

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 WHITING
LAKE COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
03/26/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Finance/Treasurer	Cynthia Adams (Vacant) Kim Pusateri	07-01-10 to 07-30-10 07-31-10 to 08-16-10 08-17-10 to 12-31-13
Superintendent of Schools	Dr. Sandra Martinez	07-01-10 to 12-31-13
President of the School Board	Lindy Fisher Michael Toth Shawn Turpin	07-01-10 to 12-31-11 01-01-12 to 12-31-12 01-01-13 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the School City of Whiting (School Corporation), for the period of July 1, 2010 to June 30, 2012. 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

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 period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 28, 2013, 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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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.

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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the 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.



Bruce Hartman
State Examiner

February 28, 2013



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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 WHITING, LAKE COUNTY, INDIANA

We have audited the financial statement of the School City of Whiting (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 28, 2013, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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.

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 item 2012-01 to be material weaknesses.

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

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)

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 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.



Bruce Hartman
State Examiner

February 28, 2013

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.

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SCHOOL CITY OF WHITING
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10		Other Financing Sources (Uses)		Cash and Investments 06-30-11		Other Financing Sources (Uses)		Cash and Investments 06-30-12
	Receipts	Disbursements			Receipts	Disbursements			
General	\$ 2,203,702	\$ 8,484,994	\$ 6,810,616	\$ (793,597)	\$ 3,084,483	\$ 8,557,909	\$ 7,433,331	\$ (843,696)	\$ 3,365,365
Debt Service	554,497	426,888	344,135	(4,785)	632,465	372,099	384,660	(12,319)	607,585
Exempt Debt	91,486	26,315	62,437	-	55,364	36,723	13,199	-	78,888
Capital Projects	1,337,779	2,680,487	1,988,030	(300,000)	1,730,236	2,010,694	2,636,059	-	1,104,871
School Transportation	475,530	917,310	909,047	14,711	498,504	664,725	958,634	-	204,595
School Bus Replacement	284,882	65,664	-	-	350,546	25,587	43,571	-	332,562
Rainy Day	1,167,749	-	-	895,000	2,062,749	-	-	645,000	2,707,749
Post-Retirement/Severance Future Benefits	2,532,254	-	-	200,000	2,732,254	-	-	200,000	2,932,254
School Lunch	157,261	523,648	527,044	-	153,865	562,771	557,042	-	159,594
Textbook Rental	101,420	94,265	128,230	4,786	72,241	149,652	221,643	12,319	12,569
Self-Insurance	1,270,132	1,322,779	1,116,966	-	1,475,945	1,473,097	1,411,014	-	1,538,028
Levy Excess	-	14,711	-	(14,711)	-	-	-	-	-
Parents As Teachers	21,000	10,000	10,000	-	21,000	10,000	20,000	-	11,000
Afternoons Rock	(6,988)	16,455	9,424	-	43	9,645	15,604	-	(5,916)
Construction, Remodeling, and Equipping Buildings G.O. 2008	244,994	62	245,055	(1)	-	-	-	-	-
Construction, Remodeling, and Equipping Buildings G.O. 2012	-	-	-	-	-	-	218,255	1,982,342	1,764,087
Wall of Fame	998	4,620	3,122	-	2,496	3,720	673	-	5,543
Top Ten Dinner	-	432	432	-	-	532	532	-	-
High School Marquee	-	1,000	-	-	1,000	-	-	-	1,000
Gifted/Talented	9,013	28,537	23,031	-	14,519	23,537	20,685	(844)	16,527
Gifted/Talented	-	-	-	-	-	4,685	5,529	844	-
Education Technology	(49,561)	110,800	61,239	-	-	-	64,702	(6,216)	(70,918)
Education Technology	-	-	-	-	-	98,400	98,400	-	-
Education Technology	-	-	-	-	-	-	6,216	6,216	-
Medicaid Reimbursement	-	1,655	-	(1,403)	252	1,351	-	(1,255)	348
Non-English Speaking Programs P.L. 273-1999	2,281	24,171	24,214	-	2,238	12,706	11,897	(200)	2,847
Non-English Speaking Programs P.L. 273-1999	-	-	-	-	-	2,250	2,450	200	-
School Technology	-	3,288	2,640	-	648	2,630	2,112	-	1,166
STAA Loan FY12	-	-	-	-	-	20,000	20,000	-	-
Child Nutrition Discretionary Grants	-	20,227	20,227	-	-	-	-	-	-
Title I	(18,670)	241,328	233,424	-	(10,766)	142,285	127,116	(13,210)	(8,807)
Title I	-	-	-	-	-	80,479	93,689	13,210	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	130,552	141,996	(34,304)	(45,748)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	41,977	76,281	34,304	-
Drug Free Schools	-	-	16,256	15,812	(444)	755	6,499	6,188	-
Medicaid Reimbursement - Federal	-	3,855	403	-	3,452	4,446	2,622	(49)	5,227
Improving Teaching Quality, No Child Left, Title II, Part A	-	35,319	22,694	(15,812)	(3,187)	47,899	22,192	(22,520)	-
Improving Teaching Quality, No Child Left, Title II, Part A	-	-	-	-	-	-	16,332	16,332	-
Title III, Language Instruction	2,721	20,778	24,509	-	(1,010)	24,762	24,239	(1,943)	(2,430)
Title III, Language Instruction	-	-	-	-	-	966	2,909	1,943	-
Title I - Grants to LEAs	1,519	53,761	59,330	-	(4,050)	13,639	9,589	-	-
Special Education - Part B Stimulus	(13,806)	138,829	125,023	-	-	-	-	-	-
Educational Jobs	-	22,918	34,027	-	(11,109)	186,127	187,132	-	(12,114)
Totals	\$ 10,370,193	\$ 15,295,096	\$ 12,801,555	\$ -	\$ 12,863,734	\$ 14,716,600	\$ 14,856,804	\$ 1,982,342	\$ 14,705,872

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

SCHOOL CITY OF WHITING
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.

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. Receipts are recorded when received and disbursements are recorded when paid.

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 and are 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 WHITING
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

SCHOOL CITY OF WHITING
 NOTES TO FINANCIAL STATEMENT
 (Continued)

Funding Policy and Annual Pension Cost

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

B. Teacher's Retirement Fund

Plan Description

The Indiana Teacher's 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.

Note 7. Restatements

For the period ended June 30, 2012, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances.

