

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

PORTAGE TOWNSHIP SCHOOLS  
PORTER COUNTY, INDIANA

July 1, 2011 to June 30, 2013



**FILED**  
05/12/2014



TABLE OF CONTENTS

| <u>Description</u>  | <u>Page</u> |
|---|-------------|
| Schedule of Officials .....   | 2           |
| Independent Auditor's Report .....  | 3-5         |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on<br>Compliance and Other Matters Based on an Audit of the Financial Statement<br>Performed in Accordance With Government Auditing Standards ..... | 6-7         |
| Financial Statement:  |             |
| Statement of Receipts, Disbursements, Other Financing Sources (Uses), and<br>Cash and Investment Balances – Regulatory Basis .....  | 10-11       |
| Notes to Financial Statement .....  | 12-17       |
| Supplementary Information - Unaudited:  |             |
| Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and<br>Cash and Investment Balances – Regulatory Basis .....  | 20-30       |
| Schedule of Payables and Receivables .....  | 31          |
| Schedule of Leases and Debt .....   | 32          |
| Schedule of Capital Assets .....  | 33          |
| Supplemental Audit of Federal Awards:   |             |
| Independent Auditor's Report on Compliance for Each Major Federal Program and on<br>Internal Control Over Compliance .....  | 36-38       |
| Schedule of Expenditures of Federal Awards .....  | 40-41       |
| Notes to Schedule of Expenditures of Federal Awards .....   | 42          |
| Schedule of Findings and Questioned Costs .....   | 43-50       |
| Auditee Prepared Schedules:   |             |
| Summary Schedule of Prior Audit Findings .....  | 51-53       |
| Corrective Action Plan .....  | 54-56       |
| Exit Conference .....   | 57          |

### SCHEDULE OF OFFICIALS

| <u>Office</u>                    | <u>Official</u>                                | <u>Term</u>  |
|----------------------------------|--|--|
| Director of Finance              | Sharon Qualkenbush<br>(Vacant)<br>Nicole Thorn | 07-01-11 to 08-20-12<br>08-21-12 to 09-23-12<br>09-24-12 to 06-30-14 |
| Superintendent<br>of Schools     | Michael Berta<br>Dr. E. Ric Frataccia          | 07-01-11 to 03-13-12<br>03-14-12 to 06-30-14                         |
| President of the<br>School Board | Glenda Owens<br>Cheryl Oprisko                 | 07-01-11 to 12-31-12<br>01-01-13 to 12-31-14                         |



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE PORTAGE TOWNSHIP SCHOOLS, PORTER COUNTY, INDIANA

### ***Report on the Financial Statement***

We have audited the accompanying financial statement of the Portage Township Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance 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, 2011 to June 30, 2013.

***Opinion on Regulatory Basis of Accounting***

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, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated April 14, 2014, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

***Accompanying Information***

*Supplementary Information*

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 records 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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 Payables and Receivables, 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.

  
Paul D. Joyce, CPA  
State Examiner

April 14, 2014



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S 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 PORTAGE TOWNSHIP SCHOOLS, PORTER COUNTY, INDIANA

We have audited, 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, the financial statement of the Portage Township Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated April 14, 2014, 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.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

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. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

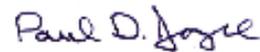
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 14, 2014

(This page intentionally left blank.)

## 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.

PORTAGE TOWNSHIP SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2012 and 2013

|  | Cash and<br>Investments<br>07-01-11 | Receipts      | Disbursements | Other<br>Financing<br>Sources (Uses) | Cash and<br>Investments<br>06-30-12 | Receipts      | Disbursements | Other<br>Financing<br>Sources (Uses) | Cash and<br>Investments<br>06-30-13 |
|--|-------------------------------------|---------------|---------------|--------------------------------------|-------------------------------------|---------------|---------------|--------------------------------------|-------------------------------------|
| General                                    | \$ 7,724,605                        | \$ 50,671,712 | \$ 49,520,912 | \$ -                                 | \$ 8,875,405                        | \$ 51,916,824 | \$ 46,778,544 | \$ (2,985,479)                       | \$ 11,028,206                       |
| Debt Service                               | 3,745,255                           | 6,211,803     | 6,374,497     | (83,121)                             | 3,499,440                           | 5,808,133     | 6,126,141     | -                                    | 3,181,432                           |
| Retirement/Severance Bond Debt Service     | 190,106                             | 1,363,922     | 1,100,243     | -                                    | 453,785                             | 1,494,741     | 1,429,886     | -                                    | 518,640                             |
| Capital Projects                           | 3,283,234                           | 5,103,528     | 4,807,745     | -                                    | 3,579,017                           | 4,546,346     | 3,760,052     | (250,000)                            | 4,115,311                           |
| School Transportation                      | 2,967,514                           | 4,212,004     | 4,154,881     | 533,666                              | 3,558,303                           | 4,224,777     | 3,913,392     | 600,337                              | 4,470,025                           |
| School Bus Replacement                     | 722,506                             | 1,047,419     | 1,193,844     | -                                    | 576,081                             | 1,151,692     | 1,010,122     | -                                    | 717,651                             |
| Rainy Day                                  | 9,830,659                           | 318,080       | 43,080        | -                                    | 10,105,659                          | -             | -             | 3,235,479                            | 13,341,138                          |
| Retirement/Severance Bond                  | 2,260,374                           | 6,251         | -             | -                                    | 2,266,625                           | 556           | -             | -                                    | 2,267,181                           |
| Post-Retirement/Severance Future Benefits  | 2,398,854                           | 5,494         | 3,750         | -                                    | 2,400,598                           | 581           | 88,750        | -                                    | 2,312,429                           |
| Construction                               | 35,618                              | -             | 36,510        | 10,324                               | 9,432                               | -             | -             | -                                    | 9,432                               |
| School Lunch                               | 1,186,172                           | 4,063,983     | 3,460,023     | -                                    | 1,790,132                           | 3,438,764     | 4,338,698     | -                                    | 890,198                             |
| Textbook Rental                            | 194,126                             | 791,079       | 1,061,268     | 83,121                               | 7,058                               | 895,188       | 643,431       | -                                    | 258,815                             |
| Payroll Clearing Account                   | 954,788                             | 23,298,958    | 23,168,214    | -                                    | 1,085,532                           | 23,676,249    | 24,314,984    | -                                    | 446,797                             |
| Self-Insurance                             | 3,518,701                           | 1,823,075     | 400,119       | -                                    | 4,941,657                           | 347,017       | 366,591       | -                                    | 4,922,083                           |
| Levy Excess                                | 113,205                             | -             | -             | -                                    | 113,205                             | -             | -             | (113,205)                            | -                                   |
| School Library Printed Material            | 2,460                               | 2,171         | 1,923         | -                                    | 2,708                               | 2,333         | 3,083         | -                                    | 1,958                               |
| SAFE School Haven                          | -                                   | 19,995        | 19,995        | -                                    | -                                   | -             | -             | -                                    | -                                   |
| SAFE School Haven 2012 Grant               | -                                   | -             | -             | -                                    | -                                   | -             | 14,500        | -                                    | (14,500)                            |
| Kostel Donation                            | 1,423                               | -             | -             | -                                    | 1,423                               | -             | -             | -                                    | 1,423                               |
| Little Bear                                | 400                                 | -             | -             | -                                    | 400                                 | -             | -             | -                                    | 400                                 |
| CWI Donation Adult Education               | 2,556                               | 1,617         | 4,173         | -                                    | -                                   | -             | -             | -                                    | -                                   |
| Wellness Program                           | 1,056                               | -             | -             | -                                    | 1,056                               | -             | -             | -                                    | 1,056                               |
| Capable                                    | -                                   | 274           | 274           | -                                    | -                                   | -             | -             | -                                    | -                                   |
| Home Economics                             | 1,031                               | -             | -             | -                                    | 1,031                               | -             | -             | -                                    | 1,031                               |
| Culinary Scholarship                       | 393                                 | 100           | -             | -                                    | 493                                 | 100           | -             | -                                    | 593                                 |
| Portage Township Education Foundation-2910 | 1,111                               | 8,820         | 8,500         | -                                    | 1,431                               | 7,200         | 6,217         | -                                    | 2,414                               |
| Portage Township Education Foundation-2913 | -                                   | -             | -             | -                                    | -                                   | 7,937         | -             | -                                    | 7,937                               |
| Donations and Trust                        | 60,848                              | 39,134        | 37,137        | -                                    | 62,845                              | 29,545        | 25,726        | -                                    | 66,664                              |
| Arcelormittal Professional                 | 28                                  | -             | -             | -                                    | 28                                  | -             | -             | -                                    | 28                                  |
| Arcelormittal Grant                        | 54                                  | -             | 32            | -                                    | 22                                  | -             | 22            | -                                    | -                                   |
| Arcelormittal 2011 Grant                   | -                                   | 9,725         | 8,854         | -                                    | 871                                 | -             | 863           | -                                    | 8                                   |
| Arcelormittal 2012 Grant                   | -                                   | -             | -             | -                                    | -                                   | 2,700         | 2,508         | -                                    | 192                                 |
| Arcelormittal 2012 PHS                     | -                                   | -             | -             | -                                    | -                                   | 10,000        | 5,256         | -                                    | 4,744                               |

