26.16	52.32	-	-	52.32
Hammond Hispanic Community Committee (HHCC) great community services	26.16	65.40	-	-	65.40
Undocumented	26.16	26.16	-	-	26.16
Total 2009-2010 Unallow able or Undocumented Activities		<u>\$ 2,701.17</u>	<u>\$ 48.52</u>	<u>\$ 512.83</u>	<u>\$ 3,262.52</u>

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

English Language Acquisition Grants (Title III) 84.365

Description of Work Performed	Hourly Rate Paid	Questioned Costs for Compensation of Unallow ed Activities:			Totals
		Fund			
		Title III Part A 09-10 6881	Title III Part A 10-11 6882		
2010-2011:					
Cultural Community Activities	\$ 20.46	\$ -	\$ 552.42	\$	552.42
BEP Special Project	20.46	-	40.92		40.92
Multicultural District Wide	20.46	-	235.29		235.29
Hispanic Heritage Month Project	20.46	296.67	-		296.67
Help w ith State Audit Prep	27.09	-	135.45		135.45
Cultural Community Activities	27.09	-	650.16		650.16
Total 2010-2011 Unallow able or Undocumented Additional Pay		\$ 296.67	\$ 1,614.24	\$	1,910.91

Migrant Education State Program 84.011

Description of Work Performed	Hourly Rate Paid	Questioned Costs for Compensation of Unallow ed Activities:			Totals
		Fund			
		Migrant Education FY 08-09 4340	Summer Migrant 2009 Supplemental 4384	Summer Migrant 2011 4386	
2009-2010:					
Mexican Independence Festival in East Chicago on Sunday	\$ 13.00	\$ -	\$ 52.00	\$ -	\$ 52.00
Immunization Fair	16.80	-	33.60	-	33.60
Mexican Independence Festival in East Chicago	16.80	-	92.40	-	92.40
District Wide Multicultural	26.16	222.36	-	-	222.36
Total 2009-2010 Unallow able or Undocumented Activities		222.36	178.00	-	400.36
2010-2011:					
Summer Radios Check and Roster	23.31	-	-	81.59	81.59
Hispanic Heritage Month Project	20.46	214.50	-	-	214.50
Total 2010-2011 Unallow able or Undocumented Additional Pay		214.50	-	81.59	296.09
Totals		\$ 436.86	\$ 178.00	\$ 81.59	\$ 696.45

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 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (Continued)

Grant funds were used to compensate security and technical services (operation of sound system) for a student talent show at the Area Career Center. Admission fees were charged for the talent show. The talent show was sponsored by the Parent Advisory Council, who retained all collections from the talent show. Compensation for security and technical services for the talent show was charged to the grant as follows:

English Language Acquisition Grants (Title III) 84.365	
<u>Questioned Costs for Unallowable Activities:</u>	
Fund: Title III Part A 09-10 Fund No. 6881	
Description of Work Performed	Questioned Costs
Technical Services	\$ 208.96
Security	232.50
Total FY 2009-10	\$ 441.46

At the School Corporation, the approved grant agreements and budgets were maintained by the Title III Director. The Title III Director initiated and approved all purchases. The Title III Director determined to which funds and accounts the disbursements would be posted to through directives given to the finance department of the School Corporation.

Vendor disbursements made from the Title III grant funds were tested to determine allowability based upon information provided in the grant agreement, as well as information obtained from the U.S. Department of Education website regarding authorized subgrantee activities as follows:

The following policies and procedures regarding grants and subgrants for the English Language Acquisition and Language Enhancement Grants were obtained from the U.S. Department of Education website:

"(c) REQUIRED SUBGRANTEE ACTIVITIES - An eligible entity receiving funds under section 3114(a) shall use the funds —

- (1) to increase the English proficiency of limited English proficient children by providing high-quality language instruction educational programs that are based on scientifically based research demonstrating the effectiveness of the programs in increasing —
  - (A) English proficiency; and
  - (B) student academic achievement in the core academic subjects; and
- (2) to provide high-quality professional development to classroom teachers (including teachers in classroom settings that are not the settings of language instruction educational programs), principals, administrators, and other school or community-based organizational personnel, that is —
  - (A) designed to improve the instruction and assessment of limited English proficient children;

SCHOOL CITY OF HAMMOND  
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(Continued)

(B) designed to enhance the ability of such teachers to understand and use curricula, assessment measures, and instruction strategies for limited English proficient children;

(C) based on scientifically based research demonstrating the effectiveness of the professional development in increasing children's English proficiency or substantially increasing the subject matter knowledge, teaching knowledge, and teaching skills of such teachers; and

(D) of sufficient intensity and duration (which shall not include activities such as one-day or short-term workshops and conferences) to have a positive and lasting impact on the teachers' performance in the classroom, except that this subparagraph shall not apply to an activity that is one component of a long-term, comprehensive professional development plan established by a teacher and the teacher's supervisor based on an assessment of the needs of the teacher, the supervisor, the students of the teacher, and any local educational agency employing the teacher.

(d) AUTHORIZED SUBGRANTEE ACTIVITIES- Subject to subsection (c), an eligible entity receiving funds under section 3114(a) may use the funds to achieve one of the purposes described in subsection (a) by undertaking one or more of the following activities:

- (1) Upgrading program objectives and effective instruction strategies.
- (2) Improving the instruction program for limited English proficient children by identifying, acquiring, and upgrading curricula, instruction materials, educational software, and assessment procedures.
- (3) Providing —
  - (A) tutorials and academic or vocational education for limited English proficient children; and
  - (B) intensified instruction.
- (4) Developing and implementing elementary school or secondary school language instruction educational programs that are coordinated with other relevant programs and services.
- (5) Improving the English proficiency and academic achievement of limited English proficient children.
- (6) Providing community participation programs, family literacy services, and parent outreach and training activities to limited English proficient children and their families —
  - (A) to improve the English language skills of limited English proficient children; and
  - (B) to assist parents in helping their children to improve their academic achievement and becoming active participants in the education of their children.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (7) Improving the instruction of limited English proficient children by providing for —
  - (A) the acquisition or development of educational technology or instructional materials;
  - (B) access to, and participation in, electronic networks for materials, training, and communication; and
  - (C) incorporation of the resources described in subparagraphs (A) and (B) into curricula and programs, such as those funded under this subpart.
- (8) Carrying out other activities that are consistent with the purposes of this section."

Based upon the above criteria, several disbursements made to vendors were deemed unallowable.

Title III grant funds were used to pay tuition or reimburse tuition for School Corporation employees to take college courses to complete their requirements for teaching licenses. None of the documents attached to the claims indicated a description of the courses enrolled by the staff.

One of the claims tested included a "Bilingual Program's Scholarship Reimbursement" Agreement. This agreement states the following, "The terms of this agreement for scholarship assistance received with funds provided by the Bilingual Program are for a work period not to exceed 3 years from the time a recipient first receives tuition reimbursement. This funding is to address the severe shortage of qualified teachers in the Bilingual program in the Hammond Public School District." The agreement includes that "Tuition reimbursement will only cover classes related to receiving a teaching license." These agreements were attached to the claim supporting the payment of tuition for five individuals. We noted that two of the claims/payments included tuition paid on behalf of the Director's daughter.

These agreements were not approved by the School Board. The only persons signing these agreements were the employee receiving the tuition reimbursement and the Title III Director.

Indiana Code 20-26-5-4 states in part:

"In carrying out the school purposes of a school corporation, the governing body acting on the school corporation's behalf has the following specific powers:

- (1) In the name of the school corporation, to sue and be sued and to enter into contracts in matters permitted by applicable law. . . ."

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

<u>Date Paid</u>	<u>Vendor</u>	<u>Questioned Costs for Unallowable Activities</u>	<u>Description</u>	<u>Posted As</u>
09-30-09	Calumet College of St. Joseph	\$ 4,623.76	Tuition Reimbursement	Instructional Services
Total SY 2008-09 Fund 6889		<u>\$ 4,623.76</u>		
04-07-10	Indiana University NW	\$ 3,835.13	Tuition Reimbursement	Instructional Services
04-07-10	Lacy Kameela	799.65	Tuition Reimbursement	Instructional Services
06-30-10	Indiana University NW	2,000.00	Tuition Reimbursement	Instructional Services
09-27-10	Indiana Wesleyan Univ	2,500.00	Tuition Reimbursement	Instructional Services
10-20-10	IUN	<u>2,500.00</u>	Tuition Reimbursement	Instructional Services
Total SY 2009-10 Fund 6881		<u>\$ 11,634.78</u>		

Grant funds were also recorded as "instructional services" for presentations or services which do not meet the prescribed uses of funds under the grant award or did not provide enough information to determine how the services applied to the grant purpose. Also included were items which lacked an itemized vendor invoice.

<u>Date Paid</u>	<u>Vendor</u>	<u>Questioned Cost for Undocumented and/or Unallowable Activities</u>	<u>Description</u>	<u>Posted As</u>
10-20-09	Montejano Roberto	\$ 400.00	No itemized invoice. Per the Contract signed by the Board President: Presentation on gang awareness and prevention measures.	Instructional Services
Total SY 09-10 Fund 6881		<u>\$ 400.00</u>		
04-05-11	Nelson, Jane A	\$ 1,500.00	PO is all that is attached to the claim, which indicates Jane Nelson of IUN presenter for Professional Development Workshop on April 8, 2011, but no information on Topic, no invoice.	Instructional Services
Total SY 10-11 Fund 6882		<u>\$ 1,500.00</u>		

Grant funds were also used to reimburse the "Parent Advisory Council." The Title III Director explained that the "Parent Advisory Council" was formed as a requirement of the grant to provide community support and student activities. The "Parent Advisory Council" has a three member board that also performs fundraising activities. None of the proceeds of the fundraisers were provided to the School Corporation. The "Parent Advisory Council" has not been legally established as a not-for-profit. A School Corporation employee endorses the checks and provides his federal identification number when cashing the reimbursement checks made payable to the Parent Advisory Council. This individual has not registered as a professional fundraiser consultant or solicitor.