Fund Name	Balance as of June 30, 2010	New Fund	Balance as of July 1, 2010
Self-Insurance	\$ -	\$ 1,270,132	\$ 1,270,132

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Cash Balance Deficits

The financial statement contains funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2012.

Note 9. Subsequent Events

On December 21, 2012, the School Corporation entered into an agreement with the School City of Whiting School Building Corporation to issue Mortgage Bonds in the amount of \$2 million for the purposes of renovation of and improvements to the football field, track and related facilities (the "Project").

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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 approved by management of the School Corporation. It is presented as intended by the School Corporation.

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

	General	Debt Service	Exempt Debt	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post Retirement/ Severance Future Benefits	School Lunch
Cash and investments - beginning	\$ 2,203,702	\$ 554,497	\$ 91,486	\$ 1,337,779	\$ 475,530	\$ 284,882	\$ 1,167,749	\$ 2,532,254	\$ 157,261
Receipts:									
Local sources	87,381	426,888	26,315	1,142,755	401,235	65,664	-	-	154,574
Intermediate sources	24,501	-	-	-	-	-	-	-	-
State sources	8,372,585	-	-	149,018	-	-	-	-	2,559
Federal sources	-	-	-	-	-	-	-	-	364,802
Temporary loans	-	-	-	1,346,000	516,000	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	527	-	-	42,714	75	-	-	-	1,713
Total receipts	8,484,994	426,888	26,315	2,680,487	917,310	65,664	-	-	523,648
Disbursements:									
Current:									
Instruction	4,094,416	-	-	-	-	-	-	-	-
Support services	2,540,727	-	-	813,198	405,320	-	-	-	18,771
Noninstructional services	169,273	-	-	-	-	-	-	-	504,474
Facilities acquisition and construction	-	-	-	244,832	3,727	-	-	-	3,799
Debt services	-	344,135	62,437	930,000	500,000	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	6,200	-	-	-	-	-	-	-	-
Total disbursements	6,810,616	344,135	62,437	1,988,030	909,047	-	-	-	527,044
Excess (deficiency) of receipts over disbursements	1,674,378	82,753	(36,122)	692,457	8,263	65,664	-	-	(3,396)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	1,403	1	-	-	14,711	-	895,000	200,000	-
Transfers out	(795,000)	(4,786)	-	(300,000)	-	-	-	-	-
Total other financing sources (uses)	(793,597)	(4,785)	-	(300,000)	14,711	-	895,000	200,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	880,781	77,968	(36,122)	392,457	22,974	65,664	895,000	200,000	(3,396)
Cash and investments - ending	\$ 3,084,483	\$ 632,465	\$ 55,364	\$ 1,730,236	\$ 498,504	\$ 350,546	\$ 2,062,749	\$ 2,732,254	\$ 153,865

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

	Textbook Rental	Self- Insurance	Levy Excess	Parents As Teachers	Afternoons Rock	Construction Remodeling and Equipping Buildings G.O. 2008	Construction Remodeling and Equipping Buildings G.O. 2012	Wall of Fame	Top Ten Dinner
Cash and investments - beginning	\$ 101,420	\$ 1,270,132	\$ -	\$ 21,000	\$ (6,988)	\$ 244,994	\$ -	\$ 998	\$ -
Receipts:									
Local sources	31,517	1,322,779	14,711	10,000	-	62	-	4,620	432
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	62,748	-	-	-	10,255	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	6,200	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>94,265</u>	<u>1,322,779</u>	<u>14,711</u>	<u>10,000</u>	<u>16,455</u>	<u>62</u>	<u>-</u>	<u>4,620</u>	<u>432</u>
Disbursements:									
Current:									
Instruction	126,271	-	-	-	-	-	-	-	432
Support services	1,959	-	-	-	9,424	-	-	-	-
Noninstructional services	-	-	-	10,000	-	-	-	3,122	-
Facilities acquisition and construction	-	-	-	-	-	245,055	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,116,966	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	<u>128,230</u>	<u>1,116,966</u>	<u>-</u>	<u>10,000</u>	<u>9,424</u>	<u>245,055</u>	<u>-</u>	<u>3,122</u>	<u>432</u>
Excess (deficiency) of receipts over disbursements	<u>(33,965)</u>	<u>205,813</u>	<u>14,711</u>	<u>-</u>	<u>7,031</u>	<u>(244,993)</u>	<u>-</u>	<u>1,498</u>	<u>-</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	4,786	-	-	-	-	-	-	-	-
Transfers out	-	-	(14,711)	-	-	(1)	-	-	-
Total other financing sources (uses)	<u>4,786</u>	<u>-</u>	<u>(14,711)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(29,179)</u>	<u>205,813</u>	<u>-</u>	<u>-</u>	<u>7,031</u>	<u>(244,994)</u>	<u>-</u>	<u>1,498</u>	<u>-</u>
Cash and investments - ending	<u>\$ 72,241</u>	<u>\$ 1,475,945</u>	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ 43</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,496</u>	<u>\$ -</u>

SCHOOL CITY OF WHITING
 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 School Marquee	Gifted/ Talented	Gifted/ Talented	Education Technology	Education Technology	Education Technology	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	Non-English Speaking Programs P.L. 273-1999
Cash and investments - beginning	\$ -	\$ 9,013	\$ -	\$ (49,561)	\$ -	\$ -	\$ -	\$ 2,281	\$ -
Receipts:									
Local sources	1,000	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	28,537	-	-	-	-	1,655	24,171	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	110,800	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	1,000	28,537	-	110,800	-	-	1,655	24,171	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	24,214	-
Support services	-	23,031	-	61,239	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	23,031	-	61,239	-	-	-	24,214	-
Excess (deficiency) of receipts over disbursements	1,000	5,506	-	49,561	-	-	1,655	(43)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(1,403)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(1,403)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,000	5,506	-	49,561	-	-	252	(43)	-
Cash and investments - ending	\$ 1,000	\$ 14,519	\$ -	\$ -	\$ -	\$ -	\$ 252	\$ 2,238	\$ -