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

PORTAGE TOWNSHIP SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2012 and 2013  
(Continued)

|  | Cash and<br>Investments<br>07-01-11 | Receipts              | Disbursements        | Other<br>Financing<br>Sources (Uses) | Cash and<br>Investments<br>06-30-12 | Receipts              | Disbursements        | Other<br>Financing<br>Sources (Uses) | Cash and<br>Investments<br>06-30-13 |
|--|-------------------------------------|-----------------------|----------------------|--------------------------------------|-------------------------------------|-----------------------|----------------------|--------------------------------------|-------------------------------------|
| High Ability Grant 2011                    | 19,221                              | -                     | 19,221               | -                                    | -                                   | -                     | -                    | -                                    | -                                   |
| High Ability Grant 2012                    | -                                   | 58,908                | 52,867               | -                                    | 6,041                               | -                     | 6,041                | -                                    | -                                   |
| High Ability Grant 2013                    | -                                   | -                     | -                    | -                                    | -                                   | 61,344                | 57,335               | -                                    | 4,009                               |
| Common School Loan                         | -                                   | 899,769               | 941,805              | -                                    | (42,036)                            | 1,090,272             | 1,077,715            | -                                    | (29,479)                            |
| Early Childhood Intervention (First Steps) | -                                   | 8,473                 | 4,237                | -                                    | 4,236                               | -                     | 4,236                | -                                    | -                                   |
| Drug Free Communities 2013                 | -                                   | -                     | -                    | -                                    | -                                   | 6,000                 | 6,000                | -                                    | -                                   |
| Non-English Speaking 2011                  | 5,032                               | -                     | 5,032                | -                                    | -                                   | -                     | -                    | -                                    | -                                   |
| Non-English Speaking 2012                  | -                                   | 14,956                | 14,577               | -                                    | 379                                 | -                     | 379                  | -                                    | -                                   |
| Non-English Speaking 2013                  | -                                   | -                     | -                    | -                                    | -                                   | 14,787                | 9,219                | -                                    | 5,568                               |
| School Technology                          | -                                   | 247,727               | 243,295              | -                                    | 4,432                               | 312,139               | 140,927              | -                                    | 175,644                             |
| Professional Development 2010              | 3,032                               | -                     | 3,032                | -                                    | -                                   | -                     | -                    | -                                    | -                                   |
| Academy of Finance                         | 11                                  | -                     | -                    | -                                    | 11                                  | -                     | -                    | -                                    | 11                                  |
| S. Shore Clean Cities 2011                 | -                                   | 17,801                | 17,801               | -                                    | -                                   | -                     | -                    | -                                    | -                                   |
| IDEM Emission Reduct 2011                  | -                                   | 202,197               | 202,197              | -                                    | -                                   | -                     | -                    | -                                    | -                                   |
| Recycle Learning                           | 54                                  | -                     | -                    | -                                    | 54                                  | -                     | -                    | -                                    | 54                                  |
| Title I 2011 Distinguished School          | 3,823                               | -                     | 3,823                | -                                    | -                                   | -                     | -                    | -                                    | -                                   |
| Title I 2010-11                            | 41,387                              | 105,554               | 146,941              | -                                    | -                                   | -                     | -                    | -                                    | -                                   |
| Title I 2011-12                            | -                                   | 613,933               | 688,775              | -                                    | (74,842)                            | 322,337               | 247,495              | -                                    | -                                   |
| Title I 2012-13                            | -                                   | -                     | -                    | -                                    | -                                   | 932,170               | 1,025,253            | -                                    | (93,083)                            |
| Adult Education Job Works                  | 2,265                               | 825                   | 3,090                | -                                    | -                                   | -                     | -                    | -                                    | -                                   |
| Title IV 09-10 Safe Drug                   | 3,549                               | 25,360                | 28,909               | -                                    | -                                   | -                     | -                    | -                                    | -                                   |
| Title II PT A IMPR 2011                    | (15,798)                            | 61,069                | 45,271               | -                                    | -                                   | -                     | -                    | -                                    | -                                   |
| Title II PT A IMPR 2012                    | -                                   | 260,254               | 269,410              | -                                    | (9,156)                             | 76,548                | 67,392               | -                                    | -                                   |
| Title II PT A IMPR 2013                    | -                                   | -                     | -                    | -                                    | -                                   | 249,426               | 277,478              | -                                    | (28,052)                            |
| Title III LEP 2010-11                      | 398                                 | -                     | 398                  | -                                    | -                                   | -                     | -                    | -                                    | -                                   |
| Title III LEP 2011-12                      | -                                   | 15,151                | 16,379               | -                                    | (1,228)                             | 7,380                 | 6,152                | -                                    | -                                   |
| Title III LEP 2012-13                      | -                                   | -                     | -                    | -                                    | -                                   | 18,401                | 19,778               | -                                    | (1,377)                             |
| Title I - Grants to LEAs                   | 8,773                               | 139,946               | 148,719              | -                                    | -                                   | -                     | -                    | -                                    | -                                   |
| Special Education - Part B                 | -                                   | 284,447               | 284,447              | -                                    | -                                   | -                     | -                    | -                                    | -                                   |
| Education Jobs                             | -                                   | 252,916               | 278,909              | -                                    | (25,993)                            | 1,360,643             | 1,334,650            | -                                    | -                                   |
| Totals                                     | <u>\$ 39,268,824</u>                | <u>\$ 102,208,430</u> | <u>\$ 98,825,109</u> | <u>\$ 543,990</u>                    | <u>\$ 43,196,135</u>                | <u>\$ 102,012,130</u> | <u>\$ 97,108,816</u> | <u>\$ 487,132</u>                    | <u>\$ 48,586,581</u>                |

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

PORTAGE TOWNSHIP SCHOOLS  
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 Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

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

PORTAGE TOWNSHIP SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

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.

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

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

*E. Disbursements*

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

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

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

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

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

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

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

Interfund loans which included 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.

PORTAGE TOWNSHIP SCHOOLS  
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:

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

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

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

PORTAGE TOWNSHIP SCHOOLS  
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

PORTAGE TOWNSHIP SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

**B. Teachers' Retirement Fund**

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of grant and certain loan expenditures for which reimbursements had not been received prior to June 30, 2012, and June 30, 2013.

PORTAGE TOWNSHIP SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. *Holding Corporation***

The School Corporation has entered into a capital lease with Portage Township Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2012 and 2013, totaled \$5,120,000 and \$5,123,500, respectively.

**Note 9. *Other Postemployment Benefits***

The School Corporation provides to eligible retirees and their spouses health and dental benefits. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

**Note 10. *Contingent Liability***

The School Corporation has been named as a defendant in pending legal action of which the outcome and the amount of potential damages has not been estimated.

(This page intentionally left blank.)

## 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.

PORTAGE TOWNSHIP SCHOOLS  
 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 | Retirement/<br>Severance<br>Bond<br>Debt<br>Service | Capital<br>Projects | School<br>Transportation | School<br>Bus<br>Replacement | Rainy<br>Day  | Retirement/<br>Severance<br>Bond | Post-<br>Retirement/<br>Severance<br>Future<br>Benefits |
|---|--------------|--------------|---|---------------------|--------------------------|------------------------------|---------------|----------------------------------|---|
| Cash and investments - beginning  | \$ 7,724,605 | \$ 3,745,255 | \$ 190,106  | \$ 3,283,234        | \$ 2,967,514             | \$ 722,506                   | \$ 9,830,659  | \$ 2,260,374                     | \$ 2,398,854  |
| Receipts:   |              |              |   |                     |                          |                              |               |                                  |   |
| Local sources   | 1,745,850    | 6,211,803    | 1,363,922   | 5,103,528           | 4,208,776                | 1,004,339                    | -             | 6,251                            | 5,494   |
| Intermediate sources  | -            | -            | -   | -                   | -                        | -                            | -             | -                                | -   |
| State sources   | 48,816,022   | -            | -   | -                   | -                        | -                            | -             | -                                | -   |
| Federal sources   | 68,969       | -            | -   | -                   | -                        | -                            | -             | -                                | -   |
| Interfund loans   | -            | -            | -   | -                   | -                        | 43,080                       | 318,080       | -                                | -   |
| Other   | 40,871       | -            | -   | -                   | 3,228                    | -                            | -             | -                                | -   |
| Total receipts  | 50,671,712   | 6,211,803    | 1,363,922   | 5,103,528           | 4,212,004                | 1,047,419                    | 318,080       | 6,251                            | 5,494   |
| Disbursements:  |              |              |   |                     |                          |                              |               |                                  |   |
| Current:  |              |              |   |                     |                          |                              |               |                                  |   |
| Instruction   | 32,749,762   | -            | -   | -                   | -                        | -                            | -             | -                                | -   |
| Support services  | 16,137,567   | -            | -   | 2,121,111           | 4,154,881                | 554,236                      | -             | -                                | 3,750   |
| Noninstructional services   | 566,702      | -            | -   | -                   | -                        | -                            | -             | -                                | -   |
| Facilities acquisition and construction   | 66,881       | -            | -   | 2,686,634           | -                        | -                            | -             | -                                | -   |
| Debt services   | -            | 6,374,497    | 1,100,243   | -                   | -                        | 321,528                      | -             | -                                | -   |
| Nonprogrammed charges   | -            | -            | -   | -                   | -                        | -                            | -             | -                                | -   |
| Interfund loans   | -            | -            | -   | -                   | -                        | 318,080                      | 43,080        | -                                | -   |
| Total disbursements   | 49,520,912   | 6,374,497    | 1,100,243   | 4,807,745           | 4,154,881                | 1,193,844                    | 43,080        | -                                | 3,750   |
| Excess (deficiency) of receipts over disbursements  | 1,150,800    | (162,694)    | 263,679   | 295,783             | 57,123                   | (146,425)                    | 275,000       | 6,251                            | 1,744   |
| Other financing sources (uses):   |              |              |   |                     |                          |                              |               |                                  |   |
| Sale of capital assets  | -            | -            | -   | -                   | 533,666                  | -                            | -             | -                                | -   |
| Transfers in  | -            | -            | -   | -                   | -                        | -                            | -             | -                                | -   |
| Transfers out   | -            | (83,121)     | -   | -                   | -                        | -                            | -             | -                                | -   |
| Total other financing sources (uses)  | -            | (83,121)     | -   | -                   | 533,666                  | -                            | -             | -                                | -   |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 1,150,800    | (245,815)    | 263,679   | 295,783             | 590,789                  | (146,425)                    | 275,000       | 6,251                            | 1,744   |
| Cash and investments - ending   | \$ 8,875,405 | \$ 3,499,440 | \$ 453,785  | \$ 3,579,017        | \$ 3,558,303             | \$ 576,081                   | \$ 10,105,659 | \$ 2,266,625                     | \$ 2,400,598  |