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 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (Continued)

Indiana Code 23-7-8-2 states in part:

"(a) A person may not act as a professional fundraiser consultant or professional solicitor for a charitable organization unless the person has first registered with the division. A person who applies for registration shall disclose the following information while under oath:

- (1) The names and addresses of all officers, employees, and agents who are actively involved in fundraising or related activities.
- (2) The names and addresses of all persons who own a ten percent (10%) or more interest in the registrant.
- (3) A description of any other business related to fundraising conducted by the registrant or any person who owns ten percent (10%) or more interest.
- (4) The name or names under which it intends to solicit contributions.
- (5) Whether the organization has ever had its registration denied, suspended, revoked, or enjoined by any court or other governmental authority. . . ."

Date	Vendor	Questioned Costs for Undocumented and/or Unallowable Activities	Description	Posted As
02-03-10	Parent Advisory Council	\$ 159.99	Scanner indicated used for Bilingual Education Program	Focused Tech
12-02-09	Parent Advisory Council	171.98	Food for two potlucks, one reimbursement based solely on Credit card slip	Food Purchases
02-03-10	Parent Advisory Council	149.86	Food and supplies for parent luncheon	Food Purchases
03-10-10	Parent Advisory Council	50.96	Refreshments for Non - Title III events	Food Purchases
05-05-10	Parent Advisory Council	686.77	Water for ISTEP Tests, Pizzas for student parties, other refreshments for Staff	Food Purchases
06-30-10	Parent Advisory Council	429.02	Food for year end events	Food Purchases
12-02-09	Parent Advisory Council	957.84	Items purchased - Office Supplies, Food, Christmas party gifts Not fully documented \$144.55 short	Supplies
02-03-10	Parent Advisory Council	370.34	Supplies - Food, Office Supplies, Decorations	Supplies
03-10-10	Parent Advisory Council	39.99	Hand Truck	Supplies
05-05-10	Parent Advisory Council	357.13	Guitars, CD player for Talent Show, Hygiene related supplies	Supplies
06-30-10	Parent Advisory Council	141.99	Plastic ware, plates, and trays	Supplies
06-30-10	Parent Advisory Council	<u>142.72</u>	Fans and extension cords for classrooms and office	Supplies
Totals SY 2009-10 Fund 6881		<u>\$ 3,658.59</u>		

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Migrant Education State Program 84.011

Date Paid	Vendor	Questioned Cost	Description	Posted As
09-30-09	Parent Advisory Council	\$ 3,073.29	Two Digital Cameras and Accessories, Chairs for Reading program, Clothes, student supplies	Supplies
09-30-09	Parent Advisory Council	<u>1,203.53</u>	Water, Donuts, Coffee, Refreshments for Student and Staff - part might be allowable	Food Purchases
Total Fund 4384 Summer Migrant 2009 Supplemental		<u>\$ 4,276.82</u>		
12-02-09	Parent Advisory Council	\$ 35.00	Coat for Student	Supplies
03-10-10	Parent Advisory Council	<u>194.17</u>	Coat for Student and Cleaning Supplies	Supplies
Total Fund 4340 Title I Migrant FY 2009-10		<u>\$ 229.17</u>		
09-13-10	Parent Advisory Council	\$ 1,026.03	Sewing Supplies, Guitar Supplies, Notebooks, Speakers, etc.	Supplies
09-13-10	Parent Advisory Council	157.51	Food for end of summer potluck and summer staff meeting	Food Purchases
09-13-10	Parent Advisory Council	<u>110.00</u>	Gift Cards for Staff	Awards
Total Fund 4385 Title I Summer Migrant 2010		<u>\$ 1,293.54</u>		

Grant disbursements were made for travel which included travel that did not apply to grant activities.

Date	Vendor	Questioned Costs for Undocumented and/or Unallowable Costs	Description	Posted As
12-09-09	Harrington, Peggy D	\$ 420.10	Per the documentation attached this was for Title I Part C Migrant Education, NOT Title III This was Title I, Part C Migrant Education Program: Goal Setting	Travel
12-16-09	Williams, Charles	115.99	Mileage to travel from Scott School to ACC - Nature of Business is Teaching, but he is paid from General Fund	Travel
02-03-10	Alvarez, Sandra	100.37	Mileage per PO "on work related duties during our Christmas Party Preparations." Mileage to and from various vendors for dropping off donations letters, and receiving donations - Donations were not noted as approved by the Board. No evidence Donations were made to the School Corporation.	Travel

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Date	Vendor	Questioned Costs for Undocumented and/or Unallowable Costs	Description	Posted As
02-03-10	Alvarez, Sandra	310.38	Mileage and hotel for seminar on Scholarship benefits, and applications at Indiana University	Travel
02-03-10	Zepeda, Martha	147.53	Mileage - Coffee Hours, Décor, Pop, Candy, etc. for Thanksgiving and Christmas Party/program - also for Donations	Travel
05-19-10	Zepeda, Jose	72.46	Travel to Indiana Migrant Education program Indiana Parent Advisory Council (PAC) Meeting. Based upon information Attached deals with Title I, Part C Migrant Education NOT Title III	Travel
06-30-10	Harrington, Peggy D	117.11	Mileage for Board Meetings, Administrative Meetings, LAS Links Testing Observation, Teacher Observation	Travel
06-30-10	Hurson, Annette Alicea	27.30	Mileage from ACC to Maywood Elementary for April, thru June, but this employee is not paid from Title III	Travel
06-30-10	Ruiz, Gregory	114.60	Mileage to GFS, Wal-mart - Snacks for Migrant Program, Walmart - 2-way radios, fans, office supplies	Travel
06-30-10	Ruiz, Gregory	160.24	Mileage to Indianapolis for LAS Links Meeting	Travel
06-30-10	Zepeda, Martha	<u>66.26</u>	Mileage for preparing for the ACC Talent Show for which admissions are charged, but no revenue for talent show posted to grant fund. Could not locate revenues for the talent show in General Fund or extra-curricular account of the ACC.	Travel
Total SY 2009-10 Fund 6881		<u>\$ 1,652.34</u>		
02-04-11	Hurson, Annette Alicea	\$ 13.30	Mileage Aug 25 to Oct 27, 2010 - All for Teaching from ACC to Maywood Elementary - but the employee is compensated from the General Fund. Only \$13.30 paid from Title III. Other mileage claimed was paid from fund 3740, as State Grant.	Travel
02-23-11	Zepeda, Martha	220.32	Mileage Sept - December, 2010 for "BEP Special project, Hispanic Heritage, Coffee hrs., Thanksgiving Project, X-mas Letter drop off, pick up donations	Travel
04-25-11	Zepeda, Martha	<u>55.73</u>	Mileage - District Wide Cultural Sharing Act - To Walmart, dollar tree, Michael's - Per PO and Attached flyer, "The Parent's Committee have this fundraising sale for the Bilingual Education Students	Travel
Total SY 2010-11 Fund 6882		<u>\$ 289.35</u>		

Other grant disbursements were also found to be unallowable based upon the guidelines found on the U.S. Department of Education website regarding grants and subgrants for English Language Acquisition and Language Enhancements Grants Section 3115 and 2 CFR 225 which provides cost principals for State, Local, and Indian Tribal Governments. 2 CFR 225, Appendix B, states in part:

"12. Donations and contributions. a. Contributions or donations rendered. Contributions or donations, including cash, property, and services, made by the governmental unit, regardless of the recipient, are unallowable.

SCHOOL CITY OF HAMMOND  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (Continued)

14. Entertainment. Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.
17. Fund raising and investment management costs. a. Costs of organized fund raising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable, regardless of the purpose for which the funds will be used.
26. Materials and supplies costs.
- a. Costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award are allowable.
- b. Purchased materials and supplies shall be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms should be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs.
- c. Only materials and supplies actually used for the performance of a Federal award may be charged as direct costs.
28. *Memberships, subscriptions, and professional activity costs.* c. Costs of membership in civic and community, social organizations are allowable as a direct cost with the approval of the Federal awarding agency.
42. *Training costs.* The cost of training provided for employee development is allowable."