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

	School Technology	STAA Loan FY12	Child Nutrition Discretionary Grants	Title I	Title I	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Drug Free Schools	Medicaid Reimbursement Federal
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (18,670)	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	3,288	-	-	-	-	-	-	-	-
Federal sources	-	-	20,227	241,328	-	-	-	-	3,855
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>3,288</u>	<u>-</u>	<u>20,227</u>	<u>241,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,855</u>
Disbursements:									
Current:									
Instruction	-	-	-	214,754	-	-	-	-	-
Support services	2,640	-	-	-	-	-	-	16,256	403
Noninstructional services	-	-	-	10,000	-	-	-	-	-
Facilities acquisition and construction	-	-	20,227	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	8,670	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	<u>2,640</u>	<u>-</u>	<u>20,227</u>	<u>233,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,256</u>	<u>403</u>
Excess (deficiency) of receipts over disbursements	<u>648</u>	<u>-</u>	<u>-</u>	<u>7,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,256)</u>	<u>3,452</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	15,812	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,812</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>648</u>	<u>-</u>	<u>-</u>	<u>7,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(444)</u>	<u>3,452</u>
Cash and investments - ending	<u>\$ 648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,766)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (444)</u>	<u>\$ 3,452</u>

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

	Improving Teaching Quality No Child Left Title II, Part A	Improving Teaching Quality No Child Left Title II, Part A	Title III Language Instruction	Title III Language Instruction	Title I Grants to LEAs	Special Education Part B Stimulus	Educational Jobs	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 2,721	\$ -	\$ 1,519	\$ (13,806)	\$ -	\$ 10,370,193
Receipts:								
Local sources	-	-	-	-	-	-	-	3,689,933
Intermediate sources	-	-	-	-	-	-	-	24,501
State sources	-	-	-	-	-	-	-	8,654,816
Federal sources	35,319	-	20,778	-	53,761	138,829	22,918	901,817
Temporary loans	-	-	-	-	-	-	-	1,972,800
Interfund loans	-	-	-	-	-	-	-	6,200
Other	-	-	-	-	-	-	-	45,029
Total receipts	<u>35,319</u>	<u>-</u>	<u>20,778</u>	<u>-</u>	<u>53,761</u>	<u>138,829</u>	<u>22,918</u>	<u>15,295,096</u>
Disbursements:								
Current:								
Instruction	-	-	24,509	-	59,330	125,023	34,027	4,702,976
Support services	21,097	-	-	-	-	-	-	3,914,065
Noninstructional services	-	-	-	-	-	-	-	696,869
Facilities acquisition and construction	-	-	-	-	-	-	-	517,640
Debt services	-	-	-	-	-	-	-	1,836,572
Nonprogrammed charges	1,597	-	-	-	-	-	-	1,127,233
Interfund loans	-	-	-	-	-	-	-	6,200
Total disbursements	<u>22,694</u>	<u>-</u>	<u>24,509</u>	<u>-</u>	<u>59,330</u>	<u>125,023</u>	<u>34,027</u>	<u>12,801,555</u>
Excess (deficiency) of receipts over disbursements	<u>12,625</u>	<u>-</u>	<u>(3,731)</u>	<u>-</u>	<u>(5,569)</u>	<u>13,806</u>	<u>(11,109)</u>	<u>2,493,541</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	1,131,713
Transfers out	<u>(15,812)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,131,713)</u>
Total other financing sources (uses)	<u>(15,812)</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>(3,187)</u>	<u>-</u>	<u>(3,731)</u>	<u>-</u>	<u>(5,569)</u>	<u>13,806</u>	<u>(11,109)</u>	<u>2,493,541</u>
Cash and investments - ending	<u>\$ (3,187)</u>	<u>\$ -</u>	<u>\$ (1,010)</u>	<u>\$ -</u>	<u>\$ (4,050)</u>	<u>\$ -</u>	<u>\$ (11,109)</u>	<u>\$ 12,863,734</u>

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Exempt Debt	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post Retirement/Severance Future Benefits	School Lunch
Cash and investments - beginning	\$ 3,084,483	\$ 632,465	\$ 55,364	\$ 1,730,236	\$ 498,504	\$ 350,546	\$ 2,062,749	\$ 2,732,254	\$ 153,865
Receipts:									
Local sources	100,120	372,099	36,723	1,381,873	466,514	25,587	-	-	156,295
Intermediate sources	32,108	-	-	-	-	-	-	-	-
State sources	8,358,210	-	-	14,221	-	-	-	-	2,697
Federal sources	31,271	-	-	-	-	-	-	-	402,831
Temporary loans	-	-	-	614,600	198,200	-	-	-	-
Interfund loans	36,200	-	-	-	-	-	-	-	-
Other	-	-	-	-	11	-	-	-	948
Total receipts	<u>8,557,909</u>	<u>372,099</u>	<u>36,723</u>	<u>2,010,694</u>	<u>664,725</u>	<u>25,587</u>	<u>-</u>	<u>-</u>	<u>562,771</u>
Disbursements:									
Current:									
Instruction	4,685,159	-	-	-	-	-	-	-	-
Support services	2,551,501	-	-	802,779	441,812	43,571	-	-	7,650
Noninstructional services	166,671	-	-	-	-	-	-	-	537,687
Facilities acquisition and construction	-	-	-	487,280	822	-	-	-	11,705
Debt services	-	384,660	13,199	1,346,000	516,000	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	30,000	-	-	-	-	-	-	-	-
Total disbursements	<u>7,433,331</u>	<u>384,660</u>	<u>13,199</u>	<u>2,636,059</u>	<u>958,634</u>	<u>43,571</u>	<u>-</u>	<u>-</u>	<u>557,042</u>
Excess (deficiency) of receipts over disbursements	<u>1,124,578</u>	<u>(12,561)</u>	<u>23,524</u>	<u>(625,365)</u>	<u>(293,909)</u>	<u>(17,984)</u>	<u>-</u>	<u>-</u>	<u>5,729</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	1,304	-	-	-	-	-	645,000	200,000	-
Transfers out	(845,000)	(12,319)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(843,696)</u>	<u>(12,319)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>645,000</u>	<u>200,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>280,882</u>	<u>(24,880)</u>	<u>23,524</u>	<u>(625,365)</u>	<u>(293,909)</u>	<u>(17,984)</u>	<u>645,000</u>	<u>200,000</u>	<u>5,729</u>
Cash and investments - ending	<u>\$ 3,365,365</u>	<u>\$ 607,585</u>	<u>\$ 78,888</u>	<u>\$ 1,104,871</u>	<u>\$ 204,595</u>	<u>\$ 332,562</u>	<u>\$ 2,707,749</u>	<u>\$ 2,932,254</u>	<u>\$ 159,594</u>