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

|   | Construction | School Lunch | Textbook Rental | Payroll Clearing Account | Self-Insurance | Levy Excess | School Library Printed Material | SAFE School Haven | Kostel Donation |
|---|--------------|--------------|-----------------|--------------------------|----------------|-------------|---------------------------------|-------------------|-----------------|
| Cash and investments - beginning  | \$ 35,618    | \$ 1,186,172 | \$ 194,126      | \$ 954,788               | \$ 3,518,701   | \$ 113,205  | \$ 2,460                        | \$ -              | \$ 1,423        |
| Receipts:   |              |              |                 |                          |                |             |                                 |                   |                 |
| Local sources   | -            | 1,438,641    | 453,047         | -                        | 1,823,075      | -           | -                               | -                 | -               |
| Intermediate sources  | -            | -            | -               | -                        | -              | -           | -                               | 19,995            | -               |
| State sources   | -            | 30,154       | 337,537         | -                        | -              | -           | 2,171                           | -                 | -               |
| Federal sources   | -            | 2,595,188    | -               | -                        | -              | -           | -                               | -                 | -               |
| Interfund loans   | -            | -            | -               | -                        | -              | -           | -                               | -                 | -               |
| Other   | -            | -            | 495             | 23,298,958               | -              | -           | -                               | -                 | -               |
| Total receipts  | -            | 4,063,983    | 791,079         | 23,298,958               | 1,823,075      | -           | 2,171                           | 19,995            | -               |
| Disbursements:  |              |              |                 |                          |                |             |                                 |                   |                 |
| Current:  |              |              |                 |                          |                |             |                                 |                   |                 |
| Instruction   | -            | -            | -               | -                        | 67,327         | -           | 1,923                           | -                 | -               |
| Support services  | -            | 38,202       | 1,061,268       | -                        | -              | -           | -                               | 19,995            | -               |
| Noninstructional services   | -            | 3,421,821    | -               | -                        | -              | -           | -                               | -                 | -               |
| Facilities acquisition and construction   | 36,510       | -            | -               | -                        | -              | -           | -                               | -                 | -               |
| Debt services   | -            | -            | -               | -                        | -              | -           | -                               | -                 | -               |
| Nonprogrammed charges   | -            | -            | -               | 23,168,214               | 332,792        | -           | -                               | -                 | -               |
| Interfund loans   | -            | -            | -               | -                        | -              | -           | -                               | -                 | -               |
| Total disbursements   | 36,510       | 3,460,023    | 1,061,268       | 23,168,214               | 400,119        | -           | 1,923                           | 19,995            | -               |
| Excess (deficiency) of receipts over disbursements  | (36,510)     | 603,960      | (270,189)       | 130,744                  | 1,422,956      | -           | 248                             | -                 | -               |
| Other financing sources (uses):   |              |              |                 |                          |                |             |                                 |                   |                 |
| Sale of capital assets  | 10,324       | -            | -               | -                        | -              | -           | -                               | -                 | -               |
| Transfers in  | -            | -            | 83,121          | -                        | -              | -           | -                               | -                 | -               |
| Transfers out   | -            | -            | -               | -                        | -              | -           | -                               | -                 | -               |
| Total other financing sources (uses)  | 10,324       | -            | 83,121          | -                        | -              | -           | -                               | -                 | -               |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (26,186)     | 603,960      | (187,068)       | 130,744                  | 1,422,956      | -           | 248                             | -                 | -               |
| Cash and investments - ending   | \$ 9,432     | \$ 1,790,132 | \$ 7,058        | \$ 1,085,532             | \$ 4,941,657   | \$ 113,205  | \$ 2,708                        | \$ -              | \$ 1,423        |

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

|   | Little<br>Bear | CWI<br>Donation<br>Adult<br>Education | Wellness<br>Program | Capable | Home<br>Economics | Culinary<br>Scholarship | Portage<br>Township<br>Education<br>Foundation-2910 | Donations<br>and<br>Trust | Arcelormittal<br>Professional |
|---|----------------|---------------------------------------|---------------------|---------|-------------------|-------------------------|---|---------------------------|-------------------------------|
| Cash and investments - beginning  | \$ 400         | \$ 2,556                              | \$ 1,056            | \$ -    | \$ 1,031          | \$ 393                  | \$ 1,111  | \$ 60,848                 | \$ 28                         |
| Receipts:   |                |                                       |                     |         |                   |                         |   |                           |                               |
| Local sources   | -              | -                                     | -                   | 274     | -                 | 100                     | 8,820   | 39,134                    | -                             |
| Intermediate sources  | -              | -                                     | -                   | -       | -                 | -                       | -   | -                         | -                             |
| State sources   | -              | -                                     | -                   | -       | -                 | -                       | -   | -                         | -                             |
| Federal sources   | -              | 1,617                                 | -                   | -       | -                 | -                       | -   | -                         | -                             |
| Interfund loans   | -              | -                                     | -                   | -       | -                 | -                       | -   | -                         | -                             |
| Other   | -              | -                                     | -                   | -       | -                 | -                       | -   | -                         | -                             |
| Total receipts  | -              | 1,617                                 | -                   | 274     | -                 | 100                     | 8,820   | 39,134                    | -                             |
| Disbursements:  |                |                                       |                     |         |                   |                         |   |                           |                               |
| Current:  |                |                                       |                     |         |                   |                         |   |                           |                               |
| Instruction   | -              | 4,173                                 | -                   | 274     | -                 | -                       | 8,500   | 28,893                    | -                             |
| Support services  | -              | -                                     | -                   | -       | -                 | -                       | -   | 8,244                     | -                             |
| Noninstructional services   | -              | -                                     | -                   | -       | -                 | -                       | -   | -                         | -                             |
| Facilities acquisition and construction   | -              | -                                     | -                   | -       | -                 | -                       | -   | -                         | -                             |
| Debt services   | -              | -                                     | -                   | -       | -                 | -                       | -   | -                         | -                             |
| Nonprogrammed charges   | -              | -                                     | -                   | -       | -                 | -                       | -   | -                         | -                             |
| Interfund loans   | -              | -                                     | -                   | -       | -                 | -                       | -   | -                         | -                             |
| Total disbursements   | -              | 4,173                                 | -                   | 274     | -                 | -                       | 8,500   | 37,137                    | -                             |
| Excess (deficiency) of receipts over disbursements  | -              | (2,556)                               | -                   | -       | -                 | 100                     | 320   | 1,997                     | -                             |
| Other financing sources (uses):   |                |                                       |                     |         |                   |                         |   |                           |                               |
| Sale of capital assets  | -              | -                                     | -                   | -       | -                 | -                       | -   | -                         | -                             |
| Transfers in  | -              | -                                     | -                   | -       | -                 | -                       | -   | -                         | -                             |
| Transfers out   | -              | -                                     | -                   | -       | -                 | -                       | -   | -                         | -                             |
| Total other financing sources (uses)  | -              | -                                     | -                   | -       | -                 | -                       | -   | -                         | -                             |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | -              | (2,556)                               | -                   | -       | -                 | 100                     | 320   | 1,997                     | -                             |
| Cash and investments - ending   | \$ 400         | \$ -                                  | \$ 1,056            | \$ -    | \$ 1,031          | \$ 493                  | \$ 1,431  | \$ 62,845                 | \$ 28                         |

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

|   | Arcelormittal<br>Grant | Arcelormittal<br>2011<br>Grant | High<br>Ability<br>Grant<br>2011 | High<br>Ability<br>Grant<br>2012 | Common<br>School<br>Loan | Early<br>Childhood<br>Intervention<br>(First Steps) | Non-English<br>Speaking<br>2011 | Non-English<br>Speaking<br>2012 | School<br>Technology |
|---|------------------------|--------------------------------|----------------------------------|----------------------------------|--------------------------|---|---------------------------------|---------------------------------|----------------------|
| Cash and investments - beginning  | \$ 54                  | \$ -                           | \$ 19,221                        | \$ -                             | \$ -                     | \$ -  | \$ 5,032                        | \$ -                            | \$ -                 |
| Receipts:   |                        |                                |                                  |                                  |                          |   |                                 |                                 |                      |
| Local sources   | -                      | 9,725                          | -                                | -                                | -                        | 8,473   | -                               | -                               | 246,535              |
| Intermediate sources  | -                      | -                              | -                                | -                                | -                        | -   | -                               | -                               | -                    |
| State sources   | -                      | -                              | -                                | 58,908                           | 899,769                  | -   | -                               | 14,956                          | 1,192                |
| Federal sources   | -                      | -                              | -                                | -                                | -                        | -   | -                               | -                               | -                    |
| Interfund loans   | -                      | -                              | -                                | -                                | -                        | -   | -                               | -                               | -                    |
| Other   | -                      | -                              | -                                | -                                | -                        | -   | -                               | -                               | -                    |
| Total receipts  | -                      | 9,725                          | -                                | 58,908                           | 899,769                  | 8,473   | -                               | 14,956                          | 247,727              |
| Disbursements:  |                        |                                |                                  |                                  |                          |   |                                 |                                 |                      |
| Current:  |                        |                                |                                  |                                  |                          |   |                                 |                                 |                      |
| Instruction   | 32                     | 8,854                          | 19,221                           | 52,867                           | -                        | 4,237   | 5,023                           | 14,577                          | -                    |
| Support services  | -                      | -                              | -                                | -                                | 941,805                  | -   | 9                               | -                               | 243,295              |
| Noninstructional services   | -                      | -                              | -                                | -                                | -                        | -   | -                               | -                               | -                    |
| Facilities acquisition and construction   | -                      | -                              | -                                | -                                | -                        | -   | -                               | -                               | -                    |
| Debt services   | -                      | -                              | -                                | -                                | -                        | -   | -                               | -                               | -                    |
| Nonprogrammed charges   | -                      | -                              | -                                | -                                | -                        | -   | -                               | -                               | -                    |
| Interfund loans   | -                      | -                              | -                                | -                                | -                        | -   | -                               | -                               | -                    |
| Total disbursements   | 32                     | 8,854                          | 19,221                           | 52,867                           | 941,805                  | 4,237   | 5,032                           | 14,577                          | 243,295              |
| Excess (deficiency) of receipts over disbursements  | (32)                   | 871                            | (19,221)                         | 6,041                            | (42,036)                 | 4,236   | (5,032)                         | 379                             | 4,432                |
| Other financing sources (uses):   |                        |                                |                                  |                                  |                          |   |                                 |                                 |                      |
| Sale of capital assets  | -                      | -                              | -                                | -                                | -                        | -   | -                               | -                               | -                    |
| Transfers in  | -                      | -                              | -                                | -                                | -                        | -   | -                               | -                               | -                    |
| Transfers out   | -                      | -                              | -                                | -                                | -                        | -   | -                               | -                               | -                    |
| Total other financing sources (uses)  | -                      | -                              | -                                | -                                | -                        | -   | -                               | -                               | -                    |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (32)                   | 871                            | (19,221)                         | 6,041                            | (42,036)                 | 4,236   | (5,032)                         | 379                             | 4,432                |
| Cash and investments - ending   | \$ 22                  | \$ 871                         | \$ -                             | \$ 6,041                         | \$ (42,036)              | \$ 4,236  | \$ -                            | \$ 379                          | \$ 4,432             |