The following is a schedule of disbursements determined to be unallowable based upon the above guidelines:

Date	Vendor	Questioned Costs for Unallowable Activities	Description	Posted As
07-08-09	South Shore Baseball, LLC	\$ 2,000.00	Field Trip to Rail Cats Game	Field Trip
08-13-09	Tri-Electronics	2,270.00	Ten Two-Way Radios and batteries \$198 ea. and \$29 each, respectively	New Equipment
09-30-09	Custom Fabricating IND, Inc.	3,600.00	Levolor Blinds and Installation in the Director's Office	Other Professional Technical
09-30-09	School City of Hammond	<u>2,788.00</u>	Field Trip Transportation, but Trip not indicated. Invoice dated 6/29/09, Railcats Game 8/6/09	Pupil Transportation
Total SY 2008-09 Fund 6889		<u>\$ 10,658.00</u>		

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Date	Vendor	Questioned Costs for Unallowed Activities	Description of Items Purchased	Posted As
03-25-10	Stanton, Cynthia	\$ 400.00	No Invoice paid based upon a contract in advance of services. - Undocumented Services per contract: Math Workshop for preparation of Praxis 1 Tests	Other Professional Tech
08-12-10	Tri-electronics	<u>1,115.00</u>	Five Two-Way Radios and batteries \$198 ea. And \$25 each	Other Tech Hardware
03-25-10	Boys and Girls Club of America	400.00	Memberships	Pupil Transportation
03-25-10	Boys and Girls Club of America	430.00	Memberships	Pupil Transportation
04-16-10	Boys and Girls Club of America	300.00	Memberships	Pupil Transportation
04-16-10	Boys and Girls Club of America	<u>470.00</u>	memberships	Pupil Transportation
Total Posted as Pupil Transportation		<u>1,600.00</u>		
07-28-10	House of Pizza	390.00	Lunch for Summer School Orientation Meeting 25 pizzas at \$15 each	Food Purchases
12-10-09	McShanes Inc.	290.70	Markers Dry Erase, Poly protector, CD covers, Ink Cart, Stick-it notes, Theme Books	Supplies
12-10-09	McShanes Inc.	933.18	Office Supplies - push pins, erasers, chalk, crayons, staples, Appt Book, Organizers, Ink cartridges, index cards	Supplies
01-14-10	McShanes Inc.	618.10	Correction Fluid, Toner, xerox paper, construction paper, notebooks, binders	Supplies
06-30-10	McShanes Inc.	1,771.50	Xerox paper, highlighters, envelopes, ink cartridges, Toner, Stapler, Rubber Bank, Legal Pad, Mirror, Magazine Rack, Bookcase	Supplies
08-12-10	GameTAbLe4Less	<u>449.99</u>	Premium Foosball Table with Telescopic Rods in Gray and Black	Supplies
Total Posted as Supplies		<u>4,453.47</u>		
Total SY 2009-10 Fund 6881		<u>\$ 7,568.47</u>		

The memberships paid for by the grant in the Boys and Girls Club of America were for student memberships. The memberships were not included in the budget approved by the Indiana Department of Education as part of the grant agreement.

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Migrant Education State Program 84.011

<u>Date Paid</u>	<u>Vendor</u>	<u>Questioned Cost</u>	<u>Description</u>	<u>Posted As</u>
Multiple dates	Gartner, Joseph F	\$ 6,010.20	No invoice, per contract work with recruitment teams to identify migrant students to be paid \$35/hr at 8 hrs per day for 18 days. Auditor Calculated as \$5,040.	Other Professional/Technical
09-30-09	Custom Fabricating Ind., Inc.	5,449.00	New Levolor Blinds and re-hang existing blinds in rooms	Supplies
09-30-09	McShanes Inc.	<u>2,185.22</u>	Various Office Supplies and Office Furniture	Supplies
Total Fund 4384 Summer Migrant 2009 Supplemental		<u>\$ 13,644.42</u>		
09-02-09	Urban Enterprise Association	<u>\$ 2,900.00</u>	Summer Workforce Program: Two college Students - Martha P. Zepeda and Alfredo M. Turrubiates @ \$750 each, both employees of the School Corporation, and Five High school Students	Other Professional/Technical
Total Fund 4383 Summer Migrant 2009 FY 09-10		<u>\$ 2,900.00</u>		

Also, the Director transferred Title III funds to another federal grant program from each of the two grant awards.

<u>Date</u>	<u>Vendor</u>	<u>Questioned Costs for Unallowed Activities</u>	<u>Description</u>
06-28-10	School City of Hammond	<u>\$ 15,000.00</u>	Transfer to Fund 4385-Migrant Summer Program - Another Federal Grant Program
Total SY 2009-10 Fund 6881		<u>\$ 15,000.00</u>	
06-29-11	School City of Hammond	<u>\$ 15,000.00</u>	Transfer to Fund 4389 - Migrant Summer Program - Another Federal Grant Program
Total SY 2010-11 Fund 6882		<u>\$ 15,000.00</u>	

Below is presented a summary of the questioned costs by grant award and fund:

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

English Language Acquisition Grants, (Title III) 84.365

Description of Questioned Costs	SY 2009-10 Fund 6881	SY 2010-11 Fund 6882	SY 2008-09 Fund 6889	Totals
Paid in Excess of Board Approved Hourly Rate - Unallow able Costs	\$ 3,419.89	\$ 1,812.57	\$ 452.58	\$ 5,685.04
Paid in Excess of Board Approved Daily Rate - Unallow able Costs	6,623.04	2,701.63	905.80	10,230.47
Undocumented split compensation - Unallow able Costs	13,647.99	-	-	13,647.99
Compensation of Unallow ed Activities paid in 2009-10	2,701.17	48.52	512.83	3,262.52
Compensation of Unallow ed Activities paid in 2010-11	296.67	1,614.24	-	1,910.91
Compensation of Services for Talent Show - Unallow ed Activity	441.46	-	-	441.46
Tuition Reimbursement - Unallow able Activity	11,634.78	-	4,623.76	16,258.54
Undocumented Vendor Disbursements - Unallow able Activities/Costs	400.00	1,500.00	-	1,900.00
Parent Advisory Council Reimbursements - Unallow able Activities/Cost	3,658.59	-	-	3,658.59
Travel - Unallow able Costs	1,652.34	289.35	-	1,941.69
Other Unallow able Costs based upon 2CFR Part 225, Appendix B	7,568.47	-	10,658.00	18,226.47
Transfers to Other Federal Grant Funds - Unallow able Activity	15,000.00	15,000.00	-	30,000.00
<b>Total Questioned Costs</b>	<b>\$ 67,044.40</b>	<b>\$ 22,966.31</b>	<b>\$ 17,152.97</b>	<b>\$ 107,163.68</b>

Migrant Education State Program 84.011

Description of Questioned Costs	Migrant Education FY 09-10 4340	Summer Migrant FY 09-10 4383	Summer Migrant Supplemental 4384	Summer Migrant 2010 4385	Summer Migrant 2011 4386	Totals
Paid in Excess of Board Approved Hourly Rate - Unallow able Costs	\$ 162.05	\$ -	\$ 32.20	\$ 235.20	\$ 287.70	\$ 717.15
Paid in Excess of Board Approved Daily Rate - Unallow able Costs	-	-	-	1,775.15	1,868.44	3,643.59
Compensation of Unallow ed Activities paid in 2009-10	222.36	-	178.00	-	-	400.36
Compensation of Unallow ed Activities paid in 2010-11	214.50	-	-	-	81.59	296.09
Parent Advisory Council Reimbursements - Unallow able Activity/Costs	229.17	-	4,276.82	1,293.54	-	5,799.53
Other Unallow able Costs based upon 2CFR Part 225, Appendix B	-	2,900.00	13,644.42	-	-	16,544.42
<b>Total Questioned Costs</b>	<b>\$ 828.08</b>	<b>\$ 2,900.00</b>	<b>\$ 18,131.44</b>	<b>\$ 3,303.89</b>	<b>\$ 2,237.73</b>	<b>\$ 27,401.14</b>

For the Title III Grant, as part of the application, the Director prepares and submits a grant budget, which is approved as part of the application process. Below is a comparison of FY 2009-10 Grant Budgeted Categories and amounts to the Posted Categories and amounts determined to be questioned costs.

SCHOOL CITY OF HAMMOND  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (Continued)

Budget Category	Budget Amount	Posted As	Questioned Costs
Administration	\$ 6,393.78	Paid to General Fund	\$ -
Personnel	293,998.14	Personnel	27,130.22
Professional Development	22,396.00	Instructional Services	12,034.78
Supplies	12,612.81	Supplies and Food Purchases	7,952.07
Parental Participation	1,300.00		-
Equipment	6,400.00	Other Prof Tech, Other Tech Hardware, Focused Tech	1,674.99
Field Trips	2,000.00	Pupil Transportation	1,600.00
Mileage	489.28	Travel	1,652.34
Transfers	-	Transfers between Funds	<u>15,000.00</u>
Totals	<u>\$ 345,590.01</u>		<u>\$ 67,044.40</u>

Failure to spend grant funds in accordance with federal guideline can result in sanctions taken against the School Corporation as addressed in 34 CFR § 80.43 which states in part:

"Enforcement. (a) *Remedies for noncompliance.* If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- (1) Temporarily withhold cash payments pending correction of the deficiency by the grantee or subgrantee or more severe enforcement action by the awarding agency,
- (2) Disallow (that is, deny both use of funds and matching credit for) all or part of the cost of the activity or action not in compliance,
- (3) Wholly or partly suspend or terminate the current award for the grantee's or subgrantee's program,
- (4) Withhold further awards for the program, or
- (5) Take other remedies that may be legally available."

34 CFR § 80.20, states:

"Standards for financial management systems.

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

- (4) *Budget control.* Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible.

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

34 CFR § 80.22 states: "Allowable costs. (b) For each kind of organization, there is a set of Federal principles for determining allowable costs. For the costs of a State, local, or Indian tribal government, the Secretary applies the cost principles in OMB Circular A-87, as amended on June 9, 1987."

2 CFR 225, Appendix A, part E, states the following regarding allowable direct costs:

- "1. General. Direct costs are those that can be identified specifically with a particular final cost objective.
- 2. Application. Typical direct costs chargeable to Federal awards are:
  - a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.
  - b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.
  - c. Equipment and other approved capital expenditures.
  - d. Travel expenses incurred specifically to carry out the award.
- 3. Minor items. Any direct cost of a minor amount may be treated as an indirect cost for reasons of practicality where such accounting treatment for that item of cost is consistently applied to all cost objectives."