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Textbook Rental	Self- Insurance	Levy Excess	Parents As Teachers	Afternoons Rock	Construction Remodeling and Equipping Buildings G.O. 2008	Construction Remodeling and Equipping Buildings G.O. 2012	Wall of Fame	Top Ten Dinner
Cash and investments - beginning	\$ 72,241	\$ 1,475,945	\$ -	\$ 21,000	\$ 43	\$ -	\$ -	\$ 2,496	\$ -
Receipts:									
Local sources	61,793	1,473,097	-	10,000	-	-	-	3,720	532
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	57,859	-	-	-	9,645	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	30,000	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	149,652	1,473,097	-	10,000	9,645	-	-	3,720	532
Disbursements:									
Current:									
Instruction	166,547	-	-	-	-	-	-	-	532
Support services	25,096	-	-	-	9,404	-	30,015	-	-
Noninstructional services	-	-	-	20,000	-	-	-	673	-
Facilities acquisition and construction	-	-	-	-	-	-	188,240	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,411,014	-	-	-	-	-	-	-
Interfund loans	30,000	-	-	-	6,200	-	-	-	-
Total disbursements	221,643	1,411,014	-	20,000	15,604	-	218,255	673	532
Excess (deficiency) of receipts over disbursements	(71,991)	62,083	-	(10,000)	(5,959)	-	(218,255)	3,047	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	1,982,342	-	-
Transfers in	12,319	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	12,319	-	-	-	-	-	1,982,342	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(59,672)	62,083	-	(10,000)	(5,959)	-	1,764,087	3,047	-
Cash and investments - ending	\$ 12,569	\$ 1,538,028	\$ -	\$ 11,000	\$ (5,916)	\$ -	\$ 1,764,087	\$ 5,543	\$ -

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	High School Marquee	Gifted/ Talented	Gifted/ Talented	Education Technology	Education Technology	Education Technology	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	Non-English Speaking Programs P.L. 273-1999
Cash and investments - beginning	\$ 1,000	\$ 14,519	\$ -	\$ -	\$ -	\$ -	\$ 252	\$ 2,238	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	23,537	4,685	-	-	-	1,351	12,706	2,250
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	98,400	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	23,537	4,685	-	98,400	-	1,351	12,706	2,250
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	11,897	2,450
Support services	-	20,685	5,529	64,702	98,400	6,216	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	20,685	5,529	64,702	98,400	6,216	-	11,897	2,450
Excess (deficiency) of receipts over disbursements	-	2,852	(844)	(64,702)	-	(6,216)	1,351	809	(200)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	(844)	-	(6,216)	-	-	49	(200)	-
Transfers out	-	-	844	-	-	6,216	(1,304)	-	200
Total other financing sources (uses)	-	(844)	844	(6,216)	-	6,216	(1,255)	(200)	200
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,008	-	(70,918)	-	-	96	609	-
Cash and investments - ending	\$ 1,000	\$ 16,527	\$ -	\$ (70,918)	\$ -	\$ -	\$ 348	\$ 2,847	\$ -

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	School Technology	STAA Loan FY12	Child Nutrition Discretionary Grants	Title I	Title I	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Drug Free Schools	Medicaid Reimbursement Federal
Cash and investments - beginning	\$ 648	\$ -	\$ -	\$ (10,766)	\$ -	\$ -	\$ -	\$ (444)	\$ 3,452
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	2,630	-	-	-	-	-	-	-	-
Federal sources	-	-	-	142,285	80,479	130,552	41,977	755	4,446
Temporary loans	-	20,000	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	2,630	20,000	-	142,285	80,479	130,552	41,977	755	4,446
Disbursements:									
Current:									
Instruction	-	-	-	127,116	93,689	141,996	76,281	-	-
Support services	2,112	20,000	-	-	-	-	-	6,499	2,622
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	2,112	20,000	-	127,116	93,689	141,996	76,281	6,499	2,622
Excess (deficiency) of receipts over disbursements	518	-	-	15,169	(13,210)	(11,444)	(34,304)	(5,744)	1,824
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	(13,210)	-	(34,304)	-	6,188	-
Transfers out	-	-	-	-	13,210	-	34,304	-	(49)
Total other financing sources (uses)	-	-	-	(13,210)	13,210	(34,304)	34,304	6,188	(49)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	518	-	-	1,959	-	(45,748)	-	444	1,775
Cash and investments - ending	\$ 1,166	\$ -	\$ -	\$ (8,807)	\$ -	\$ (45,748)	\$ -	\$ -	\$ 5,227

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Improving Teaching Quality No Child Left Title II, Part A	Improving Teaching Quality No Child Left Title II, Part A	Title III Language Instruction	Title III Language Instruction	Title I Grants to LEAs	Special Education Part B Stimulus	Educational Jobs	Totals
Cash and investments - beginning	\$ (3,187)	\$ -	\$ (1,010)	\$ -	\$ (4,050)	\$ -	\$ (11,109)	\$ 12,863,734
Receipts:								
Local sources	-	-	-	-	-	-	-	4,088,353
Intermediate sources	-	-	-	-	-	-	-	32,108
State sources	-	-	-	-	-	-	-	8,489,791
Federal sources	47,899	-	24,762	966	13,639	-	186,127	1,107,989
Temporary loans	-	-	-	-	-	-	-	931,200
Interfund loans	-	-	-	-	-	-	-	66,200
Other	-	-	-	-	-	-	-	959
Total receipts	<u>47,899</u>	<u>-</u>	<u>24,762</u>	<u>966</u>	<u>13,639</u>	<u>-</u>	<u>186,127</u>	<u>14,716,600</u>
Disbursements:								
Current:								
Instruction	-	-	24,239	2,909	9,589	-	187,132	5,529,536
Support services	22,192	16,332	-	-	-	-	-	4,177,117
Noninstructional services	-	-	-	-	-	-	-	725,031
Facilities acquisition and construction	-	-	-	-	-	-	-	688,047
Debt services	-	-	-	-	-	-	-	2,259,859
Nonprogrammed charges	-	-	-	-	-	-	-	1,411,014
Interfund loans	-	-	-	-	-	-	-	66,200
Total disbursements	<u>22,192</u>	<u>16,332</u>	<u>24,239</u>	<u>2,909</u>	<u>9,589</u>	<u>-</u>	<u>187,132</u>	<u>14,856,804</u>
Excess (deficiency) of receipts over disbursements	<u>25,707</u>	<u>(16,332)</u>	<u>523</u>	<u>(1,943)</u>	<u>4,050</u>	<u>-</u>	<u>(1,005)</u>	<u>(140,204)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,982,342
Transfers in	(16,332)	-	(1,943)	-	-	-	-	791,811
Transfers out	<u>(6,188)</u>	<u>16,332</u>	<u>-</u>	<u>1,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(791,811)</u>
Total other financing sources (uses)	<u>(22,520)</u>	<u>16,332</u>	<u>(1,943)</u>	<u>1,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,982,342</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,187</u>	<u>-</u>	<u>(1,420)</u>	<u>-</u>	<u>4,050</u>	<u>-</u>	<u>(1,005)</u>	<u>1,842,138</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,430)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,114)</u>	<u>\$ 14,705,872</u>