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

|   | Professional<br>Development<br>2010 | Academy<br>of<br>Finance | S. Shore<br>Clean<br>Cities<br>2011 | IDEM<br>Emission<br>Reduct<br>2011 | Recycle<br>Learning | Title I<br>2011<br>Distinguished<br>School | Title I<br>2010-11 | Title I<br>2011-12 | Adult<br>Education<br>Job Works |
|---|-------------------------------------|--------------------------|-------------------------------------|------------------------------------|---------------------|--|--------------------|--------------------|---------------------------------|
| Cash and investments - beginning  | \$ 3,032                            | \$ 11                    | \$ -                                | \$ -                               | \$ 54               | \$ 3,823                                   | \$ 41,387          | \$ -               | \$ 2,265                        |
| Receipts:   |                                     |                          |                                     |                                    |                     |  |                    |                    |                                 |
| Local sources   | -                                   | -                        | -                                   | -                                  | -                   | -  | -                  | -                  | -                               |
| Intermediate sources  | -                                   | -                        | -                                   | -                                  | -                   | -  | -                  | -                  | -                               |
| State sources   | -                                   | -                        | 17,801                              | 202,197                            | -                   | -  | -                  | -                  | -                               |
| Federal sources   | -                                   | -                        | -                                   | -                                  | -                   | -  | 105,554            | 613,933            | 825                             |
| Interfund loans   | -                                   | -                        | -                                   | -                                  | -                   | -  | -                  | -                  | -                               |
| Other   | -                                   | -                        | -                                   | -                                  | -                   | -  | -                  | -                  | -                               |
| Total receipts  | -                                   | -                        | 17,801                              | 202,197                            | -                   | -  | 105,554            | 613,933            | 825                             |
| Disbursements:  |                                     |                          |                                     |                                    |                     |  |                    |                    |                                 |
| Current:  |                                     |                          |                                     |                                    |                     |  |                    |                    |                                 |
| Instruction   | 3,032                               | -                        | -                                   | -                                  | -                   | 3,823                                      | 132,616            | 673,142            | 3,090                           |
| Support services  | -                                   | -                        | 17,801                              | 202,197                            | -                   | -  | 14,247             | 1,215              | -                               |
| Noninstructional services   | -                                   | -                        | -                                   | -                                  | -                   | -  | 78                 | 14,418             | -                               |
| Facilities acquisition and construction   | -                                   | -                        | -                                   | -                                  | -                   | -  | -                  | -                  | -                               |
| Debt services   | -                                   | -                        | -                                   | -                                  | -                   | -  | -                  | -                  | -                               |
| Nonprogrammed charges   | -                                   | -                        | -                                   | -                                  | -                   | -  | -                  | -                  | -                               |
| Interfund loans   | -                                   | -                        | -                                   | -                                  | -                   | -  | -                  | -                  | -                               |
| Total disbursements   | 3,032                               | -                        | 17,801                              | 202,197                            | -                   | 3,823                                      | 146,941            | 688,775            | 3,090                           |
| Excess (deficiency) of receipts over disbursements  | (3,032)                             | -                        | -                                   | -                                  | -                   | (3,823)                                    | (41,387)           | (74,842)           | (2,265)                         |
| Other financing sources (uses):   |                                     |                          |                                     |                                    |                     |  |                    |                    |                                 |
| Sale of capital assets  | -                                   | -                        | -                                   | -                                  | -                   | -  | -                  | -                  | -                               |
| Transfers in  | -                                   | -                        | -                                   | -                                  | -                   | -  | -                  | -                  | -                               |
| Transfers out   | -                                   | -                        | -                                   | -                                  | -                   | -  | -                  | -                  | -                               |
| Total other financing sources (uses)  | -                                   | -                        | -                                   | -                                  | -                   | -  | -                  | -                  | -                               |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (3,032)                             | -                        | -                                   | -                                  | -                   | (3,823)                                    | (41,387)           | (74,842)           | (2,265)                         |
| Cash and investments - ending   | \$ -                                | \$ 11                    | \$ -                                | \$ -                               | \$ 54               | \$ -                                       | \$ -               | \$ (74,842)        | \$ -                            |

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

|   | Title IV<br>09-10<br>Safe Drug | Title II<br>PT A<br>IMPR<br>2011 | Title II<br>PT A<br>IMPR<br>2012 | Title III<br>LEP<br>2010-11 | Title III<br>LEP<br>2011-12 | Title I -<br>Grants<br>to LEAs | Special<br>Education -<br>Part B | Education<br>Jobs | Totals        |
|---|--------------------------------|----------------------------------|----------------------------------|-----------------------------|-----------------------------|--------------------------------|----------------------------------|-------------------|---------------|
| Cash and investments - beginning  | \$ 3,549                       | \$ (15,798)                      | \$ -                             | \$ 398                      | \$ -                        | \$ 8,773                       | \$ -                             | \$ -              | \$ 39,268,824 |
| Receipts:   |                                |                                  |                                  |                             |                             |                                |                                  |                   |               |
| Local sources   | -                              | -                                | -                                | -                           | -                           | -                              | -                                | -                 | 23,677,787    |
| Intermediate sources  | -                              | -                                | -                                | -                           | -                           | -                              | -                                | -                 | 19,995        |
| State sources   | -                              | -                                | -                                | -                           | -                           | -                              | -                                | -                 | 50,380,707    |
| Federal sources   | 25,360                         | 61,069                           | 260,254                          | -                           | 15,151                      | 139,946                        | 284,447                          | 252,916           | 4,425,229     |
| Interfund loans   | -                              | -                                | -                                | -                           | -                           | -                              | -                                | -                 | 361,160       |
| Other   | -                              | -                                | -                                | -                           | -                           | -                              | -                                | -                 | 23,343,552    |
| Total receipts  | 25,360                         | 61,069                           | 260,254                          | -                           | 15,151                      | 139,946                        | 284,447                          | 252,916           | 102,208,430   |
| Disbursements:  |                                |                                  |                                  |                             |                             |                                |                                  |                   |               |
| Current:  |                                |                                  |                                  |                             |                             |                                |                                  |                   |               |
| Instruction   | -                              | -                                | -                                | -                           | 16,379                      | 101,236                        | 96,145                           | 203,114           | 34,198,240    |
| Support services  | 26,529                         | 45,271                           | 269,410                          | 398                         | -                           | 44,570                         | -                                | 75,795            | 25,981,796    |
| Noninstructional services   | 2,380                          | -                                | -                                | -                           | -                           | 2,913                          | -                                | -                 | 4,008,312     |
| Facilities acquisition and construction   | -                              | -                                | -                                | -                           | -                           | -                              | 188,302                          | -                 | 2,978,327     |
| Debt services   | -                              | -                                | -                                | -                           | -                           | -                              | -                                | -                 | 7,796,268     |
| Nonprogrammed charges   | -                              | -                                | -                                | -                           | -                           | -                              | -                                | -                 | 23,501,006    |
| Interfund loans   | -                              | -                                | -                                | -                           | -                           | -                              | -                                | -                 | 361,160       |
| Total disbursements   | 28,909                         | 45,271                           | 269,410                          | 398                         | 16,379                      | 148,719                        | 284,447                          | 278,909           | 98,825,109    |
| Excess (deficiency) of receipts over disbursements  | (3,549)                        | 15,798                           | (9,156)                          | (398)                       | (1,228)                     | (8,773)                        | -                                | (25,993)          | 3,383,321     |
| Other financing sources (uses):   |                                |                                  |                                  |                             |                             |                                |                                  |                   |               |
| Sale of capital assets  | -                              | -                                | -                                | -                           | -                           | -                              | -                                | -                 | 543,990       |
| Transfers in  | -                              | -                                | -                                | -                           | -                           | -                              | -                                | -                 | 83,121        |
| Transfers out   | -                              | -                                | -                                | -                           | -                           | -                              | -                                | -                 | (83,121)      |
| Total other financing sources (uses)  | -                              | -                                | -                                | -                           | -                           | -                              | -                                | -                 | 543,990       |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (3,549)                        | 15,798                           | (9,156)                          | (398)                       | (1,228)                     | (8,773)                        | -                                | (25,993)          | 3,927,311     |
| Cash and investments - ending   | \$ -                           | \$ -                             | \$ (9,156)                       | \$ -                        | \$ (1,228)                  | \$ -                           | \$ -                             | \$ (25,993)       | \$ 43,196,135 |

PORTAGE TOWNSHIP SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013

|   | General       | Debt Service | Retirement/<br>Severance<br>Bond<br>Debt<br>Service | Capital<br>Projects | School<br>Transportation | School<br>Bus<br>Replacement | Rainy<br>Day  | Retirement/<br>Severance<br>Bond | Post-<br>Retirement/<br>Severance<br>Future<br>Benefits | Construction |
|---|---------------|--------------|---|---------------------|--------------------------|------------------------------|---------------|----------------------------------|---|--------------|
| Cash and investments - beginning  | \$ 8,875,405  | \$ 3,499,440 | \$ 453,785  | \$ 3,579,017        | \$ 3,558,303             | \$ 576,081                   | \$ 10,105,659 | \$ 2,266,625                     | \$ 2,400,598  | \$ 9,432     |
| Receipts:   |               |              |   |                     |                          |                              |               |                                  |   |              |
| Local sources   | 1,544,267     | 5,808,133    | 1,494,741   | 4,546,346           | 4,215,440                | 1,151,692                    | -             | 556                              | 581   | -            |
| State sources   | 50,271,116    | -            | -   | -                   | -                        | -                            | -             | -                                | -   | -            |
| Federal sources   | 68,038        | -            | -   | -                   | -                        | -                            | -             | -                                | -   | -            |
| Other   | 33,403        | -            | -   | -                   | 9,337                    | -                            | -             | -                                | -   | -            |
| Total receipts  | 51,916,824    | 5,808,133    | 1,494,741   | 4,546,346           | 4,224,777                | 1,151,692                    | -             | 556                              | 581   | -            |
| Disbursements:  |               |              |   |                     |                          |                              |               |                                  |   |              |
| Current:  |               |              |   |                     |                          |                              |               |                                  |   |              |
| Instruction   | 31,169,389    | -            | -   | -                   | -                        | -                            | -             | -                                | -   | -            |
| Support services  | 15,051,762    | -            | -   | 2,351,569           | 3,825,459                | 688,594                      | -             | -                                | 88,750  | -            |
| Noninstructional services   | 534,092       | -            | -   | -                   | -                        | -                            | -             | -                                | -   | -            |
| Facilities acquisition and construction   | 23,301        | -            | -   | 1,408,483           | 87,933                   | -                            | -             | -                                | -   | -            |
| Debt services   | -             | 6,126,141    | 1,429,886   | -                   | -                        | 321,528                      | -             | -                                | -   | -            |
| Nonprogrammed charges   | -             | -            | -   | -                   | -                        | -                            | -             | -                                | -   | -            |
| Total disbursements   | 46,778,544    | 6,126,141    | 1,429,886   | 3,760,052           | 3,913,392                | 1,010,122                    | -             | -                                | 88,750  | -            |
| Excess (deficiency) of receipts over disbursements  | 5,138,280     | (318,008)    | 64,855  | 786,294             | 311,385                  | 141,570                      | -             | 556                              | (88,169)  | -            |
| Other financing sources (uses):   |               |              |   |                     |                          |                              |               |                                  |   |              |
| Sale of capital assets  | -             | -            | -   | -                   | 487,132                  | -                            | -             | -                                | -   | -            |
| Transfers in  | -             | -            | -   | -                   | 113,205                  | -                            | 3,235,479     | -                                | -   | -            |
| Other financing sources (uses)  | (2,985,479)   | -            | -   | (250,000)           | -                        | -                            | -             | -                                | -   | -            |
| Total other financing sources (uses)  | (2,985,479)   | -            | -   | (250,000)           | 600,337                  | -                            | 3,235,479     | -                                | -   | -            |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 2,152,801     | (318,008)    | 64,855  | 536,294             | 911,722                  | 141,570                      | 3,235,479     | 556                              | (88,169)  | -            |
| Cash and investments - ending   | \$ 11,028,206 | \$ 3,181,432 | \$ 518,640  | \$ 4,115,311        | \$ 4,470,025             | \$ 717,651                   | \$ 13,341,138 | \$ 2,267,181                     | \$ 2,312,429  | \$ 9,432     |