34 CFR § 80.36 states in part:

"Procurement. . . .

- (3) Grantees and subgrantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. No employee, officer or agent of the grantee or subgrantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:
  - (i) The employee, officer or agent,
  - (ii) Any member of his immediate family,
  - (iii) His or her partner, or
  - (iv) An organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The grantee's or subgrantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subagreements.

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Grantee and subgrantees may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. To the extent permitted by State or local law or regulations, such standards or conduct will provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the grantee's and subgrantee's officers, employees, or agents, or by contractors or their agents. The awarding agency may in regulation provide additional prohibitions relative to real, apparent, or potential conflicts of interest."

We recommended that the School Corporation establish controls for oversight and monitoring of grant related activities. A copy of the completed application, award approval letter, and authorized budget from the grantor agency should be provided to the Corporation Treasurer or his/her designee. Disbursements should be reviewed and monitored by more than one individual who is knowledgeable in the allowable grant activities and cost principals.

***FINDING 2011-18 - CASH MANAGEMENT CONTROLS AND COMPLIANCE***

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Programs: English Language Acquisition Grants (Title III)  
CFDA Numbers: 84.365  
Program Numbers: FY 2009-10, 01111-046-PN01

The Indiana Department of Education (IDOE) administered the English Language Acquisition Grants (Title III) program for SY 2009-10 as an advance drawdown grant, whereby School Corporations were to request funds in advance of needs.

School Corporations were also required to develop and implement controls to ensure cash drawdown requests were sufficient to meet immediate needs only; controls should have been established to monitor cash balances to ensure only minimal cash balances were maintained.

As part of the application for the Title III grant, school corporations were required to assess needs and develop a drawdown request of Title III funds to cover cash needs over the entire grant period. The request for drawdowns were listed by month, and had to total to the grant award.

Title III grant personnel indicated they simply divided the grant award amount by the number of months of the grant period remaining from the date of the award approval, to compute the drawdown amounts.

The former Corporation Treasurer certified on the project request form:

"I certify that I have a copy of the approved Title III grant application for the 2009-10 school year and that to the best of my knowledge, the amount of estimated cash requested will not result in a surplus cash position greater than ten percent (10%) of our current monthly expenditures. . . . Local educational agencies have the responsibility of monitoring its cash needs and balances. You are required to review the amount of cash on hand and the anticipated cash needed on a monthly basis and submit "revised" cash request forms as necessary throughout the project year. . . ."

The project request form was retained in the grant files maintained by the Title III grant personnel. Although grant personnel stated that they reviewed the activities of the grant fund two to three times each week, the original cash request form was never modified to limit drawdowns to immediate needs. Excess cash balances were retained from December 2009 thru October 2010.

SCHOOL CITY OF HAMMOND  
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(Continued)

Controls were not established to compare anticipated expenditures against current cash balances, so that cash requests could be modified. It is unclear as to whether or not the former Corporation Treasurer was monitoring the grant cash balance.

Failure to minimize the cash on hand balances results in noncompliance with cash management requirements established by federal agencies.

By maintaining excess cash balances, a School Corporation may be required to remit interest earned on the excess cash balances maintained.

In accordance with the 34 CFR § 80.21 (i), which states in part: ". . . grantees and subgrantees shall promptly, but at least quarterly, remit interest earned on advances to the Federal Agency. The grantee or subgrantee may keep interest amounts up to \$100 per year for administrative expenses."

The School Corporation did not prepare reports of interest earned on the excess cash balances maintained; therefore, it is not known if interest earned on the Title III excess cash exceeded the \$100 threshold.

In response to School Corporations maintaining excess cash balances under the advance drawdown programs, the IDOE began administering the Title III Grant programs as reimbursement based. As a reimbursement based program, School Corporations are required to expend the funds prior to submitting a claim for reimbursement.

Claims for reimbursement are to be based upon expenditures of allowable costs. Claims for reimbursement were prepared by the Title III grant personnel, based upon expenditures recorded in the grant fund. Because allowability of grant expenditures were at the sole discretion of the Title III grant Director, many of the claims for reimbursement included unallowable costs as stated in Finding No. 2011-17.

34 CFR § 80.20 states in part:

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

- (7) Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

34 CFR § 80.21 states in part:

"(a) Scope. This section prescribes the basic standard and the methods under which a Federal agency will make payments to grantees, and grantees will make payments to subgrantees and contractors.

(b) Basic standard. Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205."

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

We recommended officials follow the new guidelines established by the Indiana Department of Education, requiring Title III funds to be reimbursed after the funds have been properly spent. Officials should establish controls to ensure adequate segregation of duties over determining allowability of grant expenditures as well as ensuring that only allowable costs are being claimed for reimbursement.

**FINDING 2011-19 - PERIOD OF AVAILABILITY COMPLIANCE**

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Programs: English Language Acquisition Grants (Title III)  
CFDA Numbers: 84.365  
Program Numbers: FY 2009-10

For the SY 2009-10 Title III Grant program, School Corporations were required to encumber any unspent funds by June 30, 2010, and spend the encumbered funds by September 30, 2010. Encumbrances are defined as obligations of the grant funds supported by invoices or purchase orders that have yet to be paid. The School Corporation had a cash balance of \$82,800.16 in Title III grant funds as of June 30, 2010, of which only \$33,771.26 was encumbered.

The grant agreement required all funds not encumbered by June 30, 2010, to be returned to the Indiana Department of Education. The agreement also required any balance on hand after September 30, 2010, to be returned as well. As of September 30, 2010, the School Corporation spent \$61,572.59, which exceeded the encumbered balance by \$27,801.33. The remaining cash balance was not returned to the Indiana Department of Education as required by the grant agreement. The majority of the \$20,576.35 cash balance on hand as of September 30, 2010, was expended in October 2010, with a minimal amount of the remaining balance being expended in December 2010.

Noncompliance with federal regulations over federal grant awards, may limit the School Corporation's ability to receive future grant funding.

34 CFR § 80.23 regarding period of availability of funds, states:

"(a) *General.* Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period. (b) *Liquidation of obligations.* A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). The Federal agency may extend this deadline at the request of the grantee."

We recommended that officials review the grant agreements and grant requirements to ensure compliance with the grant requirements for period of availability.

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(Continued)

***FINDING 2011-20 - REPORTING***

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Programs: English Language Acquisition Grants (Title III)  
CFDA Numbers: 84.365  
Program Numbers: FY 2009-10, 01111-046-PN01

According to the grant agreement, School Corporations are required to prepare an annual report of expenditures by budget category.

In both fiscal years of the grant, the Bilingual Education Director transferred \$15,000 from the Title III grant to the Migrant Education - State Grant Program, which is another federal grant award. These two transfers were not included in the budget approved by the Indiana Department of Education for the Title III grants, and these transfers were not classified as transfers on the final report of expenditures.

The total amount reported as expended from the grant agreed to the financial records maintained by the School Corporation; however, the individual category of expenditures did not agree to the amounts posted in the ledgers. Because the transfers were not classified properly on the final report, the transfers had to have been allocated to the other categories of expenditures approved in the grant award budgets.

By intentionally reporting inaccurate expenditures, officials risk the following:

34 CFR § 80.43 Enforcement, states in part:

"(a) *Remedies for noncompliance.* If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- (1) Temporarily withhold cash payments pending correction of the deficiency by the grantee or subgrantee or more severe enforcement action by the awarding agency,
- (2) Disallow (that is, deny both use of funds and matching credit for) all or part of the cost of the activity or action not in compliance,
- (3) Wholly or partly suspend or terminate the current award for the grantee's or subgrantee's program,
- (4) Withhold further awards for the program, or
- (5) Take other remedies that may be legally available."

34 CFR § 80.20 Standards for financial management systems, states in part:

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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
  - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.
- (b) The financial management systems of other grantees and subgrantees must meet the following standards:
- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . "

We recommended that officials prepare accurate reports based upon the financial records maintained by the School Corporation.

***FINDING 2011-21 - SPECIAL TESTS AND PROVISIONS - PRIVATE SCHOOL PARTICIPATION***

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Programs: English Language Acquisition Grants (Title III)  
CFDA Numbers: 84.365  
Program Numbers: FY 2009-10, 01111-046-PN01

The Bilingual Education Director offers services and materials to four private schools within the School Corporation's district. The offer of services and materials is communicated by written correspondence from the Director to the principals of the private schools. The Director indicated that only one of the four schools requested materials; however, documentation as to the materials requested and the cost of the materials sent to the private school was not retained for audit. Additionally, documentation supporting the responses from the private schools, either accepting or declining assistance, was not retained for audit.

Funds allocated to private schools must be equal on a per-pupil basis to funds allocated to public schools. Funds were not allocated in the grant budgets for private school participation, and there wasn't any other documentation to support that funds were allocated to the private schools on an equitable basis.

Because such documentation was not maintained for audit, we could not verify compliance with the special tests and compliance requirements regarding private school participation. This lack of documentation could jeopardize future grant funding for the School Corporation.

34 CFR § 299.6 states:

"(a) *General.* An agency or consortium of agencies receiving funds under an applicable program listed in paragraph (b) of this section, after timely and meaningful consultation with appropriate private school officials (in accordance with the statute), shall provide special educational services or other benefits under this subpart on an equitable basis to eligible children who are enrolled in private elementary and secondary schools, and to their teachers and other educational personnel."