SCHOOL CITY OF WHITING
 SCHEDULE OF LEASES AND DEBT
 JUNE 30, 2012

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Technology	\$ 407,768	\$ 183,245
General obligation bonds	Facility improvements	2,320,000	256,345
Tax anticipation warrants	Operations financing	<u>812,800</u>	<u>819,348</u>
Totals		<u>\$ 3,540,568</u>	<u>\$ 1,258,938</u>

SCHOOL CITY OF WHITING
SCHEDULE OF CAPITAL ASSETS
JUNE 30, 2012

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 446,368
Buildings	29,455,677
Improvements other than buildings	2,769,242
Machinery, equipment and vehicles	<u>1,468,103</u>
Total capital assets	<u>\$ 34,139,390</u>

SCHOOL CITY OF WHITING
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND RECONCILIATIONS

We noted deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Self-Insurance Fund

The School Corporation is self-insured for health insurance and maintains separate checking accounts for the health insurance activity. The checking accounts' activity included deposits from the School Corporation from applicable funds either for their portion of health insurance costs or the employee portion of health insurance premiums. The disbursements from the accounts are for the health insurance claims administered by a third party administrator. The activity for the accounts is maintained in a computerized worksheet (a commercially purchased computer software program); however, it is not recorded in the School Corporation's official computer records (ledgers).

We noted a lack of segregation of duties related to the health insurance accounts. Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not adequately separated incompatible activities related to receipts, disbursements, and the cash balances of the health insurance accounts. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

The payroll clerk is responsible for preparing and recording the deposits, recording the disbursements from the third party administrator, and reconciling the bank activity to the activity she has recorded in the worksheet for the health insurance accounts. The worksheets are prepared using commercially packaged software programs which allows the user to record transactions and make changes without audit trails. There is no evidence to indicate that the responsibilities of the payroll clerk concerning the health insurance accounts have been reviewed. Additionally, the corrective action plan to improve controls submitted by the School Corporation was not implemented.

2. Bank Reconciliations

We noted a lack of segregation of duties related to the bank reconciliation process. Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not adequately separated incompatible activities related to receipts and the cash balances of the corporation accounts. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

The Director of Finance/Treasurer is responsible for both the receipting and cash reconciliation processes. The cash reconciliations prepared by the Director of Finance/Treasurer are not reviewed by management or those charged with governance.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

SCHOOL CITY OF WHITING
AUDIT RESULTS AND COMMENTS
(Continued)

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

TRANSFER TUITION

The School Corporation accepted cash transfer tuition students; however, they did not charge transfer tuition based on statutory requirements. The transfer tuition charged by the School Corporation is a flat rate set by the School Board and is for capital costs. A similar comment appeared in prior audit reports.

Indiana Code (IC) 20-26-11-6 (b) states in part: ". . . as a condition of the transfer, the transferee school requires the requesting parents or student to pay transfer tuition in an amount determined under the formula established in section 13 of this chapter . . ."

CAPITAL PROJECTS FUND DISBURSEMENTS

The following irregularities were noted in the disbursements of the Capital Projects Fund:

1. Potential new employees must have a background check before being officially hired. The School Corporation collected the \$28 fee for the background checks from the potential employees. The collections were receipted to the General Fund of the School Corporation; however, the disbursements for background checks were paid from the Capital Projects Fund - Network Support account. Both the receipts and disbursements for the background checks should have been posted to the General Fund.
2. The definition of the Capital Projects Fund Account 43000 is: "Professional Services. Services of architects, engineers, attorneys and fiscal consultants related to land acquisition, site improvement and improvements to buildings. Could include payments to professionals to conduct non-recurring in-service technology training of school corporation employees in accordance with IC 20-46-6-11." A review of the disbursements posted to this account included disbursements for administrative policy updates, shredding services, lawn maintenance/treatments, budget consultant, movement/removal of furniture/equipment, fire extinguisher service, consulting services, and a tourism video. These disbursements were not allowable disbursements of the Capital Projects Fund.
3. Other disbursements for Career and Technology building rental, pest control, and sprinkler winterization were also posted to the Capital Projects Fund Account 43000. These disbursements are allowable from the Capital Projects Fund; however, they should have been posted to Account #45500 Rent of Buildings, Facilities, and Equipment; #26200 Maintenance of Buildings; and #26400 Maintenance of Equipment, respectively.

Expenditure Accounts are defined within each appropriation classification or budget and accounting program by the specific area or purpose which they serve. These accounts are identified by account titles basically comparable to the U.S. Department of Education which also serve to provide definitions of each.

SCHOOL CITY OF WHITING
AUDIT RESULTS AND COMMENTS
(Continued)

The Master Chart of Expenditure Accounts beginning on the following page provides a detailed outline of the expenditure accounts prescribed for use and indicates by an "X" in the fund column from which fund each may generally be disbursed. The Master Chart of Expenditure Accounts is followed by a detailed description of each account and its use. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 4)

Disbursements should be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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)

COLLECTION OF AMOUNTS DUE

Collection of delinquent textbook rental is not pursued by the School Corporation beyond letters sent to parents. Board Policy # 6152 authorizes the use of small claims court to collect the rental fee when other collection actions fail.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Indiana Code 20-33-5-11(b) states:

"Notwithstanding subsection (a), a school corporation may take any action authorized by law to collect unpaid fees from parents who are determined to be ineligible for assistance, including recovery of reasonable attorney's fees and court costs in addition to a judgment award against those parents."