PORTAGE TOWNSHIP SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

|   | School Lunch | Textbook Rental | Payroll Clearing Account | Self-Insurance | Levy Excess | School Library Printed Material | SAFE School 2012 Grant | Kostel Donation | Little Bear | Wellness Program |
|---|--------------|-----------------|--------------------------|----------------|-------------|---------------------------------|------------------------|-----------------|-------------|------------------|
| Cash and investments - beginning  | \$ 1,790,132 | \$ 7,058        | \$ 1,085,532             | \$ 4,941,657   | \$ 113,205  | \$ 2,708                        | \$ -                   | \$ 1,423        | \$ 400      | \$ 1,056         |
| Receipts:   |              |                 |                          |                |             |                                 |                        |                 |             |                  |
| Local sources   | 1,430,012    | 552,074         | -                        | 347,017        | -           | -                               | -                      | -               | -           | -                |
| State sources   | 336          | 342,644         | -                        | -              | -           | 2,333                           | -                      | -               | -           | -                |
| Federal sources   | 2,008,416    | -               | -                        | -              | -           | -                               | -                      | -               | -           | -                |
| Other   | -            | 470             | 23,676,249               | -              | -           | -                               | -                      | -               | -           | -                |
| Total receipts  | 3,438,764    | 895,188         | 23,676,249               | 347,017        | -           | 2,333                           | -                      | -               | -           | -                |
| Disbursements:  |              |                 |                          |                |             |                                 |                        |                 |             |                  |
| Current:  |              |                 |                          |                |             |                                 |                        |                 |             |                  |
| Instruction   | -            | -               | -                        | 70,263         | -           | 3,083                           | -                      | -               | -           | -                |
| Support services  | 42,989       | 643,431         | -                        | -              | -           | -                               | 14,500                 | -               | -           | -                |
| Noninstructional services   | 4,295,709    | -               | -                        | -              | -           | -                               | -                      | -               | -           | -                |
| Facilities acquisition and construction   | -            | -               | -                        | -              | -           | -                               | -                      | -               | -           | -                |
| Debt services   | -            | -               | -                        | -              | -           | -                               | -                      | -               | -           | -                |
| Nonprogrammed charges   | -            | -               | 24,314,984               | 296,328        | -           | -                               | -                      | -               | -           | -                |
| Total disbursements   | 4,338,698    | 643,431         | 24,314,984               | 366,591        | -           | 3,083                           | 14,500                 | -               | -           | -                |
| Excess (deficiency) of receipts over disbursements  | (899,934)    | 251,757         | (638,735)                | (19,574)       | -           | (750)                           | (14,500)               | -               | -           | -                |
| Other financing sources (uses):   |              |                 |                          |                |             |                                 |                        |                 |             |                  |
| Sale of capital assets  | -            | -               | -                        | -              | -           | -                               | -                      | -               | -           | -                |
| Transfers in  | -            | -               | -                        | -              | -           | -                               | -                      | -               | -           | -                |
| Other financing sources (uses)  | -            | -               | -                        | -              | (113,205)   | -                               | -                      | -               | -           | -                |
| Total other financing sources (uses)  | -            | -               | -                        | -              | (113,205)   | -                               | -                      | -               | -           | -                |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (899,934)    | 251,757         | (638,735)                | (19,574)       | (113,205)   | (750)                           | (14,500)               | -               | -           | -                |
| Cash and investments - ending   | \$ 890,198   | \$ 258,815      | \$ 446,797               | \$ 4,922,083   | \$ -        | \$ 1,958                        | \$ (14,500)            | \$ 1,423        | \$ 400      | \$ 1,056         |

PORTAGE TOWNSHIP SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

|   | Home<br>Economics | Culinary<br>Scholarship | Portage<br>Township<br>Education<br>Foundation-2910 | Portage<br>Township<br>Education<br>Foundation-2913 | Donations<br>and<br>Trust | Arcelormittal<br>Professional | Arcelormittal<br>Grant | Arcelormittal<br>2011<br>Grant | Arcelormittal<br>2012<br>Grant | Arcelormittal<br>2012<br>PHS |
|---|-------------------|-------------------------|---|---|---------------------------|-------------------------------|------------------------|--------------------------------|--------------------------------|------------------------------|
| Cash and investments - beginning  | \$ 1,031          | \$ 493                  | \$ 1,431  | \$ -  | \$ 62,845                 | \$ 28                         | \$ 22                  | \$ 871                         | \$ -                           | \$ -                         |
| Receipts:   |                   |                         |   |   |                           |                               |                        |                                |                                |                              |
| Local sources   | -                 | 100                     | 7,200   | 7,937   | 29,545                    | -                             | -                      | -                              | 2,700                          | 10,000                       |
| State sources   | -                 | -                       | -   | -   | -                         | -                             | -                      | -                              | -                              | -                            |
| Federal sources   | -                 | -                       | -   | -   | -                         | -                             | -                      | -                              | -                              | -                            |
| Other   | -                 | -                       | -   | -   | -                         | -                             | -                      | -                              | -                              | -                            |
| Total receipts  | -                 | 100                     | 7,200   | 7,937   | 29,545                    | -                             | -                      | -                              | 2,700                          | 10,000                       |
| Disbursements:  |                   |                         |   |   |                           |                               |                        |                                |                                |                              |
| Current:  |                   |                         |   |   |                           |                               |                        |                                |                                |                              |
| Instruction   | -                 | -                       | 6,217   | -   | 21,550                    | -                             | 22                     | 863                            | 2,508                          | 5,256                        |
| Support services  | -                 | -                       | -   | -   | 4,176                     | -                             | -                      | -                              | -                              | -                            |
| Noninstructional services   | -                 | -                       | -   | -   | -                         | -                             | -                      | -                              | -                              | -                            |
| Facilities acquisition and construction   | -                 | -                       | -   | -   | -                         | -                             | -                      | -                              | -                              | -                            |
| Debt services   | -                 | -                       | -   | -   | -                         | -                             | -                      | -                              | -                              | -                            |
| Nonprogrammed charges   | -                 | -                       | -   | -   | -                         | -                             | -                      | -                              | -                              | -                            |
| Total disbursements   | -                 | -                       | 6,217   | -   | 25,726                    | -                             | 22                     | 863                            | 2,508                          | 5,256                        |
| Excess (deficiency) of receipts over disbursements  | -                 | 100                     | 983   | 7,937   | 3,819                     | -                             | (22)                   | (863)                          | 192                            | 4,744                        |
| Other financing sources (uses):   |                   |                         |   |   |                           |                               |                        |                                |                                |                              |
| Sale of capital assets  | -                 | -                       | -   | -   | -                         | -                             | -                      | -                              | -                              | -                            |
| Transfers in  | -                 | -                       | -   | -   | -                         | -                             | -                      | -                              | -                              | -                            |
| Other financing sources (uses)  | -                 | -                       | -   | -   | -                         | -                             | -                      | -                              | -                              | -                            |
| Total other financing sources (uses)  | -                 | -                       | -   | -   | -                         | -                             | -                      | -                              | -                              | -                            |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | -                 | 100                     | 983   | 7,937   | 3,819                     | -                             | (22)                   | (863)                          | 192                            | 4,744                        |
| Cash and investments - ending   | \$ 1,031          | \$ 593                  | \$ 2,414  | \$ 7,937  | \$ 66,664                 | \$ 28                         | \$ -                   | \$ 8                           | \$ 192                         | \$ 4,744                     |

PORTAGE TOWNSHIP SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

|   | High Ability Grant 2012 | High Ability Grant 2013 | Common School Loan | Early Childhood Intervention (First Steps) | Drug Free Communities 2013 | Non-English Speaking 2012 | Non-English Speaking 2013 | School Technology | Academy of Finance |
|---|-------------------------|-------------------------|--------------------|--|----------------------------|---------------------------|---------------------------|-------------------|--------------------|
| Cash and investments - beginning  | \$ 6,041                | \$ -                    | \$ (42,036)        | \$ 4,236                                   | \$ -                       | \$ 379                    | \$ -                      | \$ 4,432          | \$ 11              |
| Receipts:   |                         |                         |                    |  |                            |                           |                           |                   |                    |
| Local sources   | -                       | -                       | -                  | -  | 6,000                      | -                         | -                         | 309,562           | -                  |
| State sources   | -                       | 61,344                  | 1,090,272          | -  | -                          | -                         | 14,787                    | 2,577             | -                  |
| Federal sources   | -                       | -                       | -                  | -  | -                          | -                         | -                         | -                 | -                  |
| Other   | -                       | -                       | -                  | -  | -                          | -                         | -                         | -                 | -                  |
| Total receipts  | -                       | 61,344                  | 1,090,272          | -  | 6,000                      | -                         | 14,787                    | 312,139           | -                  |
| Disbursements:  |                         |                         |                    |  |                            |                           |                           |                   |                    |
| Current:  |                         |                         |                    |  |                            |                           |                           |                   |                    |
| Instruction   | 6,041                   | 57,335                  | -                  | 4,236                                      | 6,000                      | 379                       | 9,219                     | -                 | -                  |
| Support services  | -                       | -                       | 1,077,715          | -  | -                          | -                         | -                         | 140,927           | -                  |
| Noninstructional services   | -                       | -                       | -                  | -  | -                          | -                         | -                         | -                 | -                  |
| Facilities acquisition and construction   | -                       | -                       | -                  | -  | -                          | -                         | -                         | -                 | -                  |
| Debt services   | -                       | -                       | -                  | -  | -                          | -                         | -                         | -                 | -                  |
| Nonprogrammed charges   | -                       | -                       | -                  | -  | -                          | -                         | -                         | -                 | -                  |
| Total disbursements   | 6,041                   | 57,335                  | 1,077,715          | 4,236                                      | 6,000                      | 379                       | 9,219                     | 140,927           | -                  |
| Excess (deficiency) of receipts over disbursements  | (6,041)                 | 4,009                   | 12,557             | (4,236)                                    | -                          | (379)                     | 5,568                     | 171,212           | -                  |
| Other financing sources (uses):   |                         |                         |                    |  |                            |                           |                           |                   |                    |
| Sale of capital assets  | -                       | -                       | -                  | -  | -                          | -                         | -                         | -                 | -                  |
| Transfers in  | -                       | -                       | -                  | -  | -                          | -                         | -                         | -                 | -                  |
| Other financing sources (uses)  | -                       | -                       | -                  | -  | -                          | -                         | -                         | -                 | -                  |
| Total other financing sources (uses)  | -                       | -                       | -                  | -  | -                          | -                         | -                         | -                 | -                  |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (6,041)                 | 4,009                   | 12,557             | (4,236)                                    | -                          | (379)                     | 5,568                     | 171,212           | -                  |
| Cash and investments - ending   | \$ -                    | \$ 4,009                | \$ (29,479)        | \$ -                                       | \$ -                       | \$ -                      | \$ 5,568                  | \$ 175,644        | \$ 11              |