SCHOOL CITY OF HAMMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

34 CFR § 299.7 states in part:

"(a) *Equal expenditures.* (1) Expenditures of funds made by an agency or consortium of agencies under a program listed in §299.6 (b) for services for eligible private school children and their teachers and other educational personnel must be equal on a per-pupil basis to the amount of funds expended for participating public school children and their teachers and other educational personnel, taking into account the number and educational needs of those children and their teachers and other educational personnel."

We recommended that officials compute per pupil expenditures and establish budgets to ensure equitable allocation of materials and services. Actual expenditures of materials and services must be supported by the financial records to ensure compliance. Correspondence with both participating and non-participating private schools must be maintained for audit to verify compliance.

# School City of Hammond

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Dr. Walter J. Watkins, Superintendent

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Original SBA Audit Report Number: B35870

Finding Number: 2009-1  
Fiscal Year: 2009  
Auditee Contact Person: Jana Abshire  
Title of Contact Person: Director of Title 1 Programs  
Phone Number: (219) 933-2514  
Status of Finding: Completed

School City of Hammond now uses the State process for Reimbursement of Federal Grant Dollars. For the past fiscal year dollars have been requested on a monthly basis, AFTER they have been expended. This ensures that there is NO cash on hand and that dollars are requested as they have been budgeted. This is now the State of Indiana process and is followed.

Finding Number: 2009-2  
Fiscal Year: 2009  
Auditee Contact Person: Jana Abshire  
Title of Contact Person: Director of Title 1 Programs  
Phone Number: (219) 933-2514  
Status of Finding: Completed

School City of Hammond has developed a process to ensure that a vendor has not been excluded from doing business with the Federal Government. Before a contract is developed we use the [www.EPLS.Gov](http://www.EPLS.Gov) website to determine the status of all outside consultants(vendors). This ensures that they are not disbarred or suspended and are in compliance to participate in Federal assistance programs under Executive Order 12549. A copy of the finding is kept with each contract. There is also a spreadsheet containing each vendor's contract information and it is kept in the Title 1 Program Book.

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Dr. Walter J. Watkins, Superintendent

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Original SBA Audit Report Number: 06-4710

Finding Number:	2009-3
Fiscal Year:	2009
Auditee Contact Person:	Theresa Mayerik
Title of Contact Person:	Chief Administrator for Academic Services and Secondary Education
Phone Number:	(219) 933-2400 ext. 1041
Status of Finding:	Completed

I have read over the audit report from the 2009 audit. In this audit, Finding 2009-3, reporting, applied to my department since I oversee the title II grant, Improving Teacher Quality.

According to this finding, the School city of Hammond was directed to prepare all required financial reports and remit them to the Indiana Department of Education within the prescribed timeline. Since the audit of 2009, the School City of Hammond has been compliant with this directive. All final reports of expenditures have been mailed or scanned and emailed to the Indiana Department of Education in a timely manner as per their instructions and a copy of each final report of expenditures is kept in the Title II office in a yearly binder system developed to document all action taken in regard to Title II.

Theresa A. Mayerik  
Chief Administrator Academic Affairs and Secondary Education

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# School City of Hammond

## Food Service Department

41 Williams Street • Hammond, IN 46320 • (219) 933-2400

Fax (219) 554-4502



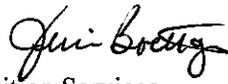
Walter J. Watkins Ph.D., Superintendent

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2009-4 Free and reduced lunch applications are not signed by verifying official.

Original SBA Audit Report Number B35870

Fiscal Year July 1, 2007 to June 30, 2009

Auditee Contact Person: Julie Boettger, PhD, RD 

Title of Contact Person: Director of Food and Nutrition Services

Phone Number: 219-933-2400 x 1056

Status of Finding: In progress

The corrective action initially proposed was implemented; however, the problem persists in some schools. Initial planning is taking place to centralize meal application approval and verification processes and move under the management of the Department of Food and Nutrition Services. It is expected that all benefit approval and verification will be conducted by Food and Nutrition personnel beginning with the 2012-13 school-year.

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#### *Board of School Trustees*

Ms. Anna Mamala  
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Mrs. Deborah White  
Mrs. Cindy Murphy  
Mr. George Janiec

#### *Administration*

Ms. Teresa Mayerik, *Chief Administrator for Curriculum*  
Mr. Tom P. Patton, *Chief Administrator for Elementary Education*  
Mrs. Eliza Gonzalez, *Chief Administrator for Human Resources*  
Mr. Theophilus Boone, *Chief Administrator for Business*

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Dr. Walter J. Watkins, Superintendent

## CORRECTIVE ACTION PLAN

### ***Section II – Financial Statement Findings***

#### FINDING 2011-1, CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS

**Auditee Contact Person** Terese Alexander  
**Title of Contact Person** Director of Business Services  
**Phone Number** (219) 933-2400, ext. 1025

The Business Services Department will review the bank reconciliation process to ensure that the appropriate account balance of zero dollars is achieved. This will be accomplished through the creation of new policies and procedures. There will be monthly monitoring to ensure that this finding will be corrected immediately.

#### FINDING 2011-2, FEDERAL GRANT SCHEDULE

**Auditee Contact Person** Terese Alexander  
**Title of Contact Person** Director of Business Services  
**Phone Number** (219) 933-2400, ext. 1025

All Grant Directors will be mandated by Board Action to submit both the approved written and budget narratives of their grants. A schedule will be designed for each grant that indicates due dates and schedules of all follow up reporting to all grant funders. This documentation will be kept on file in the Business Office. Periodic review will be held with Grant Directors to ensure compliance with grant schedules.

#### FINDING 2011-3, CORRECTION OF ERRORS

**Auditee Contact Person** Terese Alexander  
**Title of Contact Person** Director of Business Services  
**Phone Number** (219) 933-2400, ext. 1025

The Corrective Action identified in FINDING 2011-2, FEDERAL GRANT SCHEDULE will eliminate to the greatest extent possible the errors identified as a result of this finding.

### ***Section III – Federal Award Findings and Questioned Costs***

#### FINDING 2011-4, SUSPENDED AND DISBARRED – CONTROLS AND COMPLIANCE

**Auditee Contact Person** Jana Abshire  
**Title of Contact Person** Turnaround Officer  
**Phone Number** (219) 933-2442, ext. 1515

**Auditee Contact Person** Connie Manous

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Dr. Walter J. Watkins, Superintendent

**Title of Contact Person** Director of Special Education  
**Phone Number** (219) 933-2400, ext. 1081

**Auditee Contact Person** Terese Alexander  
**Title of Contact Person** Director of Business Services  
**Phone Number** (219) 933-2400, ext. 1025

**Temporary Auditee Contact Person** Dr. Walter J. Watkins  
**Title of Contact Person** Superintendent  
**Phone Number** (219) 933-2400, 1010

Even though the vendors providing services to the School City of Hammond are approved by the Indiana Department of Education, the School City has created a system to ensure that purchases made with grant funds comply with federal/statutory requirements. We have furnished all Federal Grants and Accounts Payable department with links to the Excluded Parties List System (ELPS). The status of all vendors receiving over \$25,000 will be verified and documented by the Federal Grants Department and Business Services Department before entering into contracts or issuing purchase orders.

In addition the Business Services Department will issue a certification letter to all vendors requiring confirmation of eligibility status according to 34 CFR § 80.35 Guidelines.

## FINDING 2011-5, PROCUREMENT - CONTROLS AND COMPLIANCE

**Auditee Contact Person** Jana Abshire  
**Title of Contact Person** Turnaround Officer  
**Phone Number** (219) 933-2442, ext. 1515

**Auditee Contact Person** Connie Manous  
**Title of Contact Person** Director of Special Education  
**Phone Number** (219) 933-2400, ext. 1081

**Temporary Auditee Contact Person** Dr. Walter J. Watkins  
**Title of Contact Person** Superintendent  
**Phone Number** (219) 933-2400, 1010

School City of Hammond has created a system to ensure that purchases made with grant funds comply with federal/statutory requirements. Each grant director will now monitor and track all expenditures per vendor. SCH will require each Grant Director to keep a running total of expenditures per vendor. A spreadsheet will be used for these records. The Business Services Department will also issue a district wide vendor report quarterly to each grant director. This information will highlight when bids and quotes are necessary when making purchases from federal funds.

In addition School City of Hammond will hire a Grants Coordinator to monitor and be a liaison between the Grant Directors and Business Services Department.

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Dr. Walter J. Watkins, Superintendent

## FINDING 2011-6, CASH MANAGEMENT - CONTROLS AND COMPLIANCE

**Auditee Contact Person** Jana Abshire  
**Title of Contact Person** Turnaround Officer  
**Phone Number** (219) 933-2442, ext. 1515

All cash balances, draws, disbursements and transfers will be reviewed, monitored and reconciled by the Grant Director and Business Services Department on a monthly basis. In addition, adequate documentation will be provided to the Business Department at the time of adjustment to ensure allowable activity. The Business Department will also assist in monitoring of all reimbursement requests by account to ensure expenditure reports and ledgers match at all time.

We have contacted the IDOE to determine appropriate resolution of discrepancy regarding excessive cash situation. We will follow their directive to correct this issue.

## FINDING 2011-7, ALLOWABLE COSTS - INTEREST EARNINGS ON ADVANCES

**Auditee Contact Person** Jana Abshire  
**Title of Contact Person** Turnaround Officer  
**Phone Number** (219) 933-2442, ext. 1515

**Auditee Contact Person** Connie Manous  
**Title of Contact Person** Director of Special Education  
**Phone Number** (219) 933-2400, ext. 1081

The previous Chief Administrator for Business Services authorized these payments to be made and this individual is no longer with the School City of Hammond. The current administrative staff in the Business Department is fully aware of this finding and will ensure that it does not reoccur.