USE OF PURCHASE ORDER EXTRA CURRICULAR (Applies to Whiting High School)

Disbursements reviewed were supported by a "Purchase Order Extra Curricular" printed from the school's software program and detailed invoices. However, the "Purchase Order Extra Curricular" forms used did not contain all information necessary to constitute a valid purchase order. The following deficiencies were noted:

SCHOOL CITY OF WHITING
AUDIT RESULTS AND COMMENTS
(Continued)

1. The Original - Vendor Copy of the Purchase Order did not contain separate certification fields. The Original - Vendor Copy should have contained a certification line for the Person Authorized to Purchase (i.e. sponsor, principal) from a particular fund and another line for the Extra-Curricular Account Treasurer to determine if there was sufficient balance in the fund to make payment upon receipt of the merchandise. The High School's Purchase Order had these two authorizations combined into one certification that was solely signed by the Extra-Curricular Account Treasurer.
2. The High School's Purchase Order had an "of the APV Copy" which contained only the combined certification of the Extra-Curricular Account Treasurer noted in No.1 above. The "APV Copy" replaced the prescribed Purchase Order and Accounts Payable Voucher (SA-1) which includes a certification that the attached invoice is true and correct and that the materials or services were received.
3. The High School's Purchase Order had a "File Copy" which contained the certifications that the attached invoice is true and correct and that the materials or services were received as well as the certification by the Extra-Curricular Account Treasurer that the attached invoice is true and correct and audited in accordance with Indiana Code 5-11-10-1.6. Proper signatures by the sponsor/principal or the Extra-Curricular Account Treasurer were not evident on the purchase orders reviewed which would certify the validity of the attached supporting documentation.
4. The High School's Purchase Order stated: "Form Approved by State Board of Accounts for Whiting High School." The year of approval should have been included in the title when approval was given by the State Board of Accounts. An approval letter from the State Board of Accounts could not be found.

The Purchase Order and Accounts Payable Voucher (SA-1) is to be used when a purchase is made for delivery at a later date. The form is to be executed in full and signed by the person authorized to purchase for the particular activity concerned. Before the activity is permitted to use the Purchase Order and Accounts Payable Voucher (SA-1), the extra-curricular account treasurer must determine if there is sufficient balance in the fund of the activity to make payment upon receipt of the merchandise. The treasurer is required to certify as to the unobligated balance. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

When shipment is made, the vendor shall send an invoice to the school. Shipments received by an activity must be verified with the invoice and voucher (duplicate copy) as to quantity and price by the person who made the purchase and received the items. The person receiving the shipment indicates on the voucher that they have received and checked the shipment and the voucher is to be forwarded to the treasurer who makes the payment after signing the certification required on the form SA-1. After payment is made, the check number and date the voucher is paid are entered on the duplicate copy before filing. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, 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 Extra-Curricular Accounts, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the School City of Whiting's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

As described in item 2012-04 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Level of Effort – Maintenance of Effort that are applicable to its Special Education – Cluster (IDEA). Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its other major federal programs for the period of July 1, 2010 to June 30, 2012.

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

program 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 2012-02 and 2012-03 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, 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.



Bruce Hartman
State Examiner

February 28, 2013

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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 WHITING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 51,765	\$ 63,585
National School Lunch Program	10.555		315,421	347,087
Special Milk Program for Children	10.556		330	1,072
Summer Food Service Program for Children	10.559		<u>20,163</u>	<u>21,999</u>
Total for cluster			<u>387,679</u>	<u>433,743</u>
Child Nutrition Discretionary Grants Limited Availability	10.579		<u>20,227</u>	<u>-</u>
Total for federal grantor agency			<u>407,906</u>	<u>433,743</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	10-4760	25,000	-
		11-4760	216,328	26,911
		12-4760	<u>-</u>	<u>195,854</u>
Total for program			<u>241,328</u>	<u>222,765</u>
ARRA - Title I Grants To Local Educational Agencies, Recovery Act	84.389	10-4760	<u>53,761</u>	<u>13,639</u>
Total for cluster			<u>295,089</u>	<u>236,404</u>
Pass-Through Indiana Department of Education				
Special Education Cluster (IDEA)				
Special Education - Grants to States (IDEA, Part B)	84.027	14211-096-PN01-4760	169,267	31,271
		14212-096-PN01-4760	<u>-</u>	<u>172,528</u>
Total for program			<u>169,267</u>	<u>203,799</u>
Special Education - Preschool Grants (IDEA Preschool)	84.173	14211-096-PN01-4760	<u>-</u>	<u>4,282</u>
Pass-Through School City of Hammond				
ARRA Special Education Grants to States (IDEA, Part B), Recovery Act	84.391		<u>138,829</u>	<u>-</u>
Total for cluster			<u>308,096</u>	<u>208,081</u>
Pass-Through Indiana Department of Education				
Safe and Drug-Free Schools and Communities - State Grants				
	84.186	10-4760	16,256	-
			<u>-</u>	<u>6,499</u>
Total for program			<u>16,256</u>	<u>6,499</u>
English Language Acquisition State Grants	84.365	FY10	2,000	-
		FY 11	18,779	5,581
		FY 12	<u>-</u>	<u>20,147</u>
Total for program			<u>20,779</u>	<u>25,728</u>
Improving Teacher Quality State Grants	84.367	FY11	19,063	4,641
		FY 12	<u>-</u>	<u>37,515</u>
Total for program			<u>19,063</u>	<u>42,156</u>
Education Jobs Fund	84.410		<u>22,918</u>	<u>186,127</u>
Total for federal grantor agency			<u>682,201</u>	<u>704,995</u>
Total federal awards expended			<u>\$ 1,090,107</u>	<u>\$ 1,138,738</u>

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

SCHOOL CITY OF WHITING
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 Whiting (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
School Breakfast Program	10.553	\$ 3,273	\$ 4,854
National School Lunch Program	10.555	19,834	26,058

SCHOOL CITY OF WHITING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified for all programs except Special Education Cluster (IDEA), which was qualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____

Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

FINDING 2012 - 01 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND RECONCILIATIONS

We noted deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

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

1. Self-Insurance Fund

The School Corporation is self-insured for health insurance and maintains separate checking accounts for the health insurance activity. The checking accounts' activity included deposits from the School Corporation from applicable funds either for their portion of health insurance costs or the employee portion of health insurance premiums. The disbursements from the accounts are for the health insurance claims administered by a third party administrator. The activity for the accounts is maintained in a computerized worksheet (a commercially purchased computer software program); however, it is not recorded in the School Corporation's official computer records (ledgers).

We noted a lack of segregation of duties related to the health insurance accounts. Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not adequately separated incompatible activities related to receipts, disbursements, and the cash balances of the health insurance accounts. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

The payroll clerk is responsible for preparing and recording the deposits, recording the disbursements from the third party administrator, and reconciling the bank activity to the activity she has recorded in the worksheet for the health insurance accounts. The worksheets are prepared using commercially packaged software programs which allows the user to record transactions and make changes without audit trails. There is no evidence to indicate that the responsibilities of the payroll clerk concerning the health insurance accounts have been reviewed. Additionally, the corrective action plan to improve controls submitted by the School Corporation was not implemented.