PORTAGE TOWNSHIP SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

|   | Recycle<br>Learning | Title I<br>2011-12 | Title I<br>2012-13 | Title II<br>PT A<br>IMPR<br>2012 | Title II<br>PT A<br>IMPR<br>2013 | Title III<br>LEP<br>2011-12 | Title III<br>LEP<br>2012-13 | Education<br>Jobs | Totals        |
|---|---------------------|--------------------|--------------------|----------------------------------|----------------------------------|-----------------------------|-----------------------------|-------------------|---------------|
| Cash and investments - beginning  | \$ 54               | \$ (74,842)        | \$ -               | \$ (9,156)                       | \$ -                             | \$ (1,228)                  | \$ -                        | \$ (25,993)       | \$ 43,196,135 |
| Receipts:   |                     |                    |                    |                                  |                                  |                             |                             |                   |               |
| Local sources   | -                   | -                  | -                  | -                                | -                                | -                           | -                           | -                 | 21,463,903    |
| State sources   | -                   | -                  | -                  | -                                | -                                | -                           | -                           | -                 | 51,785,409    |
| Federal sources   | -                   | 322,337            | 932,170            | 76,548                           | 249,426                          | 7,380                       | 18,401                      | 1,360,643         | 5,043,359     |
| Other   | -                   | -                  | -                  | -                                | -                                | -                           | -                           | -                 | 23,719,459    |
| Total receipts  | -                   | 322,337            | 932,170            | 76,548                           | 249,426                          | 7,380                       | 18,401                      | 1,360,643         | 102,012,130   |
| Disbursements:  |                     |                    |                    |                                  |                                  |                             |                             |                   |               |
| Current:  |                     |                    |                    |                                  |                                  |                             |                             |                   |               |
| Instruction   | -                   | 214,648            | 865,359            | -                                | -                                | 6,152                       | 19,778                      | 1,326,515         | 33,794,813    |
| Support services  | -                   | 20,729             | 136,438            | 67,392                           | 277,478                          | -                           | -                           | 8,135             | 24,440,044    |
| Noninstructional services   | -                   | 12,118             | 23,456             | -                                | -                                | -                           | -                           | -                 | 4,865,375     |
| Facilities acquisition and construction   | -                   | -                  | -                  | -                                | -                                | -                           | -                           | -                 | 1,519,717     |
| Debt services   | -                   | -                  | -                  | -                                | -                                | -                           | -                           | -                 | 7,877,555     |
| Nonprogrammed charges   | -                   | -                  | -                  | -                                | -                                | -                           | -                           | -                 | 24,611,312    |
| Total disbursements   | -                   | 247,495            | 1,025,253          | 67,392                           | 277,478                          | 6,152                       | 19,778                      | 1,334,650         | 97,108,816    |
| Excess (deficiency) of receipts over disbursements  | -                   | 74,842             | (93,083)           | 9,156                            | (28,052)                         | 1,228                       | (1,377)                     | 25,993            | 4,903,314     |
| Other financing sources (uses):   |                     |                    |                    |                                  |                                  |                             |                             |                   |               |
| Sale of capital assets  | -                   | -                  | -                  | -                                | -                                | -                           | -                           | -                 | 487,132       |
| Transfers in  | -                   | -                  | -                  | -                                | -                                | -                           | -                           | -                 | 3,348,684     |
| Other financing sources (uses)  | -                   | -                  | -                  | -                                | -                                | -                           | -                           | -                 | (3,348,684)   |
| Total other financing sources (uses)  | -                   | -                  | -                  | -                                | -                                | -                           | -                           | -                 | 487,132       |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | -                   | 74,842             | (93,083)           | 9,156                            | (28,052)                         | 1,228                       | (1,377)                     | 25,993            | 5,390,446     |
| Cash and investments - ending   | \$ 54               | \$ -               | \$ (93,083)        | \$ -                             | \$ (28,052)                      | \$ -                        | \$ (1,377)                  | \$ -              | \$ 48,586,581 |

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2013

| <u>School Corporation</u> | <u>Accounts<br/>Payable</u> | <u>Accounts<br/>Receivable</u> |
|---------------------------|-----------------------------|--------------------------------|
| Governmental activities   | <u>\$ 2,009,059</u>         | <u>\$ 1,140,361</u>            |

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
June 30, 2013

| Lessor                         | Purpose      | Annual<br>Lease<br>Payment | Lease<br>Beginning<br>Date | Lease<br>Ending<br>Date |
|--------------------------------|--------------|----------------------------|----------------------------|-------------------------|
| Governmental activities:       |              |                            |                            |                         |
| Building Corporation Leases:   |              |                            |                            |                         |
| Fegely Multi 2003              |              | \$ 397,500                 | 07-05-04                   | 01-05-19                |
| Multi 2006                     |              | 792,500                    | 07-15-07                   | 01-15-28                |
| Multi 2006 Refinance           |              | 1,326,500                  | 01-15-07                   | 01-15-25                |
| Multi Series 2007 Refinance    |              | 2,604,500                  | 07-15-07                   | 01-15-29                |
| Vehicle Leases:                |              |                            |                            |                         |
| Bus Lease 2008                 |              | 121,002                    | 02-01-08                   | 08-01-13                |
| Bus Lease 2010                 |              | 100,263                    | 08-01-10                   | 02-01-16                |
| Equipment Leases               | GPS on Buses | <u>49,756</u>              | 03-01-13                   | 09-01-17                |
| Total of annual lease payments |              | <u>\$ 5,392,021</u>        |                            |                         |

| Type                     | Description of Debt<br>Purpose | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |
|--------------------------|--------------------------------|--------------------------------|---|
| Governmental activities: |                                |                                |   |
| Capital Leases:          |                                |                                |   |
| Building Corp Leases     |                                | \$ 49,822,927                  | \$ 5,121,000  |
| Vehicle Leases           |                                | 436,377                        | 221,265   |
| Equipment Leases         |                                | 209,703                        | 49,756  |
| Notes and loans payable  | Common School Loans            | 2,224,554                      | 841,853   |
| General obligation bonds |                                |                                |   |
|                          | Pension Bond Series 2002       | 2,695,000                      | 700,406   |
|                          | Pension Bond Series 2006       | <u>6,525,000</u>               | <u>727,879</u>                                      |
| Totals                   |                                | <u>\$ 61,913,561</u>           | <u>\$ 7,662,159</u>                                 |

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2013

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<br/>Balance</u> |
|------------------------------------|---------------------------|
| Governmental activities:           |                           |
| Land                               | \$ 38,636,500             |
| Buildings                          | 119,782,451               |
| Improvements other than buildings  | 5,874,014                 |
| Machinery, equipment, and vehicles | 23,989,791                |
| Construction in progress           | <u>216,762</u>            |
| Total capital assets               | <u>\$ 188,499,518</u>     |

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE PORTAGE TOWNSHIP SCHOOLS, PORTER COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited the Portage Township Schools' (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, 2011 to June 30, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

***Basis for Qualified Opinion on Child Nutrition Cluster***

As described in items 2013-001 and 2013-002 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding program income and reporting that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2011 to June 30, 2013.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2011 to June 30, 2013.

***Other Matters***

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control Over Compliance***

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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.

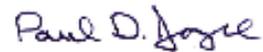
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 over compliance 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 2013-001, 2013-002, and 2013-003 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 14, 2014

## 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.

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2012 and 2013

| Federal Grantor Agency/Pass-Through Entity<br>Cluster Title/Program Title/Project Title | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Total<br>Federal Awards<br>Expended<br>06-30-12 | Total<br>Federal Awards<br>Expended<br>06-30-13 |
|---|---------------------------|--|---|---|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u>   |                           |  |   |   |
| Pass-Through Indiana Department of Education  |                           |  |   |   |
| Child Nutrition Cluster   |                           |  |   |   |
| School Breakfast Program  | 10.553                    |  | \$ 655,413                                      | \$ 506,220                                      |
| National School Lunch Program   | 10.555                    |  | 2,071,493                                       | 1,690,880                                       |
| Summer Food Service Program for Children  | 10.559                    |  | <u>83,157</u>                                   | <u>79,546</u>                                   |
| Total for federal grantor agency  |                           |  | <u>2,810,063</u>                                | <u>2,276,646</u>                                |
| <u>U.S. DEPARTMENT OF LABOR</u>   |                           |  |   |   |
| Pass-Through Center of Workforce Innovations, Inc.                                      |                           |  |   |   |
| Incentive Grants - WIA Section 503  | 17.267                    |  |   |   |
| 21st Century Workplace Skills Initiative  |                           |  | <u>825</u>                                      | <u>-</u>  |
| Total for federal grantor agency  |                           |  | <u>825</u>                                      | <u>-</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                    |  |   |   |
| 10-6550   |                           | S010A090014  | 105,554   | -   |
| 11-6550   |                           | S010A100014  | 613,933   | 322,337   |
| 12-6550   |                           | S010A110014  | -   | 932,170   |
| Distinguished School Award FY 2010-11   |                           |  | <u>3,823</u>                                    | <u>-</u>  |
| Total for program   |                           |  | <u>723,310</u>                                  | <u>1,254,507</u>                                |
| ARRA - Title I Grants to Local Educational Agencies, Recovery Act                       | 84.389                    |  | <u>139,946</u>                                  | <u>-</u>  |
| Total for cluster   |                           |  | <u>863,256</u>                                  | <u>1,254,507</u>                                |