The IDOE has been contacted to remit funds.

## FINDING 2011-8, REPORTING - TIMELINESS AND ACCURACY

**Auditee Contact Person** Terese T. Alexander  
**Title of Contact Person** Director of Business Services  
**Phone Number** (219) 933-2400, ext. 1025

This report was not filed in a timely fashion due to transitions in the Business Services Department. The Business Department will develop procedures to ensure that all reports are submitted accurately and in a timely manner.

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## FINDING 2011-9, MAINTENANCE OF FISCAL EFFORT

**Auditee Contact Person** Connie Manous  
**Title of Contact Person** Director of Special Education  
**Phone Number** (219) 933-2400, ext. 1081

The Special Education Administrator is requesting that the Business Department sends all documentation and procedural safeguards to insure records are retained for 10 years. All changes in procedures will become effective July 1, 2012.

In addition, Business Department members, Terese Alexander and Theophilus Boone, and the Director of Special Education, Connie Manous, will be attending an Indiana Department of Education workshop on Maintenance of Effort and Adjusted Pupil Count, which is being held in Noblesville, Indiana on April 23, 2012, in order to gain greater insight and understanding of these subjects.

## FINDING 2011-10, SUBRECIPIENT MONITORING

**Auditee Contact Person** Connie Manous  
**Title of Contact Person** Director of Special Education  
**Phone Number** (219) 933-2400, ext. 1081

School City of Hammond will no longer be a sub recipient of the School Town of Whiting for the Part B Special Education and Preschool education effective immediately.

## FINDING 2011-11, HIGHLY QUALIFIED TEACHERS

**Auditee Contact Person** Jana Abshire  
**Title of Contact Person** Turnaround Officer  
**Phone Number** (219) 933-2442, ext. 1515

SCH will now require all Program Directors to keep a list of employees paid from their grants, their position and credentials. This will be reviewed in August of each year and then up-dated in January and reviewed again. Each grant employee will be required to verify their credentials through copies of licenses, diplomas, etc. and their signature. This is checked against the position for which they are being paid. Non-Certified employees must provide proof of passing the ParaPro Test, 60 hours of college credit or a minimum of an Associates' Degree diploma. Copies of this documentation will be available in the HR department and in the Grant Office.

## FINDING 2011-12, ACTIVITIES ALLOWED - CONTROL AND COMPLIANCE

**Auditee Contact Person** Edward Schoenfelt  
**Title of Contact Person** Project Manager  
**Phone Number** (219) 728 - 1268

The Project Director will approve all expenditures prior to any payments being made – All claims will have the signature of the Project Director on each of them prior to any payment being made.

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Dr. Walter J. Watkins, Superintendent

The Project Director along with the Steering Committee will monitor the budget to ensure that all proposed disbarments are allowable under Federal code and the specific requirements for the Small Learning Communities Grant.

Each high school's Project Manager will receive and approve all requests for disbursements. Regular scheduled meetings will continue with the Project Director. The group will meet quarterly at the financial office (Hammond) to make sure that all requests, approvals, and disbursements match; adhering to a process of monitoring the SLCP balance sheets.

The Project Director and Steering Committee of the School Corporation will develop a document of controls to ensure the accuracy of all the records.

## FINDING 2011-13, REPORTING

<b>Auditee Contact Person</b>	Edward Schoenfelt
<b>Title of Contact Person</b>	Project Manager
<b>Phone Number</b>	(219) 728 - 1268

The Annual Report will be prepared in direct agreement between fiduciary school corporation (Hammond) records with respect to expenditures. Other features of the Annual Report will be in direct agreement if the official records of the school corporations involved {Merrillville, Hammond and Tri Creek} in addition to that of the Project Director.

## FINDING 2011-14, SUPPLEMENT VERSUS SUPPLANT

<b>Auditee Contact Person</b>	Jana Abshire
<b>Title of Contact Person</b>	Turnaround Officer
<b>Phone Number</b>	(219) 933-2442, ext. 1515

Hammond High School qualified for this competitive grant due to low performance of its students as measured by state performance standards. This information caused a number of students to transfer to other schools available to them. The drop in enrollment of over 300 students was significant in the MOE requirements.

SCH has enrollment requirements for participation in classes due to fiscal constraints. HHS was not able to fulfill requirements for student enrollment in a number of classes due to their drop in enrollment. This precipitated a drop in number of staff for some specialized classes.

A plan was developed to transport HHS students to other nearby schools offering those classes so as not to diminish the educational opportunities for these students.

SCH is monitoring scheduling/class offerings more closely as we are now aware of this situation. We are expecting enrollment to remain constant for the 2011-2012 school year. We have also worked to develop ways to keep students and staff at HHS to ensure that MOE percentages are met.

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## FINDING 2011-15, ACTIVITIES ALLOWED/ALLOWABLE COSTS

**Auditee Contact Person** Jana Abshire  
**Title of Contact Person** Turnaround Officer  
**Phone Number** (219) 933-2442, ext. 1515

We now have a Turnaround Officer who monitors that HHS receives all goods and services which other SCH schools receive. All grant P.O.'s are signed by this Turnaround Officer to ensure compliance with the federal regulations governing supplementing vs. supplanting.

## FINDING 2011-16, CONTROLS

**Temporary Auditee Contact Person** Dr. Walter J. Watkins  
**Title of Contact Person** Superintendent  
**Phone Number** (219) 933-2400, ext. 1010

School City of Hammond has contracted with Educational Consulting Services to assist the SCH Human Resources department in an extensive review on all staffing and personnel related matters throughout the corporation. The previously mentioned position of a Grants Coordinator will be developed by July 1, 2012 to review all grant related expenditures. Tighter controls and oversight placed on hiring and grant related functions will provide the additional oversight needed to address this finding. Documentation for all Federal Grants will be housed in both the Grant Department and Business Services Department.

## FINDING 2011-17, ALLOWABLE ACTIVITIES AND ALLOWABLE COSTS COMPLIANCE

**Temporary Auditee Contact Person** Dr. Walter J. Watkins  
**Title of Contact Person** Superintendent  
**Phone Number** (219) 933-2400, ext. 1010

Through the work of Educational Consulting Services a district review will be conducted that analyzes employee wages and benefits as they relate to the Board of School Trustees of the SCH approved salary schedules. The Business Department will review and ensure that overtime pay is done in accordance with the Fair Labor Standards Act.

All other concerns as it relates to the remaining items in this finding are related to the issue of allowable activities and expenditures and will be under the jurisdiction of review by the Grants Coordinator. Any questionable or unallowable expenditure will be denied and immediately referred back to the Grant Director and Director of Business Services.

## FINDING 2011-18, ALLOWABLE CASH MANAGEMENT CONTROLS AND COMPLIANCE

**Temporary Auditee Contact Person** Dr. Walter J. Watkins  
**Title of Contact Person** Superintendent  
**Phone Number** (219) 933-2400, ext. 1010

The Grants Coordinator will work with the Business Department and the Grant Directors to ensure that all cash drawn down requests are sufficient to meet the need at hand. The Business Department will create new policies and procedures to direct the Grant Directors to oversee that the minimal cash balances are on hand for all grant programs. This training will consist of the new guidelines recommended by IDOE.

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## FINDING 2011-19, PERIOD OF AVAILABILITY COMPLIANCE

**Temporary Auditee Contact Person** Dr. Walter J. Watkins  
**Title of Contact Person** Superintendent  
**Phone Number** (219) 933-2400, ext. 1010

Training session will be held with all Grant Directors and Grant Coordinator to review grant agreements and grant requirements to ensure compliance with the period of availability. This will be a major function of the Grant Coordinator.

## FINDING 2011-20, REPORTING

**Temporary Auditee Contact Person** Dr. Walter J. Watkins  
**Title of Contact Person** Superintendent  
**Phone Number** (219) 933-2400, ext. 1010

The Grants Coordinator along with the Business Department will ensure that all reports are done accurately and in a timely manner in accordance with the SCH financial system. The additional oversight of monthly meeting with the Grants Coordinator will assure that this occurs.

## FINDING 2011-21, SPECIAL TESTS AND PROVISIONS – PRIVATE SCHOOL PARTICIPATION

**Temporary Auditee Contact Person** Dr. Walter J. Watkins  
**Title of Contact Person** Superintendent  
**Phone Number** (219) 933-2400, ext. 1010

The Grant Coordinator will monitor and require documentation that the Grant Directors have made the appropriate non public schools aware of the opportunities available to them through the grant funds when applicable. These letters of contact will be kept on file in both the Grant Directors and the Business Department. The Grant Director will also make available to non public schools and the Business Department the amount of funding available to the students in these schools.

A handwritten signature in black ink, appearing to read 'Terese T. Alexander'. The signature is written in a cursive style with a long horizontal line extending to the right.

Terese T. Alexander  
Director of Business Services  
March 12, 2012

## Board of School Trustees

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Deborah White  
Cindy Murphy  
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SCHOOL CITY OF HAMMOND  
EXIT CONFERENCE

The contents of this report were discussed on February 29, 2012, with Dr. Walter J. Watkins, Superintendent of Schools; Theophilus Boone Jr., Chief Administrator of Business Services; Terese T. Alexander, Treasurer /Director of Business Services; and Deborah White, President of the School Board. The Official Response has been made a part of this report and may be found on pages 148 through 157.