2. Bank Reconciliations

We noted a lack of segregation of duties related to the bank reconciliation process. Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not adequately separated incompatible activities related to receipts and the cash balances of the corporation accounts. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

The Director of Finance/Treasurer is responsible for both the receipting and cash reconciliation processes. The cash reconciliations prepared by the Director of Finance/Treasurer are not reviewed by management or those charged with governance.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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 WHITING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

We recommended that the School Corporation develop and implement controls to resolve the deficiencies noted above.

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-02 – INTERNAL CONTROLS OVER TITLE I ELIGIBILITY AND REPORTING, AND SPECIAL EDUCATION REPORTING

Federal Agency: U. S. Department of Education

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

CFDA Number: 84.010, 84.391, 84.027, 84.173, 84.391

Federal Award Number and Year

(or Other Identifying Number): 10-4760, 11-4760, 12-4760, 14211-096-PN01-4760,
14212-096-PN01-4760

Pass-Through Entity: Indiana Department of Education, School City of Hammond

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement. This includes the eligibility and reporting compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

1. Eligibility: The enrollment and free/reduced poverty counts in the Eligible Schools Summary section of the Title I application is a prepopulated number entered by the Indiana Department of Education. Title I personnel did not verify those prepopulated numbers for accuracy. These numbers are used to calculate the poverty percentage at each school and the dollar amount received for Title I.
2. Reporting: The treasurer prepares and electronically submits annual expenditure (financial) reports and monthly requests for reimbursement for the programs in the Title I and Special Education Clusters. These reports are not reviewed or monitored by those in management or governance. The lack of oversight controls does not allow for the prevention, detection, and correction of noncompliance with the requirements, on a timely basis.

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls related to the grant agreement and all eligibility and reporting compliance requirements.

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

FINDING 2012-03 – INTERNAL CONTROLS OVER SPECIAL EDUCATION – LEVEL OF EFFORT – MAINTENANCE OF EFFORT

Federal Agency: U.S. Department of Education
Federal Program: Special Education – Grants to States (IDEA, Part B), Special Education – Preschool Grants (IDEA Preschool)
CFDA Number: 84.027, 84.173
Federal Award Number and Year
(or Other Identifying Number): 14211-096-PN01-4760, 14212-096-PN01-4760
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the Level of Effort - Maintenance of Effort compliance requirement that has a direct and material effect on the Special Education programs. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the requirements. A lack of an adequate internal control system could also allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the compliance requirements of a federal program will be prevented, and detected and corrected, on a timely basis. The School Corporation does not have a system of controls to ensure compliance with the Level of Effort - Maintenance of Effort (MOE) requirement. Officials did not have controls in place to ensure that they were expending an amount of funds for the education of children with disabilities that is at least equal, on either an aggregate or per capita basis, to the amount of local funds, or a combination of State and local funds, expended for this purpose by the LEA in the prior fiscal year. The School Corporation prepares a MOE calculation as part of the application which is used by the Indiana Department of Education to determine grant funding. This calculation is required by the State and does not allow for the prevention, detection, and correction of noncompliance, on a timely basis.

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance with the Level of Effort - Maintenance of Effort requirements of the program.

FINDING 2012-04 – LEVEL OF EFFORT - MAINTENANCE OF EFFORT

Federal Agency: U.S. Department of Education
Federal Program: Special Education – Grants to States (IDEA, Part B)
CFDA Number: 84.027
Federal Award Number and Year (or Other Identifying Number): 14212-096-PN01-4760
Pass-Through Entity: Indiana Department of Education

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

As part of the application process, the School Corporation must complete an Excess Cost Calculation, which feeds information into a Maintenance of Effort calculation. Review of the FY 2012 pre-application file, which was used by the Indiana Department of Education to determine eligibility for IDEA Part B funds, noted the following:

1. Amounts of capital outlay (\$345,221) and debt service (\$362,198) were included in the Excess Costs Requirement calculation; however, they should have been excluded.
2. Seventy percent of elementary costs and thirty percent of secondary costs were used to compute the allocation of all expenditures between the two groups of students. There was no documentation supporting the calculation of the allocation percentages.

Failure to ensure that all appropriate disbursements are reported and that allocations are documented, affects the accuracy of the calculation of the minimum amount that must be spent on students (elementary and secondary) with disabilities from IDEA Part B (Special Education) funds. The failure to ensure accuracy and reliability of the information could allow the level of effort excess costs requirement to be misstated and potentially affect the eligibility for IDEA Part B funding for the School Corporation.

34 CFR § 300.211 states:

"The LEA must provide the SEA with information necessary to enable the SEA to carry out its duties under Part B of the Act, including, with respect to §§ 300.157 and 300.160, information relating to the performance of children with disabilities participating in programs carried out under Part B of the Act. "

34 CFR § 300.16 states:

"*Excess costs* means those costs that are in excess of the average annual per-student expenditure in an LEA during the preceding school year for an elementary school or secondary school student, as may be appropriate, and that must be computed after deducting—

- (a) Amounts received—
 - (1) Under Part B of the Act;
 - (2) Under Part A of title I of the ESEA; and
 - (3) Under Parts A and B of title III of the ESEA and;
- (b) Any State or local funds expended for programs that would qualify for assistance under any of the parts described in paragraph (a) of this section, but excluding any amounts for capital outlay or debt service. (See appendix A to part 300 for an example of how excess costs must be calculated.)."

34 CFR § 300 Appendix A to Part 300—Excess Costs Calculation states in part:

"a. First the LEA must determine the total amount of its expenditures for elementary school students from all sources—local, State, and Federal (including Part B)—in the preceding school year. Only capital outlay and debt services are excluded."

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

We recommended that the School Corporation review procedures to ensure the accuracy of the information used for complying with the Excess Costs Requirement. We also recommended that the determination of the allocation of expenditures between elementary and secondary be documented to ensure the accuracy of the allocation.

SCHOOL CITY OF WHITING

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Anthony Borgo, Vice President
Kathy Murzyn, Secretary
Lindy Fisher, Trustee
Michael J. Toth, Trustee

February 11, 2013

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2010-2

Original SBA Audit Report Number:	B38588
Fiscal Year	2010
Auditee Contact Person	Kim Pusateri
Title of Contact Person	Director of Finance
Phone Number	219-659-0656
Status of Finding:	Corrected

The Director of Food Service followed the Income Guidelines, to determine eligibility information was verified and properly documented for the audit files.