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

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2012 and 2013  
(Continued)

| Federal Grantor Agency/Pass-Through Entity<br>Cluster Title/Program Title/Project Title   | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Total<br>Federal Awards<br>Expended<br>06-30-12 | Total<br>Federal Awards<br>Expended<br>06-30-13 |
|---|---------------------------|--|---|---|
| <u>U.S. DEPARTMENT OF EDUCATION (continued)</u>   |                           |  |   |   |
| Pass-Through Porter County Education Services<br>Special Education Cluster (IDEA)<br>ARRA - Special Education Grants to States, Recovery Act                                  | 84.391                    | 3310-050-SN01  | <u>284,447</u>                                  | <u>-</u>  |
| Pass-Through Indiana Department of Education<br>Safe and Drug-Free Schools and Communities - State Grants<br>Title IV-Safe and Drug-Free Schools                              | 84.186                    | Q186A90015   | <u>25,360</u>                                   | <u>-</u>  |
| English Language Acquisition State Grants<br>Title III, Language Instruction for Limited English Proficient<br>Title III, Language Instruction for Limited English Proficient | 84.365                    | FY 2011-12<br>FY 2012-13                                   | 15,151<br><u>-</u>                              | 7,380<br><u>18,401</u>                          |
| Total for program   |                           |  | <u>15,151</u>                                   | <u>25,781</u>                                   |
| Improving Teacher Quality State Grants<br>FY 11/12<br>FY 12/13<br>FY 13/14  | 84.367                    | S367A110013<br>S367A120013<br>S367A130013                  | 61,069<br>260,254<br><u>-</u>                   | -<br>76,548<br><u>249,426</u>                   |
| Total for program   |                           |  | <u>321,323</u>                                  | <u>325,974</u>                                  |
| Education Jobs Fund   | 84.410                    | 11-5769  | <u>252,916</u>                                  | <u>1,360,643</u>                                |
| Total for federal grantor agency  |                           |  | <u>1,762,453</u>                                | <u>2,966,905</u>                                |
| Total federal awards expended   |                           |  | <u>\$ 4,573,341</u>                             | <u>\$ 5,243,551</u>                             |

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

PORTAGE TOWNSHIP SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Portage Township Schools (School Corporation) and is presented in accordance with the 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 for the school lunch program in which the federal awards expended is based upon when the federal award is received. 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 ended June 30, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

| Program Title                 | Federal<br>CFDA<br>Number | 2012      | 2013      |
|-------------------------------|---------------------------|-----------|-----------|
| School Breakfast Program      | 10.553                    | \$ 51,645 | \$ 61,801 |
| National School Lunch Program | 10.555                    | 163,230   | 206,428   |

PORTAGE TOWNSHIP SCHOOLS  
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;<br>Unmodified as to Regulatory Basis |
| Internal control over financial reporting:           |  |
| Material weaknesses identified?                      | no   |
| 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:  | Qualified for Child Nutrition Cluster<br>Unmodified for Title I, Part A Cluster,<br>Improving Teacher Quality State<br>Grants, and Education Jobs Fund |
| 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:

| CFDA<br>Number | Name of Federal Program or Cluster     |
|----------------|--|
|                | Child Nutrition Cluster                |
|                | Title I, Part A Cluster                |
| 84.367         | Improving Teacher Quality State Grants |
| 84.410         | Education Jobs Fund                    |

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

|  |    |
|--|----|
| Auditee qualified as low-risk auditee? | no |
|--|----|

**Section II – Financial Statement Findings**

No matters are reportable.

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

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

***FINDING 2013-001 - INTERNAL CONTROLS AND COMPLIANCE WITH PROGRAM INCOME REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE CHILD NUTRITION CLUSTER PROGRAMS***

Federal Agency: U.S. Department of Agriculture  
Federal Program: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Number and Year: FY 2012, FY 2013  
Pass-Through Entity: Indiana Department of Education

*Internal Controls*

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Program Income compliance requirement that has a direct and material effect on the School Breakfast and National School Lunch Programs. 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. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that income generated from grant supported activity is properly accounted for. The Food Service Financial Clerk receives daily deposit information from each cafeteria. This information is compared to the actual deposits; however, the deposits are not always compared to the meal program reports which detail the amount of program income that should have been deposited. In addition, the Food Service Financial Clerk is solely responsible for reporting monthly program income to the School Corporation for recording in the School Lunch fund. Adequate segregation of duties, which would include an oversight or approval process, has not been established.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by ensuring proper oversight, reviews, and approvals take place and having a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"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. Non-compliance 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.

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

We recommended that School Corporation officials establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect on the program.

*Compliance*

The School Corporation was not in compliance with the Program Income provisions of the Child Nutrition Cluster Programs. These provisions require all income generated by the School Breakfast and National School Lunch Programs to be properly accounted for in order to control the receipt of federal program funds. Program Income includes student and adult sales of food items during the school day. To comply, the School Corporation must accurately determine and properly record program income generated through the School Breakfast and National School Lunch Programs. The student lunch sales amounts recorded were not based on supporting meal program reports. Instead, they were calculated by subtracting all other income sources (i.e., student breakfast sales, adult sales, catering), which are more easily discerned, from total bank deposits each month. This procedure does not properly account for sales paid from students' prepaid food accounts. Amounts deposited to student accounts are credited as lunch sales; not the actual amount used from student accounts.

In addition, Program Income generated by the School Breakfast and National School Lunch Programs was not always recorded in the School Lunch fund timely, and the School Lunch fund was not always reconciled to the bank balance timely. August through December 2012 Program Income was recorded on December 28, 2012; January through May 2013 Program Income was recorded on June 19, 2013. Reconcilements of the School Lunch fund balance to the bank balance were also not performed monthly. The July through November 2012 monthly balances were reconciled with the bank balances in December 2012; January through May 2013 monthly balances were reconciled with the bank balances in June 2013.

7 CFR 3016.25(b) Program Income states in part: "*Definition of program income.* Program income means gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period."

7 CFR 210.14(c) states:

"*Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with §210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 210.19 (a) (1) states: "*Assurance of compliance for finances.* Each State agency shall ensure that school food authorities comply with the requirements to account for all revenues and expenditures of their nonprofit school food service."

7 CFR 3016.20(b) states in part:

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

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

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

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

Noncompliance with the Program Income requirements that have a direct and material effect on the programs could result in the loss of federal funds to the School Corporation.

We recommended that School Corporation officials ensure that all Program Income of the Child Nutrition Cluster programs is deposited and properly accounted for in the School Lunch fund.

***FINDING 2013-002 - INTERNAL CONTROLS AND COMPLIANCE WITH REPORTING REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE CHILD NUTRITION CLUSTER PROGRAMS***

Federal Agency: U.S. Department of Agriculture  
Federal Program: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Number and Year: FY 2012, FY 2013  
Pass-Through Entity: Indiana Department of Education

*Internal Controls*

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Reporting compliance requirement that has a direct and material effect on the program Child Nutrition Cluster programs. 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. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that required reports were accurately prepared and timely submitted. The Food Service Financial Clerk was solely responsible for preparing and submitting monthly claims for reimbursement for eligible meals served and annual financial reports. There was frequent turnover in the Food Service Financial Clerk position during the audit period. Adequate training and oversight was not provided to new employees responsible for compliance with the reporting requirement. Adequate segregation of duties, which would include an oversight or approval process, has also not been established.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by ensuring proper oversight, reviews, and approvals take place and having a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

7 CFR 210.8 states in part:

"(a) *Internal controls.* The school food authority shall establish internal controls which ensure the accuracy of lunch counts prior to the submission of the monthly Claim for Reimbursement . . .

- (2) *School food authority claims review process.* Prior to the submission of a monthly Claim for Reimbursement, each school food authority shall review the lunch count data for each school under its jurisdiction to ensure the accuracy of the monthly Claim for Reimbursement. The objective of this review is to ensure that monthly claims include only the number of free, reduced price and paid lunches served on any day of operation to children currently eligible for such lunches."

OMB Circular A-133, Subpart C, section .300 states in part:

"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. Non-compliance 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 School Corporation officials establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect on the programs.

*Compliance*

The School Corporation was not in compliance with the reporting requirements of the Child Nutrition Cluster programs. The Indiana Department of Education requires school corporations to submit a monthly Claim for Reimbursement that includes the number of free, reduced price, and paid meals served to eligible students. The Claims for Reimbursement filed after September 2012 did not agree with the underlying meal count records. Food Service eligible meal count software was upgraded in October 2012. The upgrade included a new National Meals Summary Report that should compile eligible meals from each cafeteria and be used to prepare the monthly Claims for Reimbursement. However, the Claims for Reimbursement did not agree with the totals of the daily National Meals Report for the Middle and High Schools.

7 CFR 210.7 Reimbursement for school food authorities states in part:

"(c) *Reimbursement limitations.* To be entitled to reimbursement under this part, each school food authority shall ensure that Claims for Reimbursement are limited to the number of free, reduced price and paid lunches and meal supplements that are served to children eligible for free, reduced price and paid lunches and meal supplements, respectively, for each day of operation.

- (1) *Lunch count system.* To ensure that the Claim for Reimbursement accurately reflects the number of lunches and meal supplements served to eligible children, the school food authority shall, at a minimum: . . .

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

- (iii) Base Claims for Reimbursement on lunch counts, taken daily at the point of service, which correctly identify the number of free, reduced price and paid lunches served to eligible children;
- (iv) Correctly record, consolidate and report those lunch and supplement counts on the Claim for Reimbursement; and
- (v) Ensure that Claims for Reimbursement do not request payment for any excess lunches produced, as prohibited in §210.10(a)(2), or non-Program lunches (i.e., a la carte or adult lunches) or for more than one meal supplement per child per day."

The Annual Financial Report filed by the Food Service Department for the fiscal year ending June 30, 2013, which was due September 1, 2013, was not filed until November 18, 2013. In addition, the Annual Financial Reports for the fiscal years ending June 30, 2012 and 2013, did not agree with the School Corporation's financial records. The following table illustrates the variances between the Annual Financial Report filed with the Indiana Department of Education and the activity posted to the School Corporation's School Lunch fund:

|                            | Annual<br>Financial<br>Report | School<br>Lunch<br>Fund | Variance          |
|----------------------------|-------------------------------|-------------------------|-------------------|
| July 1, 2011 Cash Balance  | \$ 949,526                    | \$ 1,186,172            | \$ (236,646)      |
| Annual Receipts            | 4,050,987                     | 4,063,983               | (12,996)          |
| Annual Disbursements       | <u>3,463,236</u>              | <u>3,460,023</u>        | <u>3,213</u>      |
| June 30, 2012 Cash Balance | 1,537,277                     | 1,790,132               | (252,855)         |
| Annual Receipts            | 3,987,484                     | 3,438,764               | 548,720           |
| Annual Disbursements       | <u>4,288,953</u>              | <u>4,338,698</u>        | <u>(49,745)</u>   |
| June 30, 2013 Cash Balance | <u>\$ 1,235,808</u>           | <u>\$ 890,198</u>       | <u>\$ 345,610</u> |

7 CFR 3016.20(b) states in part:

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

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

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

Noncompliance with the reporting requirements of the Child Nutrition Cluster programs has a direct and material effect on the program and could result in the loss of federal funds to the School Corporation.