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Dr. Walter J. Watkins, Superintendent

## AUDIT RESULTS AND COMMENTS CORRECTIVE ACTION PLAN

### CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS

<b>Auditee Contact Person</b>	Terese Alexander
<b>Title of Contact Person</b>	Director of Business Services
<b>Phone Number</b>	(219) 933-2400, ext. 1025

The Business Services Department will review the bank reconciliation process to ensure that the appropriate account balance of zero dollars is achieved. This will be accomplished through the creation of new policies and procedures. There will be monthly monitoring to ensure that this finding will be corrected immediately.

### FEDERAL GRANT SCHEDULE

<b>Auditee Contact Person</b>	Terese Alexander
<b>Title of Contact Person</b>	Director of Business Services
<b>Phone Number</b>	(219) 933-2400, ext. 1025

All Grant Directors will be mandated by Board Action to submit both the approved written and budget narratives of their grants. A schedule will be designed for each grant that indicates due dates and schedules of all follow up reporting to all grant funders. This documentation will be kept on file in the Business Services Department. Periodic review will be held with Grant Directors to ensure compliance with grant schedules.

### CORRECTION OF ERRORS

<b>Auditee Contact Person</b>	Terese Alexander
<b>Title of Contact Person</b>	Director of Business Services
<b>Phone Number</b>	(219) 933-2400, ext. 1025

The Corrective Action identified in FINDING 2011-2, FEDERAL GRANT SCHEDULE will eliminate to the greatest extent possible the errors identified as a result of this finding.

### GRANT BALANCES – FEDERAL AND STATE AGENCIES – COMPLIANCE REQUIREMENTS

<b>Auditee Contact Person</b>	Terese Alexander
<b>Title of Contact Person</b>	Director of Business Services
<b>Phone Number</b>	(219) 933-2400, ext. 1025

All cash balances, draws, disbursements and transfers will be reviewed, monitored and reconciled by the Grant Director and Business Services Department on a monthly basis. In addition, adequate documentation will be provided to the Business Department at the time of adjustment to ensure allowable activity. The Business Department will also assist in monitoring of all reimbursement requests by account to ensure expenditure reports and ledgers match at all time.

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In addition, we will contact IDOE to determine appropriate resolution of discrepancy regarding excessive cash situation. We will follow their directive to correct this issue.

## HONORS DIPLOMA – INCORRECT REPORTING TO THE STATE

<b>Auditee Contact Person</b>	Teri Mayerik
<b>Title of Contact Person</b>	Director of Curriculum
<b>Phone Number</b>	(219) 933-2400, ext. 1041

The guidance counselors will submit totals to the state twice. Once for the ordering of seals for diplomas and then once after the school year has ended. In addition, each graduating senior has a code in our student system to identify the type of diploma received. This information will then be pulled for the graduation report and sent to the Indiana Department of Education. In addition, at the end of each school year, the office of the Chief Administrator for Academic Services and Secondary Education will request the names of Honors diplomas issued at each school and check this number against the graduation report for each school.

## OVERDRAWN CASH BALANCES

<b>Auditee Contact Person</b>	Terese Alexander
<b>Title of Contact Person</b>	Director of Business Services
<b>Phone Number</b>	(219) 933-2400, ext. 1025

The Business Department will monitor all cash balances on a quarterly basis to ensure that overdrawn cash balances do not occur in the future. Policies and procedures will be put into place to assist fund managers in maintaining fund balances and expenditures in accordance with State and Federal Guidelines.

In addition, a review of all funds will be done to resolve any current overdrawn cash balances.

## NONCOMPLIANCE WITH STATUE FOR PROPERTY PURCHASE PAYEMENT

<b>Auditee Contact Person</b>	Terese Alexander
<b>Title of Contact Person</b>	Director of Business Services
<b>Phone Number</b>	(219) 933-2400, ext. 1025

Due to the transition in the Business Services Department proper documentation was assumed completed at the time of the transfer. Safeguards and procedures are now in place to ensure that all transfers and claims are done in an accurately and timely fashion. Furthermore, all claims over \$500 will Board Approved before remitted to the vendor.

## VERIFICATION OF SCHOOL LUNCH APPLICATIONS

<b>Auditee Contact Person</b>	Julie Boettger
<b>Title of Contact Person</b>	Director of Food Service
<b>Phone Number</b>	(219) 933-2400, ext. 1056

Initial planning is taking place to centralize meal application approval and verification processes and move under the management of the Department of Food and Nutrition Services. It is

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Dr. Walter J. Watkins, Superintendent

expected that all benefit approval and verification will be conducted by Food and Nutrition personnel beginning with the 2012-13 school-year.

## CERTIFIED REPORT (FORM 100-R) NOT FILED TIMELY

<b>Auditee Contact Person</b>	Terese Alexander
<b>Title of Contact Person</b>	Director of Business Services
<b>Phone Number</b>	(219) 933-2400, ext. 1025

This report was not filed in a timely fashion due to transitions in the Business Services Department. The Business Department will develop procedures to ensure that all reports are submitted accurately and in a timely manner.

## PAYROLL SCHEDULE AND VOUCHER

<b>Auditee Contact Person</b>	Terese Alexander
<b>Title of Contact Person</b>	Director of Business Services
<b>Phone Number</b>	(219) 933-2400, ext. 1025

The Business Service Department will begin to use the Payroll Schedule and Voucher (General Form 99) to prepare all payroll jurisdictions or supervision from the attendance record. The attendance information will be supplied by the school principal or department head for all employees under his jurisdiction or supervision. A certificate with the Payroll Register amounts will be submitted to the Board for Approval along with the docket information; once Board Approved this information will be held in the Business Department.

## VENDOR DISBURSMENTS – FORM USAGE

<b>Auditee Contact Person</b>	Terese Alexander
<b>Title of Contact Person</b>	Director of Business Services
<b>Phone Number</b>	(219) 933-2400, ext. 1025

The Business Services Department will require all employees to use all proper prescribed and approved claim forms for all transactions as directed by the SBOA.

## PAYROLL DEFICIENCIES

<b>Auditee Contact Person</b>	Terese Alexander
<b>Title of Contact Person</b>	Director of Business Services
<b>Phone Number</b>	(219) 933-2400, ext. 1025

The Business Department will update and distribute the standardized timesheet to all department heads with new policies and procedures. All overtime must be pre-approved by the Superintendent or the Grant Director and submitted on the approved timesheet forms. Once received, the Business Department will review all overtime requested and ensure compliancy with Fair Labor Standard Acts.

## CONTRACTS

<b>Auditee Contact Person</b>	Terese Alexander
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# School City of Hammond

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(219) 933-2400 • (219) 933-2495 FAX



Dr. Walter J. Watkins, Superintendent

**Title of Contact Person** Director of Business Services  
**Phone Number** (219) 933-2400, ext. 1025

All contracts entered into by the School City of Hammond will be Board Approved before any payments are remitted. New policies and procedures will be developed to state that any contracts that are not Board Approved before the contract begins will become the responsibility of the individual who entered into the contract and not SCH.

## CONFLICT OF INTEREST DISCLOSURE STATEMENTS

**Auditee Contact Person** Terese Alexander  
**Title of Contact Person** Director of Business Services  
**Phone Number** (219) 933-2400, ext. 1025

School City of Hammond is working in conjunction with school attorneys to develop a proper policy. This policy will be used in Human Resources for all employees and Accounts Payables for all vendors.

## RECORDS NOT PROVIDED FOR AUDIT (APPLIES TO HESS ELEMENTARY SCHOOL)

**Auditee Contact Person** William Danko  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 7110

An end of the year checklist will be developed and used by the Office Manager as a monitor of all official records. All official records will be placed in boxes and securely stored in the office storage room for the appropriate numbers of years.

## COMPUTER OUTPUT (APPLIES TO LAFAYETTE ELEMENTARY SCHOOL)

**Auditee Contact Person** Colette Weitknecht  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 6110

Back up for a 60 day period will be kept off location to ensure that all records that are generated and safe and available.

## RECEIPT ISSUANCE (APPLIES TO FRANKLIN ELEMENTARY SCHOOL)

**Auditee Contact Person** Perry Palmer  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 5110

All funds will be issued on the day the funds were collected and on their own receipt.

## RECEIPTS NOT PROPERLY COMPLETED (APPLIES TO COLUMBIA AND O'BANNON ELEMENTARY SCHOOLS AND GAVIT MIDDLE/HIGH SCHOOL)

**Auditee Contact Person** Tony Salinas - Columbia  
**Title of Contact Person** Principal

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Dr. Walter J. Watkins, Superintendent

**Phone Number** (219) 933-2400, ext. 4710

**Auditee Contact Person** Catherine Danko – O'Bannon  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 8410

**Auditee Contact Person** Michelle Ondas – Gavit MS/HS  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 1310

Columbia ES – This statement is in response to our exit interview from our 2009/2010 and 2010/2011 audit. Effective immediately, we will always provide more details on all receipts and ensure that receipts are issued to the proper vendor/individual. We will no longer issue receipts to Columbia Elementary School. Additionally, we will always seek Board approval from the Hammond School Board of Trustees for all of our future school fundraisers.

## PRESCRIBED FORMS (APPLIES TO HAMMOND AND MORTON HIGH SCHOOLS)

**Auditee Contact Person** Leslie Yanders – Hammond HS  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 1510

**Auditee Contact Person** Doug Friend – Morton HS  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 1710

Financial reports will be completed and sent to SCH at the end of each school year (July 1st – June 30th). The Summary Collection Form (SA-8) will be used in duplicate and pre-numbered.

## ECA DEPOSITS (APPLIES TO FRANKLIN ELEMENTARY SCHOOL)

**Auditee Contact Person** Perry Palmer  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 5110

All deposits will be made in a timely manner.