A handwritten signature in cursive script that reads 'Kim Pusateri'.

Kim Pusateri, Director of Finance
2/11/13

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February 11, 2013



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2010-3

Original SBA Audit Report Number:	B38588
Fiscal Year	2010
Auditee Contact Person	Kim Pusateri
Title of Contact Person	Director of Finance
Phone Number	219-659-0656
Status of Finding:	Corrected

Reporting of the Annual Financial Report for School Lunch has been corrected. The Director of Finance updated the monthly spreadsheet that is submitted to the Cafeteria Director that is used in completing the Annual Report. Once the Director has the report complete she then sends it over to the Director of Finance for verification. The Director of Finance verifies that the numbers match the Bi-Annual Financial (Form 9) report totals. Once verified the report is submitted.

A handwritten signature in cursive script that reads 'Kim Pusateri'.

Kim Pusateri, Director of Finance

2/11/13

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February 11, 2013

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2010-4

Original SBA Audit Report Number:	B38588
Fiscal Year	2010
Auditee Contact Person	Kim Pusateri
Title of Contact Person	Director of Finance
Phone Number	219-659-0656
Status of Finding:	Corrected

Reporting to the School City of East Chicago is no longer an issue because we are no longer a sub recipient for the special education grant.

Kim Pusateri, Director of Finance
2/11/13

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February 11, 2013

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2010-5

Original SBA Audit Report Number:	B38588
Fiscal Year	2010
Auditee Contact Person	Kim Pusateri
Title of Contact Person	Director of Finance
Phone Number	219-659-0656
Status of Finding:	Corrected

Cash Management is no longer an issue. Effective July 1, 2010 the grant process was modified by the Indiana Department of Education. We are now required to spend the funds and submit monthly cash reimbursement reports.

A handwritten signature in cursive script that reads "Kim Pusateri".

Kim Pusateri, Director of Finance
2/11/13

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CORRECTIVE ACTION PLAN

Finding Number 2012-01, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND RECONCILIATION

Auditee Contact Person
Title of Contact Person
Phone Number

Kim Pusateri
Director of Finance, School City of Whiting
219-659-0656 ext. 224

A handwritten signature in cursive script that reads "Kim Pusateri".

Date

February 28, 2013

Corrective Action Plan:

We will implement more internal controls on the self insurance fund. Management will review bank reconciliations monthly.

SCHOOL CITY OF WHITING

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CORRECTIVE ACTION PLAN

**Finding Number 2012-02, INTERNAL CONTROLS OVER COMPLIANCE
REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO TITLE I
/SPECIAL EDUCATION REPORTING**

Auditee Contact Person
Title of Contact Person
Phone Number

Kim Pusateri
Director of Finance, School City of Whiting
219-659-0656 ext. 224

A handwritten signature in cursive script that reads 'Kim Pusateri'.

Date

February 28, 2013

Corrective Action Plan:

We will establish controls related to the grant agreement and all compliance requirements that affect the program. Management will review/monitor all reports prior to being submitted.

SCHOOL CITY OF WHITING

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CORRECTIVE ACTION PLAN

**Finding Number 2012-03, INTERNAL CONTROLS OVER COMPLIANCE
REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO SPECIAL
EDUCATION – LEVEL OF EFFORT – MAINTENANCE OF EFFORT**

Auditee Contact Person
Title of Contact Person
Phone Number

Kim Pusateri
Director of Finance, School City of Whiting
219-659-0656 ext. 224

A handwritten signature in black ink that reads "Kim Pusateri". The signature is written in a cursive style and is positioned to the right of the printed name and title.

Date

February 28, 2013

Corrective Action Plan:

We will establish internal controls related to the Level of Effort – MOE requirements that affect the program.

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CORRECTIVE ACTION PLAN

Finding Number 2012-04, LEVEL OF EFFORT – MAINTENANCE OF EFFORT

Auditee Contact Person
Title of Contact Person
Phone Number

Kim Pusateri
Director of Finance, School City of Whiting
219-659-0656 ext. 224

A handwritten signature in black ink, appearing to read 'Kim Pusateri', is written over the printed name and title.

Date

February 28, 2013

Corrective Action Plan:

We will review procedures to ensure the accuracy of information used for meeting Excess Costs Requirement.

SCHOOL CITY OF WHITING
EXIT CONFERENCE

The contents of this report were discussed on March 4, 2013, with Dr. Sandra Martinez, Superintendent of Schools; Kim Pusateri, Director of Finance/Treasurer; and Anthony Borgo, Vice President of the School Board. The Official Response has been made a part of this report and may be found on pages 57 and 58.

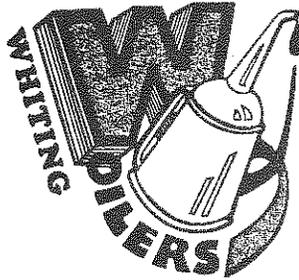
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<p style="text-align: center;">SCHOOL CITY OF WHITING OFFICIAL RESPONSE AUDIT PERIOD: July, 2010 – June, 2012</p>
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I. Internal Controls Over Financial Transactions and Reconciliations

We have implemented better internal controls on the self insurance fund. Management will be reviewing monthly bank reconciliations and duties related to the self insurance account will also be reviewed.

We have implemented better internal controls on the corporation checking account bank reconcilments. Management will be reviewing monthly bank reconciliations.

II. Transfer Tuition

The transfer tuition charged by the corporation is a flat rate set by the School Board and is for capital costs.

III. Capital Projects Fund Disbursement

The recommendations of the State Board of Accounts will be addressed and corrected with the line item expenditures in the capital project funds.

IV. Collection of Amounts Due

I.C. 20-33-5-11 states in part that “a school corporation **MAY** take action authorized by law to collect unpaid fees from parents who are determined to be ineligible for assistance...” I.C. 20-33-5-11 is a permissive and not a mandatory statute. The School City of Whiting Board of School Trustees has viewed I.C. 20-33-5-11 as providing one option and not as a mandate for taking legal action to collect unpaid fees. We consider these cases as hardships for the families.

**SCHOOL CITY OF WHITING
OFFICIAL RESPONSE
AUDIT PERIOD: July, 2010 – June, 2012**

V. Use of Purchase Order Extra-Curricular (applies to Whiting High School)

The recommendations of the State Board of Accounts will be implemented. We are correcting our SA-1 forms that are computer generated to have the correct approval signature lines added and we will have the corrected forms approved by State Board of Accounts.