We recommended that School Corporation officials ensure that all required reports are submitted timely and are accurately prepared based on the appropriate financial records in accordance with the reporting requirements.

***FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE EDUCATION JOBS FUND***

Federal Agency: U.S. Department of Education  
Federal Program: Education Jobs Fund  
CFDA Number: 84.410  
Federal Award Number and Year: 11-5769  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and some of the compliance requirements that have a direct and material effect on the Education Jobs Fund program. This includes the Cash Management 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. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

The Assistant Finance Director was solely responsible for preparing and submitting the Requests for Reimbursement and other required reports via the Indiana Department of Education's website. Adequate segregation of duties, which would include an oversight or approval process, has also not been established.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"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. Non-compliance 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.

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect on the program.

# PORTAGE TOWNSHIP SCHOOLS

6240 U.S. Highway 6

Portage, Indiana 46368-5057

PHONE (219) 762-6511

FAX (219) 762-3263

Board of School  
Trustees

Jessica Bailey  
Debra Ekdaht  
William P. Fekete  
Rhonda A. Nelson  
Cheryl Oprisko

Dr. E. Ric Frataccia, Ed.D  
Superintendent of Schools  
Mary Tracy-MacAulay, Ed.S  
Assistant Superintendent  
Dr. Debra Dudek, Ed.D  
Director of Title and Special  
Student Programs  
Nicole Thorn  
Director of Finance  
David Harman  
Director of Support Personnel  
and Auxiliary Services

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2011-02 Cash Management Controls  
and Compliance

Original SBA Audit Report Number: B40209

Fiscal Year July 1, 2011 to June 30, 2013

Auditee Contact Person Wendy Kulczyk

Title of Contact Person Assistant Director of Finance

Phone Number 219-762-6511

### Status of Finding:

New guidelines established by the IDOE require grant funds to be disbursed only after reports for reimbursement are submitted. The reimbursement reports are prepared based on actual paid expenditures and may be submitted monthly or bi-monthly. Since these new procedures have been implemented by the IDOE, cash balances are no longer maintained for these grants.



3/14/14

# PORTAGE TOWNSHIP SCHOOLS

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

6240 U.S. Highway 6 Portage, Indiana 46368-5057  
(219) 762-6511 FAX (219) 762-3263

BOARD OF SCHOOL  
TRUSTEES

Debra Ekdahl  
William P. Fekete  
Rhonda A. Nelson  
Cheryl Oprisko  
Glenda Owens

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

|                                   |  |
|-----------------------------------|--|
| Finding Number                    | 2011-03 Late Reporting –School Lunch Reports |
| Original SBA Audit Report Number: | B40209                                       |
| Fiscal Year                       | July 1, 2011 to June 30, 2013                |
| Auditee Contact Person            | Wendy Kulczyk                                |
| Title of Contact Person           | Assistant Director of Finance                |
| Phone Number                      | 219-762-6511                                 |

### Status of Finding:

The Food Service Department files claims for reimbursement based on the calendar provided by the Department of Education. The Department of Education has revised this calendar and the reimbursement claims are filed timely. This finding has been resolved.

  
4-8-2014

# PORTAGE TOWNSHIP SCHOOLS

Dr. E. Ric Frataccia, Ed.D  
Superintendent of Schools  
Mary Tracy-MacAulay, Ed.S  
Assistant Superintendent  
Dr. Debra Dudek, Ed.D  
Director of Title and Special  
Student Programs  
Nicole Thorn  
Director of Finance  
David Harman  
Director of Support Personnel  
and Auxiliary Services

6240 U.S. Highway 6  
PHONE (219) 762-6511

Portage, Indiana 46368-5057  
FAX (219) 762-3263

Board of School  
Trustees

Jessica Bailey  
Debra Ekdahl  
William P. Fekete  
Rhonda A. Nelson  
Cheryl Oprisko

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

|                                   |   |
|-----------------------------------|---|
| Finding Number                    | 2011-04 Internal Controls Related to<br>Procurement, Suspension, and<br>Debarment |
| Original SBA Audit Report Number: | B40209  |
| Fiscal Year                       | July 1, 2011 to June 30, 2013   |
| Auditee Contact Person            | Wendy Kulczyk   |
| Title of Contact Person           | Assistant Director of Finance   |
| Phone Number                      | 219-762-6511  |

### Status of Finding:

The U.S. Government has established a website called SAM. (System for Award Management) A user may search on SAM to determine if a vendor has been suspended or debarred from doing business with the federal government.

Procedures have been implemented during the purchasing process to verify the status of a vendor is not excluded or disqualified by the federal government.



3/14/14

# PORTAGE TOWNSHIP SCHOOLS

## Food and Nutrition Services

6270 U.S. Highway 6  
Portage, Indiana 46368  
Phone: 219-763-8008  
Fax: 219-764-6283

**Marsha Stephens**  
Director of Food Services

**Lisa Mischke**  
Assistant Director of Food Services



*Food and  
Nutrition Services*

## CORRECTIVE ACTION PLAN

### FINDING NO. 2013-001 – Internal Controls And Compliance With Program Income Requirements That Have A Direct And Material Effect On The Child Nutrition Cluster Programs

Federal Agency: Department of Agriculture  
Federal Program: Child Nutrition Cluster  
CFDA Numbers: 10.553, 10.555  
Pass-through Agency: Indiana Department of Education  
Auditee Contact Person: Marsha Stephens, Director of Food Services  
Contact Phone Number: 219-763-8008  
Expected Completion Date: April 9, 2014

#### Corrective Action:

There have been several changes in personnel throughout the audit period including changes during the time frame of July 2012 through November 2013 that included multiple vacancies in the Finance Clerk's position from July 2012 to August 2012, from January 1, 2013 to February 2013, and from August 2013 to November 2013. Throughout the audit period the Finance Clerk reported sales, not deposits, due to the inability to get this information reliably from the Food Service software program after a program update. Staff is working with the software programmers on a report which can be printed to show that our deposit amount matches our actual bank deposits. New policies and procedures are in place which includes:

On a daily basis, the Financial Clerk will compare the meal program reports to the actual bank deposit, in addition to the cafeteria's deposit information.

In reporting monthly program income to the School Corporation, the Financial Clerk will submit the report to the Food Service Director for review and approval before submitting to the Business Office.

**X** *Marsha Stephens*

Marsha Stephens  
Director of Food Services

# PORTAGE TOWNSHIP SCHOOLS

## Food and Nutrition Services

6270 U.S. Highway 6  
Portage, Indiana 46368  
Phone: 219-763-8008  
Fax: 219-764-6283

**Marsha Stephens**  
Director of Food Services

**Lisa Mischke**  
Assistant Director of Food Services



*Food and  
Nutrition Services*

## CORRECTIVE ACTION PLAN

### FINDING NO. 2013-002 – Internal Controls And Compliance With Reporting Requirements That Have A Direct And Material Effect On The Child Nutrition Cluster Programs

Federal Agency: Department of Agriculture  
Federal Program: Child Nutrition Cluster  
CFDA Numbers: 10.553, 10.555, 10.559  
Pass-through Agency: Indiana Department of Education  
Auditee Contact Person: Marsha Stephens, Director of Food Services  
Contact Phone Number: 219-763-8008  
Expected Completion Date: September 1, 2014

#### Corrective Action:

The Food Service Director and Assistant Director will be responsible for submitting claims for reimbursement. They will also submit the Annual Financial Report, on or before the due date. The Food Service Director shall review and sign the lunch count data reports for each school while the Assistant Director will compare and double check those totals with the report for all schools before submitting for reimbursement. Both will sign the reports. Copies of the monthly reimbursement requests and supporting documentation will be provided to the Business Office Assistant immediately following submission of these requests.

The Annual Financial Report has not balanced since 2011, when the former Director and Financial Clerk were calculating those figures. Therefore the starting balance was not correct when figures were entered for 2013. Since this finding, IDOE has been contacted so this can be corrected.

**X** *Marsha Stephens*

Marsha Stephens  
Director of Food Services

# PORTAGE TOWNSHIP SCHOOLS

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

6240 U.S. Highway 6 Portage, Indiana 46368-5057  
(219) 762-6511 FAX (219) 762-3263

BOARD OF SCHOOL  
TRUSTEES

Debra Ekdahl  
William P. Fekete  
Rhonda A. Nelson  
Cheryl Oprisko  
Glenda Owens

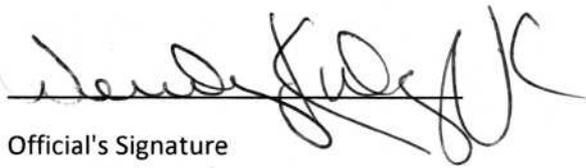
## PORTAGE TOWNSHIP SCHOOLS CORRECTIVE ACTION PLAN

### FINDING NO. 2013-003 – Internal Controls Over Compliance Requirements that have a Direct and Material Effect on the Education Jobs Fund Grant

Federal Agency: Department of Education  
Federal Program: Education Jobs Fund Grant  
CFDA Number: 84.410  
Pass-through Agency: Indiana Department of Education  
Auditee Contact Person: Wendy Kulczyk  
Contact Phone Number: 219-762-6511  
Expected Completion Date: 04/14/2014

Corrective Action: The following procedures have been established to ensure proper segregation of duties to provide reasonable assurance that material noncompliance with a requirement of a federal program will be detected. The Grant Administrator prepares and submits the grant application. The Grant Administrator receives the grant approval and prepares the budget. The Assistant Director of Finance receives a copy of the grant approval and budget. The Assistant Director of Finance sets up the fund and budget accounts in the financial accounting system. The Grant Administrator initiates expenditures through the payroll or purchasing procedures. The payment of the expenditures are reviewed by the Director of Finance and approved monthly by the Board of School Trustees.

The Assistant Director of Finance reviews, prepares, and submits the grant reimbursement form to the Department of Education and presents the form and copies of the supporting financial reports to the Grant Administrator. The Grant Administrator reviews and signs a copy of the grant reimbursement form and returns it to the Assistant Director of Finance. All other financial grant reports are submitted to the Department of Education with the required school administrator signatures which may include the Superintendent, Grant Administrator, Director of Finance, or Assistant Director of Finance.



Official's Signature

Date 4/14/2014

PORTAGE TOWNSHIP SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on April 14, 2014, with Dr. E. Ric Frataccia, Superintendent of Schools; Nicole Thorn, Director of Finance; and Cheryl Oprisko, President of the School Board.