## DEPOSIT OF TEXTBOOK RENTAL RECEIPTS (APPLIES TO JEFFERSON, LINCOLN AND MAYWOOD ELEMENTARY SCHOOLS, EGGERS MIDDLE SCHOOL, CLARK MIDDLE/HIGH SCHOOL AND HAMMOND HIGH SCHOOL)

**Auditee Contact Person** Denise Eisman – Jefferson ES  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 5710

**Auditee Contact Person** Juan Anaya - Lincoln  
**Title of Contact Person** Principal

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Dr. Walter J. Watkins, Superintendent

<b>Phone Number</b>	(219) 933-2400, ext. 6310
<b>Auditee Contact Person</b>	Michael Nance - Maywood
<b>Title of Contact Person</b>	Principal
<b>Phone Number</b>	(219) 933-2400, ext. 6510
<b>Auditee Contact Person</b>	Barbara Fleming – Eggers MS
<b>Title of Contact Person</b>	Principal
<b>Phone Number</b>	(219) 933-2400, ext. 3310
<b>Auditee Contact Person</b>	Rob Wilson – Clark MS/HS
<b>Title of Contact Person</b>	Principal
<b>Phone Number</b>	(219) 933-2400, ext. 1110
<b>Auditee Contact Person</b>	Leslie Yanders – Hammond HS
<b>Title of Contact Person</b>	Principal
<b>Phone Number</b>	(219) 933-2400, ext. 1510

Lincoln – From this day forward I will make timely deposits for the textbook rental here at Lincoln School and our fundraisers will be approved by the board.

Clark – Due to the betterment of the School Corporation, employees were transferred thru out the school district. Employees' computers had to be downloaded with the software pertaining to their job duties along with log in issues. The bookkeeper at Clark was able to issue receipts but not input into the system. Deposits were finally made and input into the Financial System. Clark MS/HS is make weekly deposits to keep in compliance with State Board of Accounts.

Maywood – Per Auditors review, from this day forward, all deposits will be receipted and made without unreasonable delay. Also, attached you will find an email sent to the Maywood staff regarding the policy for the collection and deposit of all cash received from students for field trips, fundraiser's book fairs, etc. Money orders and/or personal staff checks will not be accepted in place of the cash received from students.

## STUDENT VENDING RECEIPTS NOT RECEIPTED TO STUDETN FUNDS (APPLIES TO GAVIT MIDDLE/HIGH SCHOOL)

<b>Auditee Contact Person</b>	Michelle Ondas
<b>Title of Contact Person</b>	Principal
<b>Phone Number</b>	(219) 933-2400, ext. 1310

Funds will be transferred from the Scroll fund to the Pride fund to cover the portion of the Pepsi refund check.

## FEES (APPLIES TO MORTON HIGH SCHOOL)

<b>Auditee Contact Person</b>	Doug Friend
<b>Title of Contact Person</b>	Principal
<b>Phone Number</b>	(219) 933-2400, ext. 1710

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All student ID's fees will be remitted to the Business Services Department quarterly.

## EXTRA-CURRICULAR DISBURSEMENTS-LACK OF DOCUMENTATION (APPLIES TO FRANKLIN ES)

**Auditee Contact Person** Perry Palmer  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 5110

All contracts and or invoices shall be included and attached to the docket being processed.

## ECA PURCHASE OF EQUIPMENT (APPLIES TO HARDING ES)

**Auditee Contact Person** Michael Carey  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 5310

According to my Audit Report Results, dated February 22, 2012 I was cited for the purchase of equipment in the amount of \$2,349.36 for a grant received by Ms. Pearson, Assistant to the Principal. I was proceeding under the fact since the grant was approved all purchases would be approved no matter what the cost. From now on, any purchase over \$500.00 will be sent to the Board for approval.

## USE OF FORM SA-8, SUMMARY COLLECTION FORM (APPLIES TO FRANKLIN ES)

**Auditee Contact Person** Perry Palmer  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 5110

All money collected will include a SA-8 form explaining what fund the money was collected for and from whom.

## FUNDS AND RECORDS – LACK OF SUFFICIENT DETAIL (APPLIES TO FRANKLIN ES)

**Auditee Contact Person** Perry Palmer  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 5110

More information will be added to the description when entering a receipt. Franklin will contact the business office and set up more account codes to better describe where the funds are being distributed and who is responsible for the collection and disbursement of such funds.

## FUNDRAISERS LACKED BOARD APPROVAL (APPLIES TO ALL SCHOOLS)

**Auditee Contact Person** Terese Alexander  
**Title of Contact Person** Director of Business Services  
**Phone Number** (219) 933-2400, ext. 1025

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Dr. Walter J. Watkins, Superintendent

The Director of Business Services will create new policies, procedures and forms to ensure that all Fundraisers are Board Approved prior to the event.

## FUND SOURCES AND USES (APPLIES TO GAVIT MIDDLE/HIGH SCHOOL)

**Auditee Contact Person** Michelle Ondas  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 1310

Reimbursement will be made to SCH for check from Pearson Education refund. Check was put into ECA at the direction of Steven Peterson, our former Principal.

## INTERNAL CONTROLS (APPLIES TO GAVIT MIDDLE/HIGH SCHOOL)

**Auditee Contact Person** Michelle Ondas  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 1310

At the beginning of each school year, a procedure letter is e-mailed to all staff. It is printed and put in the mail boxes of coaches that are not working in the building. It was re-sent to all staff and coaches as a reminder.

## FUNDRAISERS (APPLIES TO LAFAYETTE ELEMENTARY SCHOOL)

**Auditee Contact Person** Colette Weitknecht  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 6110

New policies, procedures and forms will be created by the Business Department to be implemented by all schools and departments throughout SCH. All supporting documentation will be submitted to the Business Department in order to be put on the Consent Agenda for Board Approval. In addition, all funds from the fundraiser will be remitted to the ECA Treasurer and all invoices will be paid by the Treasurer at that time.

## BOOKFAIR FUNDRAISER (APPLIES TO MAYWOOD ELEMENTARY SCHOOL)

**Auditee Contact Person** Michael Nance  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 6510

Per Auditors review, from this day forward, all deposits will be receipted and made without unreasonable delay. Also, attached you will find an email sent to the Maywood staff regarding the policy for the collection and deposit of all cash received from students for field trips, fundraiser's book fairs, etc. Money orders and/or personal staff checks will not be accepted in place of the cash received from students.

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## CONDITION OF RECORDS (APPLIES TO KENWOOD ELEMENTARY SCHOOL)

**Auditee Contact Person** Mary Beth Nickolaou  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 5910

A new Office Manger has been hired and will be trained and mentored by the Business Department to ensure that all policies and procedures are followed. Bi-weekly and monthly reviews will be done by the Principal and Director of Business Services, respectively, to ensure condition and proper maintenance of records are being met.

## CONTROL DEFICIENCIES (APPLIES TO KENWOOD ELEMENTARY SCHOOL)

**Auditee Contact Person** Mary Beth Nickolaou  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 5910

A new Office Manger has been hired and will be trained and mentored by the Business Department to ensure that all policies and procedures are followed. Bi-weekly and monthly reviews will be done by the Principal and Director of Business Services, respectively, to ensure condition and proper maintenance of records are being met.

## FORM SA-5, FINANCIAL REPORT (APPLIES TO ALL SCHOOLS)

**Auditee Contact Person** Terese Alexander  
**Title of Contact Person** Director of Business Services  
**Phone Number** (219) 933-2400, ext. 1025

The SA-5 Financial Report will be a requirement of all schools as part of the year end close to be sent to the Business Department. The Director of Business Services will submit and Board Approve a copy of the files and the Board of School Trustees. A copy of this report will be stored in the Business Department and the Superintendent's Office.

## PERSONAL EXPENSES (APPLIES TO FRANKLIN ELEMENTARY SCHOOL)

**Auditee Contact Person** Perry Palmer  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 5110

Payments in the amount of \$105.00 each was issued to the Franklin EAC account for reimbursement for membership to Sam's club by Perry Palmer, Principal and Susan Cornelius, Treasurer. The Sam's Club membership will no longer be paid for out of SCH funds.

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## GYM UNIFORMS/LOCKS – LOST REVENUE (APPLIES TO GAVIT MIDDLE/HIGH SCHOOL)

**Auditee Contact Person** Michelle Ondas  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 1310

This process was investigated prior to the SBOA audit and the PE Teacher is no longer with the School City of Hammond. New policies and procedures over the receipting, disbursing, recording, and accounting for the financial activities were developed.

## BOOK FAIR REPORTING (APPLIES TO EDISON ELEMENTARY SCHOOL)

**Auditee Contact Person** Marsha Frey  
**Title of Contact Person** Principal  
**Phone Number** (219) 933-2400, ext. 4910

In the event that Edison Elementary hosts a Scholastic Book Fair in the future, the following conditions will be followed:

1. This fundraiser will be school board approved.
2. An inventory will be requested of Scholastic at the start and conclusion of the Book Fair.
3. Books sold will be receipted.
4. All monies will be collected and receipted by the person who is in charge of the Book Fair.
5. This person will turn monies in to the ECA Treasurer daily along with a completed SA-8 form.
6. Daily deposits will be recorded by the ECA Treasurer.
7. Profits will be accepted in books (instead of Book Fair dollars).
8. The Scholastic Book Fair worksheet will be reviewed by the principal at the conclusion of the event prior to submitting a check to Scholastic.

Terese T. Alexander  
Director of Business Services  
March 20, 2012

### Board of School Trustees

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